

1500 0236

RECORDED AND VERIFIED  
REBECCA P. TUCKER  
REGISTERED CLERK  
NEW HANOVER COUNTY, N.C.

JUN 12 4 35 PM '90

RETURNED TO  
PREPARED BY: James D. Smith, Hockenbury & Smith, Attorneys,  
105 South Front Street, Wilmington, N.C. 28401

STATE OF NORTH CAROLINA  
COUNTY OF NEW HANOVER

DECLARATION OF CONDOMINIUM  
THE EASTWOOD CENTER  
SECTION 1

THIS DECLARATION made this the 8th day of June,  
1990, by Rex C. Healy and wife, Cynthia Healy, of New Hanover  
County, hereinafter referred to as "Declarant".

101

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of record of the fee simple title of certain property in New Hanover County, North Carolina, which is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, which property Declarant desires to develop as a business park and to submit the same to condominium ownership; and

WHEREAS, the Declarant owns additional property adjoining the above referenced property, which is more particularly described in Exhibit "A-1" hereto attached. The Declarant reserves the right, without any obligation, to annex to said business park all or any part of said additional property described in Exhibit "A-1" hereto attached, by executing and recording one or more Supplemental Declarations. Upon the execution and recordation of such Supplemental Declarations, the land therein described shall automatically be annexed to the project and subjected to this Declaration, which action shall require no approval or other consent by the unit owners, the Board of Directors, or the members of the Association of unit owners, or by any other person or entity as hereinafter more particularly provided.

NOW, THEREFORE, the Declarant hereby submits the property described in Exhibit "A" hereto attached to Condominium Ownership pursuant to Chapter 47C of the General Statutes of North Carolina, as amended, and to that end does hereby publish and declare that all of said property to be known as The Eastwood Center, is and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved, subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which shall be deemed to run with the land and shall be a burden and benefit to Declarant, its successors and assigns, and any person acquiring or owning an interest in the property and improvements, their grantees, successors, heirs, personal representatives, executors, administrators, devisees and assigns.

ARTICLE I

NAME AND ADDRESS

The name by which this condominium is to be identified is: The Eastwood Center, Section 1.

1500 0237

The condominium's location and address is: 100 Eastwood Road, Wilmington, North Carolina.

## ARTICLE II

DEFINITIONS

The terms used herein and in the By-Laws shall have the meanings stated in the United Ownership Act, Chapter 47C, of the North Carolina General Statutes unless otherwise defined herein or in the By-Laws or unless the context otherwise requires.

A. Condominium Unit means a unit as defined in the said Unit Ownership Act.

B. Association means The Eastwood Center Owners Association, Inc., the entity responsible for the operation of the condominium pursuant to the act, which entity consists of all the unit owners acting as a group in accordance with the By-Laws and this Declaration.

C. Condominium means all of the condominium property as a whole when the context so permits, as well as the meaning stated in the said Unit Ownership Act.

D. Singular, Plural, Gender. Whenever the context so permits, the use of the plural shall include the singular, the singular the plural, and the use of any gender shall be deemed to include all genders.

E. Developer and Declarant shall be used interchangeably to mean Rex C. Healy and Cynthia Healy.

F. Assessment means a share of the funds required for the payment of common expenses which from time to time is assessed against the unit owner by the Association.

G. Board of Directors means the Board of Directors of the Association.

H. By-Laws means the By-Laws for the government of the condominium as they exist from time to time. A copy of the initial By-Laws are hereto attached as Exhibit "B" and made a part hereof by reference.

I. Building or Buildings shall mean all structures and improvements now or hereafter erected upon the property.

J. Common Areas and Facilities shall be used interchangeably with Common Elements to mean the portion of the condominium property owned, in undivided interest, by all of the owners, as more specifically set forth herein in Article III, paragraph D.

K. Common Expenses include the expenses of administration, maintenance, operation, repair and replacement (including a capital reserve for repair maintenance and replacement), of the common areas and facilities, and other expenses declared by the Association to be common expenses, as further defined in the Act.

L. Common Profits means the balance of all revenue of the Association remaining after deduction of common expenses.

M. Condominium Documents means this Declaration, the By-Laws, the Rules and Regulations and all other Exhibits attached hereto and all other documents and regulation promulgated pursuant to the authority created herein and in the Act, and as such documents shall be amended from time to time.

N. Declaration means this instrument as it may be from time to time amended or supplemented.

O. Phase I shall mean the real property described as The Eastwood Center, Section 1, in Exhibit "A" attached together with the buildings and all other improvements and structures thereon, all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for common use in connection therewith submitted to the Unit Ownership Act by this Declaration.

P. Phase II shall mean all of the real property described in Exhibit "A-1" attached which may be annexed to The Eastwood Center Condominium by Supplemental Declarations in the manner hereinafter provided. If the property described in Exhibit "A-1" is developed in more than one phase, each separate portion developed may be designated by a separate phase number.

Q. Project shall mean and include the property developed as The Eastwood Center Condominiums described upon Exhibit "A" hereto attached and any portion of the property described upon Exhibit "A-1" which is subsequently developed and annexed to and made a part of The Eastwood Center Condominiums.

### ARTICLE III

#### IDENTIFICATION OF PROPERTY

A. LAND: The description of the land on which the buildings and improvements are, or are to be, located is set forth in Exhibit "A" of this Declaration. The land shall also include such other land, together with any buildings and improvements thereof as may be subsequently subjected to this Declaration by annexation in the manner hereafter provided.

B. BUILDINGS: The building erected or to be erected by the Declarant on the land described in Exhibit "A" is shown in Exhibit "B" hereto attached which sets forth the number of units and the location of the common areas and structural boundaries. The floor plans of the building are shown graphically upon Exhibit "C" hereto attached.

C. UNIT DESIGNATIONS: The unit designation of each condominium unit, its location, its dimensions, approximate areas, number of rooms and common areas and facilities to which it has immediate access, and other data concerning its proper identification are set forth on Exhibit "C" hereinabove referred to and made a part hereof. No unit bears the same identifying number as does any other unit. Each unit is bounded both as to horizontal and vertical

1500 0239

boundaries by the interior surface of its perimeter wall, ceilings and floors, which are shown on said plans, subject to such encroachments as are contained in the building, whether the same now exist or may be caused or created by construction, settlement or movement of the building, or by permissible repairs, construction or alteration.

D. COMMON AREAS AND FACILITIES:

(1) Extent: The common areas and facilities consist of all parts of the property described in Exhibit "A" and "B" other than the individual units therein as described in Exhibit "C" above.

(2) Nature of Interest: Each of the unit owners shall own an undivided interest in the common elements and said undivided interest, stated as percentages of such ownership in the said common elements, is set forth in Exhibit "D" which is annexed to this Declaration and made a part hereof.

The fee title to each condominium unit shall include both the unit and the respective undivided interest in the common elements and the said undivided interest in the common elements is to be deemed to be conveyed or encumbered with its respective unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the condominium unit.

Any attempt to sever or separate the fee title to a condominium unit from the undivided interest in the common elements appurtenant to each unit shall be null and void.

(3) All areas of the described property not within any units shall be common areas; and all portions of any building or other improvement not included within a unit shall be a common facility. The common facilities shall include all installations, items and equipment for utility service to more than one unit and shall also include tangible personal property required for the maintenance and operation of the condominium even though owned by the Association.

E. AMENDMENT TO PLANS:

(1) The Developer reserves the right to change the interior design and arrangement of all units, and to later the boundaries between units, so long as the Developer owns the units so altered. No such change shall increase the number of units except as provided in Article 6, infra, nor alter the boundaries of the common elements without amendment of this Declaration by approval of the Association and unit owners in the units so authorized, such changes shall be reflected by an amendment to the Declaration. If more than one unit is concerned, the Developer shall apportion between the units the shares in the common elements which are appurtenant to the units concerned. No unit, at any time, may contain less than 500 square feet.

(2) An amendment of this Declaration reflecting such alteration of condominium unit plans by Developer need be signed and acknowledged only by the Developer and need not be approved by the Association, unit owners or lienors or

mortgagees of units or of the condominium, whether or not elsewhere required for an amendment.

F. EXPANSION OF CONDOMINIUM:

(1) By this Declaration the Declarant submits only the land described in Exhibit "A", together with the improvements thereon, and the same shall be known as The Eastwood Center, Section 1. Nevertheless, Declarant hereby reserves the right and option, but not the obligation, to expand the property subject to this Declaration by adding all or any portion or portions of the land described in Exhibit "A-1". Provided, however, that the maximum number of buildings to be developed shall not be greater than four with the number of units in each building to be no more than one unit for each 500 square feet.

(2) Such expansion shall occur, if at all, by the recordation of one or more amendments to this Declaration executed by the Declarant, or their successors and assigns, which amendments shall not require the consent or ratification of any unit owner.

(3) The right and option of Declarant described in subparagraph (1) and (2) above shall terminate on January 1, 1992.

(4) If any units are added to and made subject to this Declaration by the Expansion contemplated by this paragraph, the percentages of undivided interest in the common area and facilities of all units in Phase I, Phase II, and subsequent Phases shall be the percentage shown upon Exhibit "D-1" hereto attached.

(5) The Declarant covenants and agrees that all building containing units built on any portion of the land added to and made subject to this Declaration shall be not more than three stories in height above finished grade and shall be made of frame and wood, brick, masonite, metal or stucco-type siding, or any combination thereof.

(6) Nothing herein shall be deemed to limit or alter Declarant's right, hereby reserved, to vary the internal layout or exterior configurations of any units hereafter constructed so long as Declarant substantially conforms with the provisions of this Article III.

(7) Every unit owner in The Eastwood Center Condominium by accepting a deed to a unit therein, thereby agrees for himself and his heirs, successors and assigns, to any expansion of the Property subject to this Declaration in accordance with the provisions of this Article III and does hereby adopt, ratify and confirm the change in unit ownership resulting from such expansion as set forth in Exhibit "D-1" hereto attached.

ARTICLE IV

AMENDMENT TO RATIOS

As provided by this Declaration, the By-Laws and Rules

and Regulations of The Eastwood Center Owners Association, Inc. (hereinafter called the "Association") and the terms of Chapter 47C of the General Statutes of North Carolina, the ratio of the undivided interest of each unit owner in the common areas and facilities as set forth on Exhibit "D" attached hereto may be altered, as set forth in Exhibit "D-1", by an amendment to this Declaration duly recorded.

#### ARTICLE V

##### NATURE OF INTEREST IN UNITS

Every condominium unit, together with its undivided common interest in the common areas and facilities, shall for all purposes be, and it is hereby declared to be and to constitute, and separate parcel of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, easement, rules, regulations, resolutions, and decisions as may be contained on provided for herein and in the accompanying By-Laws and minutes of the Association and the Board of Directors.

#### ARTICLE VI

##### SUBDIVISION OF UNITS

The Developer shall have the absolute right to subdivide any unit into sub-units with one portion of the subdivided unit being designated by the unit number followed by a letter and the remaining portion being designated by the unit number followed by subsequent letters. The Developer shall apportion between the sub-units the share in the common elements which are appurtenant to the unit so subdivided, and the owner of each subdivided unit shall be entitled to a portion vote in the affairs of the Association based on the number of units created.

An amendment to the Declaration reflecting such subdivision of a unit need be signed and acknowledged only by the Developer and need not be approved by the Association, unit owners or lienors or mortgagees of units of the condominium whether or not elsewhere required for an amendment.

#### ARTICLE VII

##### SERVICE OF PROCESS

Rex C. Healy is hereby designated as the Registered Agent to receive Service of Process in any action which may be brought against or in relation to this condominium development and/or the Association. The address of said Registered Agent is 100 Eastwood Road, Wilmington, North Carolina 28403, which is within the County of New Hanover in which the development is located. The Board of Directors of The Eastwood Center Owners Association, Inc. may revoke the appointment of any such agent and appoint a successor, all pursuant to the By-Laws.

1500 0242

## ARTICLE VIII

EASEMENTS

The following easements are covenants running with the land of the condominium:

A. Each unit owner shall have an easement in common with the other owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Directors of the Association or their designee shall have the right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

B. The Association may hereafter grant easements, as approved by the Board of Directors, for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair and replace water lines, gas lines, pipes, sewer lines, television cables, telephone wires and equipment and electrical conduits and wires over, under, along and on any portion of the common areas; and each unit owner hereby grants the Association an irrevocable power of attorney to execute, acknowledge and record for and in the name of each unit owner such instruments as may be necessary or desirable to effectuate the foregoing.

C. Ingress and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks and lanes as the same from time to time may exist upon the common elements; and for vehicular traffic over, through and across such portions of the common elements as from time to time may be paved and intended for such purposes.

D. Easements are reserved to the owners of units in The Eastwood Center pedestrian and vehicular traffic over, through and across such driveways and parking areas as from time to time may be paved and intended for such purposes, and for the construction and maintenance of water, sewer and other utilities.

E. If a unit shall encroach upon any common element, or upon any other unit by reason of original construction or by the non-purposeful or non-negligent act of the unit owner or of the Association, then an easement appurtenant to such encroaching unit, to the extent of such encroachment, shall exist so long as such encroachment shall exist.

F. The Developer hereby reserves unto themselves, their heirs or assigns, easement over the common areas of this condominium for ingress, egress, and regress, to be used for, by or in connection with, any other development which may hereafter be erected on the property owned or hereafter acquired by the Developer their successors or assigns, in the vicinity of the property covered hereby,

to the same extent as if said common elements were common elements of said condominiums or as may become necessary for the purpose of the undersigned, their grantees, lessees, successors or assigns, servicing the properties which are subject to the Declaration, or its adjacent properties with utility services, drainage and easements for ingress and egress.

ARTICLE IX

PARTITIONING

The common areas and facilities shall not be divided nor shall any right to partition any thereof exist. Nothing herein contained however, shall be deemed to prevent ownership of a condominium unit by the entirety, jointly, or in common or in any other form by law permitted.

ARTICLE X

PARKING SPACES

Parking spaces are available generally for owners, their tenant, guests, and invitees under such restrictions as may be prescribed by the Board of Directors of the Association.

ARTICLE XI

LIENS

While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the common areas and facilities except with the unanimous consent in writing of all of the condominium unit owners and the holders of first liens thereof except such liens as may arise or be created against the several units and their respective common interests under the provisions of the North Carolina Unit Ownership Act. Every agreement for the performance of labor, or the furnishing of materials to the common areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and the right to file a mechanics lien or other similar lien by reason of labor performed or materials furnished is waived.

ARTICLE XII

OPERATING ENTITY

The operation of the condominium shall be by an incorporated Association organized pursuant to Chapter 55 of the General Statutes of North Carolina.

A. NAME: The name of the Association shall be The Eastwood Center Owners Association, Inc.

B. POWERS: The Association shall have all of the powers and duties set forth in the Unit Ownership Act, except as limited by this Declaration and the By-Laws, and all of the powers and duties reasonably necessary to operate the condominium as set forth in this Declaration and the By-Laws

and as they may be amended from time to time.

The Association's powers of maintenance, operation, administration, management and care of the condominium property may be delegated to a Manager as provided in Article 14 herein.

All other affairs of the Association shall be conducted by a Board of Directors who shall be designated in the manner provided in the By-Laws of the Association.

C. MEMBERS:

(1) Qualifications: The members of the Association shall consist of all of the record owners of units.

(2) Change of Membership: After receiving the approval of the Association elsewhere required, change of membership in the Association shall be established by recording in the public records of New Hanover County, North Carolina, a deed or other instrument establishing a record title to a unit or units in the condominium and the delivery to the Association of a certified copy of such instrument, the owner designated by such instrument thereby becoming a member of the Association. The membership of the prior owner shall be thereby terminated.

(3) Voting Rights: There shall be one person with respect to each Unit Ownership who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as a "voting member". Such voting member may be the owner of one of a group composed of all of the owners of a unit ownership, or may be some other person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner. Such designation shall be made in writing to the Board of Directors and shall be revocable at any time by actual notice to the Board of Directors of the death or judicially declared incompetence of any designator, or by written notice to the Board of Directors by the owner or owners. The total number of votes of all voting members shall be one hundred (100), and each owner or group of owners (including the Board of Directors, if said Board or its designee shall then hold title to one or more units) shall be entitled to the number of votes equal to the total of the percentage of ownership in the common areas and facilities applicable to his or their unit ownership as set forth in Exhibit "D" or "D-1" of this Declaration. The unit owner may vote on any matter by secret ballot upon motion duly made and seconded by any voting member.

(4) Approval or Disapproval of Matters: Whenever the decision of a unit owner is required upon any matter, whether or not subject to an Association meeting such decision shall be expressed by the same person who would cast the vote of such owner if in an Association meeting, unless the joinder or record owners is specifically required by this Declaration.

(5) Restraint Upon Assignment of Share in Assets: The share of member in the funds and assets of the

Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his unit.

Any assessment for reserve or sinking funds for capital improvements or repairs shall be held by the Board of Directors for the purposes so designated and for no other. In the event such purpose or contingency does not occur, said allocated funds shall be expended only for the general operation of the property and any excess assessments in any year shall be used to reduce the following year's assessments.

D. INDEMNIFICATION OF DIRECTORS: Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be party, or in which he may become involved, by reason of his being or having been director or officer at the time of the acts in question or such expenses are incurred, except in such cases wherein the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

E. BY-LAWS: The By-Laws of the Association shall be in the form attached hereto as Exhibit "B" as amended from time to time.

F. PROPERTY IN TRUST: All funds and the titles of all properties acquired by the Association and the proceeds thereof shall be held in trust for the members in accordance with the provisions of this Declaration and the By-laws.

### ARTICLE XIII

#### MANAGEMENT AND MAINTENANCE

A. MANAGER: The Association may enter into a contract with a Management Company or Manager for the purposes of providing all elements of the operation, care supervision, maintenance and management of the property. All the powers and duties of the Association necessary or convenient for such maintenance and management may be delegated to and vested in the manager by the Board of Directors, except such as are specifically required by this Declaration, the By-Laws, or the unit Ownership Act, to have the approval of the Board of Directors or the Association. The Manager is hereby further authorized to recommend the annual budget, and, upon approval thereof by the Board of Directors, make assessments for common expenses, and collect such assessments as provided in this Declaration and the By-Laws, subject always to the supervision and right of approval of the Board of Directors.

B. OWNER'S MAINTENANCE:

(1) Each unit owner agrees as follows:

1500 0246

(a) To maintain a good condition and repair his unit and all interior surfaces within his unit (such as walls, ceilings and floors) which are not common elements or exterior surfaces, the maintenance of which shall be the responsibility of the Association and assessable to all the unit owners as a common expense.

(b) Not to make or cause to be made any structural addition to the common elements without the prior written consent of the Association.

(c) To make no alteration, repair, replacement or change of the common elements, or to any outside or exterior portion of the building, whether within a unit or part of the common elements.

(d) To permit the Board of Directors or the Manager, or the agents or employees of the Association, to enter with notice at any reasonable hour of the day, for the purpose of maintenance, inspection, repair, replacement or improvements within the units or the common elements, or to determine in the case of emergency, the circumstances threatening any unit(s) or the common elements, or to determine compliance with the provisions of the Declaration, the By-laws, or the Rules and Regulations promulgated thereunder.

(2) In the event a unit owner fails to maintain the unit as required herein or makes any structural addition or alteration to the common areas without the required written consent of the Board of Directors, or fails to permit entrance to the Board of Directors or Association, or the Board on its behalf, shall have the right to proceed either at law or in equity for whatever appropriate remedy the circumstance require. In lieu thereof and/or in addition to this remedy, the Association, through the Board of Directors, shall have the right and power to levy an assessment against the owner of the unit and the unit itself for such necessary sums to remove any unauthorized structure or alteration and to restore the property to its former condition. The Association and/or the Board of Directors on its behalf, shall have the further right and power to have its employees or agents, or any subcontractor appointed by it, enter the unit at any and all reasonable times, to do such work as is deemed necessary by the Board to enforce compliance with the provisions hereof.

C. LIMITATION OF LIABILITY: Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable to unit owners for injury or damage caused by any latent condition of the property to be maintained and repaired by the Association, or caused by the elements or other owners or persons.

#### ARTICLE XV

##### ASSESSMENTS

The common expenses shall be assessed against each unit owner as provided for in Article 13 above. Assessments which

are unpaid for over thirty (30) days after due date shall bear the maximum interest allowed by law, but not to exceed the monthly rate of one and one-half (1 1/2%) from the due date until such unpaid assessment is paid in full.

Unit owners shall be subject to assessment by the Board of Directors upon acquiring title to their unit. The developer shall be liable for assessments for unsold units contemplated by this Declaration upon completion of the building exterior in which such units are located.

Any sum assessed remaining unpaid for more than thirty (30) days shall constitute a lien upon the delinquent unit or units when filed of record in the Office of the Clerk of Superior Court of New Hanover County in the manner provided for by Article 8 of Chapter 44 of the General Statutes of North Carolina as amended. The lien for unpaid assessments shall also secure reasonable attorney's fees incurred by the Manager or the Board of Directors incident to the collection of such assessment or the enforcement of such line. In any foreclosure of a lien for assessments, the owner of the unit subject to the lien shall be required to pay a reasonable rental for the unit, and the Manager and Board of Directors shall be entitled to the appointment of a receiver to collect the same.

#### ARTICLE XVI

##### INSURANCE

A. OWNERSHIP OF POLICIES: All insurance policies upon the condominium property shall be purchased by the Association or Manager for the benefit of the Association, the unit owners, and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of unit owners. Unit owners may, at their option, obtain additional insurance coverage at their own expense upon their own personal property, for their personal liability, business interruption and such other coverage as they may desire.

B. COVERAGE: All building and improvements upon the land and all personal property included in the common elements shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, or by ninety (90%) per cent co-insurance blanket coverage or by such other form of policy as the Board of Directors annually determines will most reasonably provide the funds necessary to repair or reconstruct the insured improvements. Such coverage shall afford protection against (1) loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and (2) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, including, but not limited to, vandalism and malicious mischief.

C. PUBLIC LIABILITY INSURANCE: Public liability insurance shall be secured by the Association or Manager in such amount and with such coverage as shall be deemed necessary by the Board of Directors, including, but not limited to, an endorsement to cover liability of the unit

1500 0248

owners as a group or to a single unit owner. There shall also be obtained such other insurance coverage as the Board of Directors or Manager shall determine from time to time to be desirable or necessary.

D. PREMIUMS: Premiums upon insurance policies purchased by the Association or Manager shall be paid by the Association and chargeable to the Association as a common expense.

E. PROCEEDS: All insurance policies purchased by the Association or Manager shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The Board of Directors of the Association is hereby irrevocably appointed Agent for each unit owner and his mortgagee as their interests may appear for the purpose of compromising and settling claims arising under insurance policies purchased by the Manager or Board of Directors for the benefit of the Association and the unit owners; said Board of Directors or its designee is hereby further empowered to execute and deliver releases to the insurance carrier upon the payment of claims. The Board of Directors' duty or its designee's duty upon receipt of such proceeds shall be to hold the same in trust for the purposes elsewhere stated herein or in the By-Laws for the benefit of the Association and the unit owners and their mortgagees, as their interests may appear.

F. IN THE EVENT A MORTGAGE ENDORSEMENT HAS BEEN ISSUED AS TO A UNIT: The share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interest may appear.

G. ADDITIONAL COVERAGE: Each individual unit owner shall be responsible for purchasing, at his own expense, including, but not limited to, liability insurance to cover accidents occurring within his own unit, coverage upon his owner personal property, business interruption, fire and other hazard, mortgage insurance, and such other insurance as the unit owner deems necessary or desirable.

## ARTICLE XVII

### DISTRIBUTION OF INSURANCE PROCEEDS

Proceeds of insurance policies shall be payable to The Eastwood Center Owners Association, Inc., or its designee, as insurance trustee and shall be distributed to of for the benefit of the beneficial owners in the following manner:

A. EXPENSE OF THE TRUST: All expenses of the insurance trustee shall be first paid or provision made therefore.

B. RECONSTRUCTION OR REPAIR: If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as determined in Article 16 hereof. Any proceeds remaining after defraying such cost shall be distributed as surpluses to the beneficial owners of the damaged units pursuant to

Article 13 hereof.

C. FAILURE TO RECONSTRUCT OR REPAIR: If it is determined, as provided in Article 18 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed as surpluses to the beneficial owners of the damaged units thereof pursuant to Article 13 hereof.

D. MORTGAGEES: In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interest may appear; provided, however, that no mortgagee shall have the right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

#### ARTICLE XVIII

##### DAMAGE AND DESTRUCTION

A. DETERMINATION TO RECONSTRUCT OR REPAIR: If any part of the condominium property shall be damaged by casualty, whether or not it shall be reconstructed or repaired, shall be determined in the following manner:

(1) Common Element: If the damaged improvement is a common element, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated.

(2) Condominium Units:

(a) Partial Destruction: If the damaged improvement is a condominium unit, and if termination as provided in Subparagraph (b) below does not take place, the damaged property shall be reconstructed or repaired unless within sixty (60) days after the casualty it is determined by agreement in the manner elsewhere provided that the condominium shall be terminated.

(b) Total Destruction: If more than two-thirds (2/3) of the condominium units are destroyed and the owners of three-fourths (3/4) of the units in the entire condominium should determine not proceed with repair or restoration, then the procedure set forth in Section 47A-25 of the North Carolina Statutes, and any amendments thereto, shall take place.

B. PLANS AND SPECIFICATIONS: Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached hereto and exhibits; or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is a condominium unit, by the owners of all damaged units therein which approvals shall be not unreasonably withheld.

C. RESPONSIBILITY: If the damage is only to those parts of one unit for which the responsibility of maintenance and repair is that of the unit owner, then the unit owner shall be responsible for reconstruction and repair after

1500 0250

casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

D. ESTIMATE OF COSTS: Immediately after a determination to rebuild or repair damage to property for which the Association has the responsibility of reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

E. ASSESSMENTS: If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the unit owners who own the damaged units, and against all unit owners in the case of damage to common elements, in sufficient amounts to provide funds for the payment of such costs. Such assessments against unit owners for damage to units shall be in proportion to the cost of reconstruction and repair of their respective units. Such assessments on account of damage to common elements shall be in proportion to the unit owner's share in the common elements.

ARTICLE XIX

USE AND OCCUPANCY

A. USE: The buildings and each of the units shall be used for office and business purposes only. Any unit owner may delegate, in accordance with this Declaration and the By-Laws of the Association, his rights of possession, use, and enjoyment of his unit and the common area and facilities to his invitees, employees, guests and tenants.

B. NUISANCE: The unit owner shall not permit or suffer anything to be done or kept in or about his unit which will increase the rate of insurance on the building, or which will obstruct or interfere with the rights of other unit owners or annoy them by unreasonable noises, odors, or otherwise. No unit owner shall commit nor permit any nuisance, immoral or illegal act in or about the building.

C. EXTERIOR: It shall be the responsibility of each unit owner and the Board of Directors to prevent the development of any unclean, unsightly, or unkept condition of the property which shall tend to decrease the beauty of the condominium either as a whole or the specific area.

The unit owner shall not cause anything to be hung, displayed or placed on the exterior walls, doors, windows, or any other exterior part of the building without the prior written consent of the Board of Directors. No person may place or cause to be placed any communications aerial, television aerial, or similar device on any portion of the condominium property without the written consent of the Board.