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RECORDED AND VERIFIED
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REGISTER OF DEEDS
NEW HAMPSHIRE CO. NC

Mar 17 4 18 PM '89

PRINCESS STREET OFFICE PARK, A CONDOMINIUM

DECLARATION OF CONDOMINIUM

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STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION OF CONDOMINIUM
OF
PRINCESS STREET OFFICE PARK, A CONDOMINIUM

THIS DECLARATION and the exhibits which are attached hereto and made a part hereof by this reference are made and executed this 13th day of March, 19 89, by W.H. ASSOCIATES, a North Carolina General Partnership, hereinafter called the "Declarant," for itself, its successors, grantees and assigns, pursuant to the provisions of the North Carolina Condominium Act (N.C.G.S. Chapter 47C).

W I T N E S S E T H:

WHEREAS, the Declarant is the owner in fee simple of certain real property situated in the City of Wilmington, New Hanover County, North Carolina, more particularly described on Exhibit A attached hereto and made a part hereof, together with all improvements now or hereafter constructed or located thereon and all rights, privileges, easements, and appurtenances belonging or in any way pertaining said real property; and

WHEREAS, the Declarant desires to submit all of said property to the Act.

NOW, THEREFORE, the Declarant, as the owner of said property, hereby declares as follows:

A R T I C L E I

DEFINITIONS

- 1.1 Act. The North Carolina Condominium Act (N.C.G.S. Chapter 47C).
- 1.2 Affiliate of a Declarant. Any person who controls, is controlled by or is under common control with a declarant. A person 'controls' a declarant if the person is a general partner.
- 1.3 Allocated Interests. The undivided interests in the common elements, the common expense liability and votes in the association allocated to each unit.
- 1.4 Association or Unit Owners' Associations. The unit owners' associations organized under N.C.G.S. Section 47C-3-101.
- 1.5 Common Elements. All portions of a condominium other than the units. As used herein, the term "common elements" shall mean and refer to all portions of the property not encompassed and included within the Condominium Units and not designated as limited common elements.
- 1.6 Common Expenses. Expenditures made by or financial liabilities of the Association, together with any allocations to reserves.
- 1.7 Common Expense Liability. The liability for common expenses allocated to each unit pursuant to N.C.G.S. Section 47C-2-107.

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1.8 Condominium. Real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions. Real estate is not a condominium unless the undivided interests in the common elements are vested in the unit owners. As used herein, the term "Condominium" shall mean and refer to the 3 Condominium Units and the common elements related thereto.

1.9 Conversion Building. A building that at any time before creation of the condominium was occupied wholly or partially by persons other than purchasers or by persons who occupy with the consent of purchasers.

1.10 Declarant. Any person or group of persons acting in concert who (i) as part of a common promotional plan offers to dispose of his or its interest in a unit not previously disposed of or (ii) reserves or succeeds to any special declarant right. As used herein, the term "Declarant" shall mean and refer to W.H. ASSOCIATES, A North Carolina General Partnership consisting of EARL M. WORSLEY, JR., AND P. SCOTT HEDRICK, General Partners.

1.11 Declaration. Any instruments, however denominated, which create a condominium, and any amendments to those instruments. As used herein, the term "Declaration" shall mean and refer to the Declaration of Condominium, Princess Street Office Park, A Condominium.

1.12 Development Rights. Any right or combination of rights reserved by a declarant in the declaration to add real estate to a condominium; to create units, common elements or limited common elements within a condominium, to subdivide units or convert units into common elements or to withdraw real estate from a condominium.

1.13 Dispose or Disposition. A voluntary transfer to a purchaser of any legal or equitable interest in a unit, but not a transfer or release of a security interest.

1.14 Executive Board. The body, regardless of name, designated in the Declaration to act on behalf of the Association. It shall be designated herein as the "Board of Directors."

1.15 Identifying Number. A symbol or address that identifies only one unit in a condominium.

1.16 Institutional Lender. Banks, savings and loan associations, mortgage companies, mortgage insurers, mortgage guarantors, insurance companies or a person, firm, or corporation.

1.17 Limited Common Elements. A portion of the common elements allocated by the Declaration or by operation of N.C.G.S. Section 47C-2-102(2) or (4) for the exclusive use of one or more but fewer than all of the units.

1.18 Master Association. An organization described in N.C.G.S. Section 47C-2-120, whether or not it is also an association described in N.C.G.S. Section 47C-3-101.

1.19 Offering. Any advertisement, inducement, solicitation, or attempt to encourage any person to acquire any interest in a unit, other than as security for an obligation. An advertisement in a newspaper or other periodical of general circulation, or in any broadcast medium to the general

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public, of a condominium not located in this state is not an offering if the advertisement states that an offering may be made only in compliance with the law of the jurisdiction in which the condominium is located.

1.20 Person. A natural person, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity.

1.21 Purchaser. Any person, other than a declarant or a person in the business of selling real estate for his own account, who by means of a voluntary transfer acquires a legal or equitable interest in a unit other than (i) a leasehold interest (including renewal options) of less than five years, or (ii) as security for an obligation.

1.22 Real Estate. Any leasehold or other estate or interest in, over or under land, including structures, fixtures and other improvements and interests, which by custom, usage or law pass with a conveyance of land though not described in the contract of sale or instrument of conveyance. 'Real estate' includes parcels, with or without upper or lower boundaries, and spaces that may be filled with air or water.

1.23 Unit. A physical portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described pursuant to N.C.G.S. Section 47C-2-105(a)(5). As used herein, the term "Unit" shall mean and refer to the three (3) Units in the Condominium.

1.24 Unit Owner. A declarant or other person who owns a unit, or a lessee of a unit in a leasehold condominium whose lease expires simultaneously with any lease, the expiration or termination of which will remove the unit from condominium, but does not include a person having an interest in a unit solely as security for an obligation. As used herein, the term "Unit Owner" shall mean and refer to the Owner and Owners of the three (3) Units of PRINCESS STREET OFFICE PARK, A CONDOMINIUM.

1.25 Lessee. The party entitled to present possession of a leased Unit, whether lessee, sublessee, or assignee.

ARTICLE II

SUBMISSION OF PROPERTY TO THE ACT

2.1 Submission. Declarant hereby submits the Property to the North Carolina Condominium Act (N.C.G.S. Chapter 47C), hereinafter "The Act."

2.2 Name. The Property shall hereafter be known as the PRINCESS STREET OFFICE PARK, A CONDOMINIUM.

2.3 Units. The Declarant hereby has constructed an office building consisting of three (3) Units. The boundaries of the Units shall be as set forth in N.C.G.S. Section 47C-2-102.

2.4 Limited Common Elements. The Limited Common Elements serving or designed to serve each Unit are hereby allocated solely and exclusively to each such Unit.

2.5 Plats and Plans. The plat of the Condominium is recorded in Condominium Plat Book 9, at Page 11, 12, 13, New Hanover County Registry. The plat shall comply with N.C.G.S. Section 47C-2-109.

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2.6 Description of Property. A description of the subject property is in Exhibit A attached hereto and incorporated herein by reference.

2.7 Encumbrances. The liens, defects, and encumbrances on the Property to which the rights of Units Owners and Occupants are hereby made subject are set out of Exhibit B attached hereto.

2.8 Condominium Ordinances. The Condominium is not subject to any code, real estate use law, ordinance, charter provision or regulation (i) prohibiting the condominium form of ownership, or (ii) imposing conditions or requirements upon a condominium which are not imposed upon physically similar developments under a different form of ownership. This statement is made pursuant to N.C.G.S. Section 47C-1-106 for the purpose of providing marketable title to the Units in the Condominium.

ARTICLE III

MANAGEMENT OF THE CONDOMINIUM

3.1 Organization of Unit Owners' Association. A unit owners' association known as PRINCESS STREET OFFICE PARK UNIT OWNERS' ASSOCIATION, has been organized to manage the Condominium. The Association is hereby granted the authority to enforce the provisions of this Declaration, to levy and to collect assessments as hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the Condominium Units and the Common Elements as the Board of Directors of the Association deems in the best interests of the Association.

3.2 Power of Unit Owners' Association. The Association shall have the powers set forth in N.C.G.S. Section 47C-3-102, subject to the restrictions set forth in N.C.G.S. Section 47C-3-102(b).

3.3 Board of Directors and Officers. Except as provided in the By-Laws, the members of the Board of Directors and the officers shall be governed by the terms and conditions set forth in N.C.G.S. Section 47C-3-103.

3.3 Management Agreements. Any management agreement between the Declarant or the Association and a professional manager or any other agreement providing for services of the developer, sponsor, builder, or Declarant shall not exceed a term of three (3) years and shall be subject to renewal by the consent of both parties.

ARTICLE IV

EASEMENTS

4.1 Easements Through Walls. Easements are hereby declared and granted to the Association and to such persons as are authorized by the Association to install, lay, maintain, repair and replace any chutes, flues, ducts, vents, pipes, wires, conduits and other utility installations and structural components running through the walls of the Units, whether or not such walls lie in whole or in part within the boundaries of any Unit.

4.2 Easements in Common Elements. The Common Elements shall be, and the same are hereby, declared to be subject to a perpetual non-exclusive easement in favor of all Unit Owners for use by them and their immediate families, guests, and invitees, for all proper and normal purposes and for the furnishing of services and facilities for which the same are reasonably

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intended for the enjoyment of said Unit Owners. Notwithstanding the above, the Association shall have the exclusive right to establish the rules and regulations pursuant to which the Unit Owners may be entitled to use the Common Elements, including the right to make permanent and temporary assignments of the unassigned parking spaces and to establish regulations concerning the use thereof.

4.3 Easements to Repair, Maintain, Restore and Reconstruct. Wherever in, and whenever by, this Declaration, the By-Laws or the Act, a Unit Owner, the Association, the Board, or any other person is authorized to enter upon a unit or the Common Elements to repair, maintain, restore or reconstruct all or any part of a Unit or the Common Elements, such easements as are necessary for such entry and such repair, maintenance, restoration or reconstruction are hereby declared and granted.

4.4 Declarant's Easement. Pursuant to N.C.G.S. Section 47C-2-116, Declarant hereby reserves such easements through the Common Elements as may be reasonably necessary to discharge its obligations and complete the development and construction of the Condominium. The easements shall exist as long as reasonably necessary for such purposes.

4.5 Easements to Run With Land. All easements and rights described in this Article are appurtenant easements running with the land, and except as otherwise expressly provided in this Article, shall be perpetually in full force and effect and shall inure to the benefit of and be binding upon Declarant, the Association, Unit Owners, Occupants, Security Holders, and any other persons having any interest in the Condominium or any part thereof. The Condominium and every part thereof shall be conveyed and encumbered subject to and together with all easements and rights described in this Article, whether or not specifically mentioned in any such conveyance or encumbrance.

ARTICLE V

EMERGENCY RIGHT OF ENTRY

5.1 In case of any emergency originating in or threatening any Condominium Unit, regardless of whether this Owner is then present, the Board of Directors of the Association, or any other person authorized by it, or the Managing Agent, shall have the right to immediately enter the Unit to remedy or abate the cause of the emergency. To facilitate such entry, each Unit Owner, if required by the Association, shall deposit a key to his Unit with the Association.

ARTICLE VI

RESTRICTIONS

6.1 Compliance Requirements. Each Unit Owner and Occupant shall comply with all applicable provisions of the Act, this Declaration, the By-Laws, the Articles of Incorporation, and the Rules and Regulations promulgated by the Board or the Association, as amended. Failure to comply shall be grounds for an action by the Association, an aggrieved Unit Owner or any person adversely affected for recovery of damages, injunction or other relief.

6.2 Use Restrictions.

(a) Signs.

(1) By Unit Owners. No "For Sale" or "For Rent" signs or other window displays or advertising shall be maintained or permitted by any Unit

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Owner or Occupant on any part of the Condominium without the prior written consent of the Board.

(2) By Declarant. Declarant may maintain signs on the Common Elements advertising the Condominium until all Units have been conveyed to owners other than Declarant. Declarant shall remove all signs not later than thirty (30) days after all of the Units have been conveyed to owners other than Declarant and shall repair all damage done by removal of such signs. All such signs must comply with all applicable federal, state, and local laws and ordinances.

(c) Obstruction of Ways.

(1) Common sidewalks, driveways, entrances, or passageways shall not be obstructed or used by any Unit Owner for any purpose other than ingress to and egress from the Units.

(d) Personal Property in Common Areas. Except as to the areas termed limited common areas, no article of personal property shall be placed on or in any of the general common areas except for those articles of personal property which are the common property of the unit owners.

(e) Parking of Vehicles. No vehicle belonging to or being under the control of a unit owner or member of the family or a client, tenant, customer, or employer of a Unit Owner shall be parked in such manner as to impede or prevent ready access to any entrance to or exit from a building.

(f) Disturbances. Owners and occupants shall exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises and in using or playing or permitting to be used or played musical instruments, radios, photographs, television sets, amplifiers, or any other instruments or devices in such a manner as may disturb or tend to disturb owners, tenants, or occupants or other units.

(g) No Liability for Storage of Articles. The Association assumes no liability for, nor shall it be liable for, any loss or damage to articles stored in any common area or other storage area.

(h) Plants. No owner shall remove plants of any description from the Property without the prior consent of the Board of Directors.

(i) No Subdivision of Units. No Condominium Unit may be subdivided into a smaller unit or added to or incorporated into any other Condominium Unit except with the unanimous written approval of all members of the Association. Any such permitted subdivision of Units shall be pursuant to N.C.G.S. Section 47C-2-113.

(j) Conveyance or Encumbrance of Common Elements. Any conveyance or encumbrance of the Common Elements shall be pursuant to N.C.G.S. Section 47C-3-112.

(k) No Immoral Purposes. No immoral, improper, offensive, or unlawful use shall be made of any Condominium Unit or of the Common Elements, or any part thereof; and all laws, ordinances, and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed.

(l) Structural Modifications. Without the prior written consent of the Association, no Unit Owner shall permit any structural modification or alteration to his Unit. Such consent may be withheld if a majority of the Board of Directors determines that the modifications or alterations would in

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any manner adversely affect the Condominium or any Unit Owner. No Unit Owner shall cause any modifications or alterations to be made to the exterior of the Condominium, including painting or other decoration, or the installation of electrical wiring, television, or radio antennae, machines or air conditioning units, which may protrude through the walls or roof of the Condominium, or in any manner change the appearance of any portion of the building not within the walls of such Condominium Unit.

6.3 Hazardous or Unlawful Use or Waste. Nothing shall be done to or kept in any Unit or on or about the Common Elements or limited Common Elements that will increase any rate of, or result in the cancellation of, insurance maintained with respect to the Condominium, or that would be in violation of any law, or that will result in the commitment of waste (damage, abuse, or destruction) to or in any Unit or the Common Elements or Limited Common Elements.

6.4 Alterations to Units. A Unit may be altered pursuant to the provisions of N.C.G.S. Section. The boundaries between adjoining Units may be relocated pursuant to N.C.G.S. Section 47C-2-112.

6.5 Alterations to Common Elements. No Unit Owner or Occupant, except Declarant during the Declarant Control Period, shall alter, construct anything upon or remove anything from the Common Elements or paint, decorate, landscape, or adorn any portion of the Common Elements without the prior written consent of the Board.

6.6 Rules and Regulations. In addition to these covenants, Rules and Regulations not in conflict herewith and supplementary hereto may be promulgated and amended from time to time by the Board or the Association, as more fully provided in the By-Laws.

6.7 Covenants to Run With Land. Each Unit Owner and Occupant shall be subject to all restrictions, conditions, and covenants of this Declaration, all of which shall be deemed to be covenants running with the land binding every person having any interest in the Property and inuring to the benefit of all such persons.

6.8 Allocation of Common Elements, Interests, Votes and Common Expense Liabilities.

(a) The allocation of Common Elements, Interest, Votes and Common Expense liabilities shall be pursuant to N.C.G.S. Section 47C-2-107 and as set forth below. However, nothing herein contained shall be construed as limiting or preventing ownership of any Condominium Unit and its appurtenant undivided interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

(b) Allocation of Common Elements and Expenses. Each Unit is allocated an undivided interest in the Common Elements of the Condominium, and the Common Expenses of the Association.

Unit 1 is 3,000 square feet and is allocated a one-third (1/3) undivided interest in the common elements of the condominium. Unit 1 is allocated one-third (1/3) of the common expense liabilities of the Association.

Unit 2 is 1,000 square feet and is allocated a one-third (1/3) undivided interest in the Common Elements of the Condominium. Unit 2 is allocated one-third (1/3) of the common expense liabilities of the Association.

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Unit 3 is 2,000 square feet and is allocated a one-third (1/3) undivided interest in the Common Elements of the Condominium. Unit 3 is allocated one-third (1/3) of the Common expense liabilities of the Association.

c. Allocation of Votes in the Unitowners' Association. Each unit is allocated one vote in the Association.

ARTICLE VII

ASSESSMENTS

7.1 Budget.

(a) Adoption by Board. The Board of Directors of the Association shall establish, in advance, an Annual Budget for each fiscal year, which shall correspond to the calendar year, except that in the initial year of operation, the fiscal year shall commence with the closing of the sale of the first Condominium Unit or with the decision by the Board to make common expense assessments, whichever is later. The budget shall project all expenses for the forthcoming year required for the proper operation, management, and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves. It shall take into account projected anticipated income, which is to be applied in reduction of the amounts required to be collected as an assessment each year. The Board of Directors shall keep items relating to operation and maintenance separate from items relating to capital improvements. Included as common expense shall be the cost of maintaining leaseholds, memberships, and other possessory or use interest in lands or facilities to provide enjoyment, recreation, or other use or benefit to Unit Owners, all as may be now or hereafter acquired by lease or agreement in form and content, and containing provisions, satisfactory to the Board of Directors.

(b) Copy to Unit Owners. Upon adoption of the Budget by the Board of Directors, a copy of it shall be delivered to each Unit Owner, and the assessment for that year shall be established based upon it. However, the failure of the Board, or delay of it, in preparing the budget, or its failure to deliver a copy of the Budget to each Unit Owner, shall not affect the liability of any Owner to pay assessments whenever the same shall be determined and levied by the Board.

(c) Funds and Reserves. The Board of Directors shall designate in the Budget sums to be collected from assessments and maintained as reserve to cover repairs, replacements, and other general operating expenses, maintenance items, and working capital. All monies collected by the Association shall be treated as the separate property of the Association and may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation, and the By-Laws. Monies so paid to the Association by any Unit Owner may be commingled with monies paid to it by the other Unit Owners.

7.2 Assessments for Common Expense.

(a) Until the Association makes a Common Expense assessment, the Declarant shall pay all the Common Expenses. After any assessment has been made by the Association, assessments thereafter must be made at least annually, and such assessments shall be payable in annual, quarterly, monthly, or such other installments and at such times as may be determined by the Board of Directors, but at least annually. Unit Owners shall be subject

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to assessment by the Board of Directors upon acquiring title to their Unit. The Declarant shall not be liable for assessments for unsold Units contemplated by this Declaration until such time as said Unit is (i) completed and a certificate of occupancy issued therefor; and (ii) occupied or used for model, sales, or other purposes by the Declarant, or (iii) offered or used for rental purposes by the Declarant. No Unit Owner may exempt himself from liability for any assessment levied against him and his Unit by waiver of the use or enjoyment of any of the Common Elements, or by abandonment of the Unit, or in any other way.

(b) Except for assessments under subsections (c), (d), and (e), all Common Expenses must be assessed against all the Units in accordance with the allocations set forth in Section 6.8(a)(b) of this Declaration pursuant to N.C.G.S. Section 47C-2-107(a). Any past due Common Expense assessment or installment shall bear interest at the maximum legal rate then in effect, not to exceed the rate of eighteen percent (18%) per annum.

(c) Assessments shall be allocated as follows:

1. Any Common Expenses associated with maintenance, repair or replacement of a Limited Common Element must be assessed equally against the Units to which that Limited Common Element is assigned;

2. Any Common Expense or portion thereof benefiting fewer than all of the units must be assessed exclusively against the Units benefitted; and

(d) Assessments to pay a judgment against the Association pursuant to N.C.G.S. Section 47C-3-117(a) may be made only against the Units in the Condominium at the time the judgment was entered, in proportion to their common expense liabilities.

(e) If any Common Expense is caused by the misconduct of any Unit Owner, the Association may assess that expense exclusively against his Unit.

(f) If Common Expense liabilities are reallocated, Common Expense assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.

7.3 Board's Authority to Levy Additional Assessments. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium, or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessments as it may deem necessary.

7.4 Assessment Roll and Certificate. All assessments shall be set forth upon a roll of the Units, which shall be available in the office of the Association for inspection at all reasonable times by members, security holders, and their duly authorized representatives. The roll shall include, for each Unit, the name and address of each member, all assessments levied and the amount of all assessments unpaid. The association, upon written request, shall furnish to a Unit Owner, or his authorized agent, a recordable Certificate setting forth the amount of unpaid assessments currently levied against his Unit. The Certificate shall be furnished within seven (7) business days after receipt of the request and shall be binding upon the Association and all Unit Owners. The Board may charge a reasonable fee for issuance of such certificates.

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7.5 Payment of Assessments. All monies owing to the Association shall be payable at its main office. Any assessment or installment thereof due to the Association shall be in default if not paid within thirty (30) days of the due date for payment. However, the failure of the Board, or its delay, in levying assessments shall not constitute a waiver or release of the members' obligation to pay assessments when the same shall be determined and levied by the Board. Also, any deficiencies or inadequacies in the procedure followed by the Board in levying an assessment shall not in any way affect its validity or the obligation of members to pay such assessment.

7.6 Lien for Assessments.

(a) Any assessment levied against a Unit remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that Unit when filed of record in the Office of the Clerk of Superior Court of New Hanover County in the manner provided therefor by Article 8 of Chapter 44 of the North Carolina General Statutes. The Association's lien may be foreclosed in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes. Fees, charges, late charges, fines, and interest charged pursuant to N.C.G.S. Section 47C-3-102(10), (11) and (12), N.C.G.S. Section 47C-3-107(d) and N.C.G.S. Section 47C-3-107A are enforceable as assessments under this Section. In addition, if any action is taken by the Association to foreclose a lien on a Unit because of unpaid assessments, the Unit Owners shall be required to pay a reasonable rent for the use of the Unit during the period of redemption from such foreclosure, and the Association shall be entitled to the appointment of a receiver to collect the same.

(b) The lien under this Section is prior to all other liens and encumbrances on a Unit except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Unit) recorded before the docketing of the lien in the office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments or charges against the Unit. This subsection does not affect the priority of mechanics' or materialmen's liens.

(c) A lien for unpaid assessments is extinguished unless proceedings to enforce the lien are instituted within three (3) years after the docketing thereof in the Office of the Clerk of Superior Court.

(d) This Section does not prohibit actions to recover sums for which subsection (a) creates a lien or prohibit an Association taking a deed in lieu of foreclosure.

(e) A judgment, decree, or order in any action brought under this Section must include costs and reasonable attorney's fees for the prevailing party.

(f) Where the holder of a first mortgage or first deed of trust of record, or other purchaser of a unit, obtains title to the Unit as a result of foreclosure of a first mortgage or first deed of trust, such purchaser, and its heirs, successors and assigns, shall not be liable for the assessments against such Unit which became due prior to acquisition of title to such Unit by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all the Unit Owners including such purchaser, and its heirs, successors, and assigns.

7.7 Other Liens Affecting the Condominium.

(a) A judgment for money against the Association is not a lien on the Common Elements but, if docketed, is a lien in favor of the judgment

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lienholder against all of the Units in the Condominium at the time the judgment was entered. No other property of a Unit Owner is subject to the claims of creditors of the Association.

(b) Notwithstanding the provisions of subsection (a), if the Association has granted a security interest in the Common Elements to a creditor of the Association pursuant to N.C.G.S. Section 47C-3-112, the holder of that security interest must exercise its right against the Common Elements before its judgment lien on any Unit may be enforced.

(c) Whether perfected before or after the creation of the Condominium if a lien other than a deed of trust or mortgage, including a judgment lien or lien attributable to work performed or materials supplied before creation of the Condominium, becomes effective against two or more Units, the Unit Owner of an affected Unit may pay the lienholder the amount of the lien attributable to his Unit, and the lienholder, upon receipt of payment, promptly shall deliver a release of the lien covering that Unit. The amount of the payment must be proportionate to the ratio which that Unit Owner's Common Expense liability bears to the Common Expense liabilities of all Unit Owners whose Units are subject to the lien. After payment, the Association may not assess or have a lien against that Unit Owner's Unit for any portion of the Common Expenses incurred in connection with that lien.

(d) A judgment against the Association shall be indexed in the name of the Condominium and the Association and, if so indexed, is notice of the lien against the Units.

7.8 Statement to Prospective Purchaser. Whenever any Condominium Unit may be leased, sold, or mortgaged, the Association, upon written request of the Unit Owner, shall furnish to the proposed lessee, purchaser, or mortgagee, a statement verifying the payment status of any assessment due and payable to the Association by the Unit Owner. The statement shall be executed by a duly authorized Officer of the Association. Any lessee, purchaser, or mortgagee may rely upon the statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by any such properly authorized and executed statement. If a Condominium Unit is to be leased, sold, or mortgaged at a time when payment of any assessment against the Unit Owner and Unit is in default (whether or not a Claim of Lien has been recorded by the Association), then the rent, purchase or mortgage proceeds shall be applied by the lessee, purchaser, or mortgagee first to payment of any then delinquent assessment or installments thereof before the payment of any such proceeds to the Unit Owner responsible for payment of the delinquent assessment.

ARTICLE VIII

MAINTENANCE

8.1 Maintenance of Common Elements.

(a) By the Association. The replacement, maintenance, repair, alteration, and improvement of the Common Elements shall be the responsibility of the Association, and the cost thereof shall be a Common Expense to the extent not paid by Unit Owners. All damage caused to a Unit by any work on or to the Common Elements done by or for the Association shall be repaired by the Association, and the cost thereof shall be a common expense.

(b) By Unit Owners. Each Unit Owner shall pay all costs to repair and replace all portions of the Common Elements that may become damaged or destroyed by reason of his intentional acts or the intentional acts of any

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Occupant of his Unit. Such payment shall be made upon demand by the Association.

8.2 Maintenance of Units. Each Unit Owner shall pay all costs to repair and replace all portions of the Common Elements that may become damaged or destroyed by reason of his intentional acts or the intentional acts of any Occupant of his Unit. Such payment shall be made upon demand by the Association.

8.2 Maintenance of Units. Each Unit Owner shall (i) maintain his Unit at all times in a good and clean condition and repair and replace, at his expense, all portions of his Unit; (ii) perform his responsibilities in such manner as not to unreasonably disturb other Occupants; (iii) promptly report to the Board, or its agents, any defect or need for repairs the responsibility for which is that of the Association; and (iv) to the extent that such expense is not covered by the proceeds of insurance carried by the Association, pay all costs to repair and replace any portion of another Unit that has become damaged or destroyed by reason of his own acts or omissions, or the acts or omissions of any Occupant of his Unit. Such payment shall be made upon demand by the Owners of such other Units. Nothing herein contained shall modify any waiver by insurance companies of rights of subrogation.

8.3 Common Expenses Associated with Limited Common Elements or Benefiting Less Than All Units. Any Common Expense associated with the maintenance, repair or replacement of a Limited Common Element shall be assessed against the Unit, or in equal shares to the Units, to which such Limited Common Element was allocated at the time the expense was incurred. In addition, the Association may assess any Common Expense benefiting less than all of the Units against the Units benefitted in proportion to their Common Expense liability.

8.4 Waiver of Claims. Except only as provided in Section 8.3, the Association agrees that it shall make no claim against a Unit Owner or Occupant, and each Unit Owner and Occupant agrees that he shall make no claim against the Association, the member of the Board, officers of the Association, or employees or agents of any thereof, or against any manager retained by the Board, or his or its officers, directors, employees or agents, or other Unit Owners or Occupants, for any loss or damage to any of the Property, or to a Unit or personal property therein, even if caused by the omission or neglect of any one or more of such persons, and all such claims are hereby waived and released; provided, that this waiver shall not apply to any such loss or damage due to intentional acts.

8.5 Right of Entry.

(a) By the Association. The Association, and any person authorized by the Association, may enter any Unit or any of the Limited Common Elements in case of any emergency or dangerous condition or situation originating in or threatening that Unit or any of the Limited Common Elements. The Association, and any person authorized by the Association, after reasonable notice to a Unit Owner or Occupant, may enter that Unit or any of the Limited Common Elements for the purposes of performing any of the Association's duties or obligations or exercising any of the Association's powers under the Act, this Declaration or the By-Laws with respect to that or any other Unit, any Limited Common Elements or the Common Elements. Notwithstanding anything herein to the contrary, the Association shall be responsible for the repair of any damage caused by the Association or its authorized person to the entered Unit, and the cost thereof shall be a Common Expense. All such entries shall be made and done so as to cause as little inconvenience as possible to the Unit Owner and Occupant of the entered Unit or any portion of the Limited Common Elements allocated to the Unit Owner.

(b) By Unit Owners. Each Unit Owner and Occupant shall allow other Unit Owners and Occupants, and their representatives, to enter his Unit, or Limited Common Elements allocated to his Unit, when reasonably necessary for the purpose of altering, maintaining, repairing, or replacing the Unit, or performing the duties and obligations under the Act, this Declaration or the By-Laws of the Unit Owner or Occupant making such entry, provided that requests for entry are made in advance and that such entry is at a time convenient to the Unit Owner or Occupant whose Unit or Limited Common Element.

ARTICLE IX

CASUALTY DAMAGE

9.1 Damage to Common Elements. If any part of the Common Elements is damaged by casualty, the determination of whether or not to reconstruct or repair the same shall be made as follows:

(a) "Partial destruction" shall mean destruction rendering fewer than two thirds (2/3) of the Condominium Units untenable. In the event of partial destruction, the Common Elements shall be reconstructed or repaired unless this Declaration is terminated by the unanimous act of all Unit Owners at a meeting of the members of the Association called prior to commencement of such reconstruction or repair.

(b) "Total destruction" shall mean destruction rendering two thirds (2/3) or more of the Condominium Units untenable. In the event of total destruction, the Common Elements shall not be reconstructed or repaired if at a meeting called within thirty (30) days after the occurrence of the casualty or if by such date the insurance loss has not been finally adjusted, then within thirty (30) days thereafter, Unit Owners who in the aggregate own sixty-six and two thirds percent (66 2/3%) or more of the Condominium Units vote against reconstruction or repair.

(c) Any such reconstruction or repair shall be substantially in accordance with the plans and specifications prepared for the Condominium. Encroachments upon or in favor of Condominium Units created as a result of such reconstruction or repair shall not constitute a claim or basis of a proceeding or action by the Unit Owner upon whose property such encroachment exists, provided the reconstruction was either substantially in accordance with the plans and specifications or as the buildings were originally constructed. Such encroachment shall be allowed to continue for so long as the buildings stand.

9.2 Damage to Unit. If the damage is only to those parts of one or more Condominium Units for which the responsibility for maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty. In all other instances, the responsibility for reconstruction and repair after casualty shall be that of the Association as follows:

(a) Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors desire.

(b) When the damage is to both Common Elements and Condominium Units, the insurance proceeds shall be applied first to the costs of repairing the Common Elements and the balance to the Condominium Units.

9.3 Adjustment of Losses. Each Condominium Unit Owner shall be deemed to have delegated to the Board of Directors his right to adjust with