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REGISTER OF DEEDS
NEW HANOVER CO. NC

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STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION OF UNIT OWNERSHIP
UNDER THE PROVISIONS OF
OF CHAPTER 47A OF THE
GENERAL STATUTES OF NORTH
CAROLINA AND OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR WRIGHTSVILLE CROSSING,
AN OFFICE CONDOMINIUM

THIS DECLARATION, made this the 29th day of September, 1986, by WILLIAM P. EMERSON, JR. AND WIFE, LESLIE P. EMERSON, of Wilmington, New Hanover County, North Carolina 28401, hereinafter referred to as "Declarants";

W I T N E S S E T H :

WHEREAS, the Declarants are the owners of record of the fee simple title to certain property in the Town of Wrightsville Beach, North Carolina, which is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference; and

WHEREAS, the Declarants are the owners of a building and certain other improvements heretofore constructed or hereafter to be constructed upon the aforesaid property and it is the desire and the intention of the Declarants to divide the building into "condominium Units" or "Units" as those terms are defined under the provisions of the North Carolina Unit Ownership Act, and to sell and convey the same to various purchasers subject to the covenants, conditions and restrictions reserved to be kept and observed; and

WHEREAS, the Declarants desire and intend, by the filing of this Declaration to submit the above described property and the multi-unit building located thereon and all other improvements constructed or to be constructed thereon, together with all appurtenances thereto, to the provisions of the North Carolina Unit Ownership Act (Chapter 47A, North Carolina General Statutes).

NOW, THEREFORE, the Declarants do hereby publish and declare that all of the property described in Exhibit "A" and as described in Paragraph 3 below, is held 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 are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominium Units and shall be deemed to run with the land and shall be a burden and a benefit to Declarants, their heirs, successors and assigns, and any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. NAME AND ADDRESS

57 The name by which this condominium is to be identified is: WRIGHTSVILLE CROSSING, an office condominium.
The condominium's location and address is: 2030 Eastwood Road, Wrightsville Beach, New Hanover County, North Carolina 28480.

2. DEFINITIONS

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

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

2.2 Association means WRIGHTSVILLE CROSSING OWNERS ASSOCIATION, INC. consisting of all of the Unit owners acting as a group in accordance with the By-Laws and this Declaration.

2.3 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.

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RETURNED TO *W. T. Purge, Jr.*

2.4 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.

2.5 The Developer shall be WILLIAM P. EMERSON, JR.

3. IDENTIFICATION OF PROPERTY

A. LAND: The description of the land on which the building and improvements are, or are to be, located is set forth in Exhibit "A" of this Declaration.

B. BUILDING: "Building" shall mean and refer to the building which the Declarants have constructed or will construct upon the real property described on Exhibit "A" to be used for business purposes, hereinafter provided. Attached hereto and made a part hereof by reference is Exhibit "C" which consists of a full and exact copy of the plans of the building as well as a survey of the real property, drawn by Jack Stocks, Surveyor, showing the location of the building thereon. Said building is more particularly described in the plans of said building showing all particulars as required by law. In general, the building has two stories constructed on a foundation at ground level. There is no basement or garage. The building has approximately 11,400 square feet of heated area. The building has been subdivided into twelve Units hereinafter defined. The building has been constructed principally of wood, concrete, and brick veneer. The roofing is constructed of fiberglass shingles.

C. UNIT DESIGNATION: The Unit designation of each condominium Unit, its location, its dimensions, approximate area, common areas, limited 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 boundaries by the interior surface of its perimeter walls, 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.

Each Unit is hereby defined also to include:

1. All non-load bearing partition walls located entirely within the Unit.

2. All materials, including but not limited to, carpet, paint, wallpaper, and vinyl attached to, or on, the interior finished surfaces of the perimeter walls, floors and ceilings of the Unit; and all doors, windows, window frames, window panes, and window screens. Each ground or first floor Unit includes the door opening from the Unit into the ground or first floor entrance hall, including both surfaces and the locks, knobs and fastenings of the door. However, such Unit includes only the finished interior surface within the Unit of the door frame and wall surrounding such door, and the remainder of the door frame and the fire wall in which it is situated are Common Areas and Facilities.

3. All air and heat handling and compressor Units, ducts and components, and all water, power, telephone, television and cable television, electricity, plumbing, gas or sewage lines, if any, located within the Unit; provided, however, that the portion of said lines located within a common compartment for, or installation of, such lines shall be Common Areas and Facilities.

4. The accessory area for each Unit located on the outside of the Building, measuring approximately three feet by three feet as shown on the plans of the Building attached as Exhibit "C", and the heating and cooling compressors and equipment located thereon and the cables, wires, conduits, and ducts connecting such equipment to each Unit.

5. Each Unit which is located on a second or upstairs floor of a building includes the attic access doorway shown on the plans of the Building attached hereto as Exhibit "C", the heating and cooling equipment and ductwork, the cables, wiring, and conduits associated with said equipment, located in such attic, and the interior space in the attic. No

roof trusses, nor any other portion of the Building located above the finished interior surface of the second floor ceiling shall be a part of such Unit.

Each Unit is hereby defined to exclude all pipes, ducts, wires, conduits, and other facilities for the furnishing of utility services and other services to the Units up to and including the point of entry of such pipes, ducts, wires, conduits and other facilities through the floors, walls and ceilings of the Units (except for the heating and cooling equipment and ductwork located in the attics, and the exterior heating and cooling equipment, located on the exterior accessory area for each Unit, and the connecting pipes, cables, tubing, wiring and ductwork for such equipment, as set forth above). All such pipes, ducts, wires, conduits, and other such facilities are defined as part of the Unit at and from their point of entry into the Unit.

D. COMMON AREAS AND FACILITIES:

(1) Extent: The common areas and facilities consist of all parts of the property described in Exhibit "A" other than the 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 areas and facilities (the Common Elements) and said undivided interest, stated as percentages of such ownership in the said common elements, is set forth in Exhibit "B" 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 improvements 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. The use of the term "common elements" in this document shall be synonymous with "common areas and facilities".

(4) Any portion of the common areas which is designated "limited common area" shall be owned as set forth in Paragraph (3) (d) (2) above. However, the use of the "limited common area" shall be limited to the owners of the Units served thereby as shown on attached Exhibit "C".

4. NATURE OF INTEREST IN UNITS

Every condominium Unit, together with its undivided interest in the common areas and facilities, shall for all purposes be, and it is hereby declared to be and to constitute, a 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, easements, rules and regulations, as may be contained or provided for herein and in the accompanying By-Laws of the Association.

5. SERVICE OF PROCESS

William P. Emerson, Jr. is hereby designated to receive Service of Process in any action which may be brought against or in relation to this condominium development and/or the Association. Said person's place of business is 2007 Dawson St., Wilmington, New Hanover County, N. C. 28403, which is within the County in which the development is located. The Board of Directors of WRIGHTSVILLE CROSSING OWNERS ASSOCIATION, INC. may revoke the appointment of such agent and appoint a successor, all pursuant to the By-Laws of the Association.

6. EASEMENTS

The following easements are covenants running with 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 WRIGHTSVILLE CROSSING OFFICE CONDOMINIUM for 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 nonpurposeful or nonnegligent 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.

7. PARTITIONING

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

8. PARKING SPACES

Parking spaces are located in the common area and are not identified by numbers. These parking spaces are available generally for owners, their tenants, guests, and invitees without reservation or restriction until such time as they may be allocated or designated by the Board of Directors of the Association.

9. 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 thereon 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.

10. OPERATING ENTITY

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

A. NAME. The name of the Association shall be WRIGHTSVILLE CROSSING 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 for in Article 12 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) Qualification: 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 who shall be entitled to vote at any meeting of the Unit Owners. Such person shall be known and hereafter referred to as the "voting member". The voting member may be the owner or one of a group composed of all of the owners of a Unit, or may be some other person designated by such owner 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 or the death or judicially declared incompetence of any "voting member" 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 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 "B" of this Declaration. The Unit owners 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 a decision of the Unit owners is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same persons who would cast the vote of the owners if in an Association meeting, unless the joinder of record owners is specifically required by this Declaration.

(5) Restraint upon Assignment of Shares in Assets: The share of a 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 a party or in which he may become involved, by reason of his being or having been a 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 "D" as amended from time to time.

F. PROPERTY IN TRUST: All funds and the title to 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.

11. COMMON EXPENSE

The common expenses and surpluses of the property shall be shared by the Unit owners in the ratios specified in Exhibit "B".

12. 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 in the manner provided for 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:

(a) To maintain in 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 Unit 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 this Declaration, the By-Laws, or the Rules and Regulations promulgated thereunder.

(e) To install and maintain at his own expense, window treatments of approved make, style and quality as

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selected by the Board of Directors of the Owners' Association, in order to achieve and maintain for the Condominium a neat and orderly exterior appearance.

(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 or the Manager as required above, the Manager on behalf of the Board of Directors or Association, or the Board on its own behalf, shall have the right to proceed either at law or in equity for whatever appropriate remedy the circumstances 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.

13. ASSESSMENTS

The common expenses shall be assessed against each Unit owner as provided for in Paragraph 11 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 percent (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 Declarants shall be liable for assessments for unsold Units.

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 lien. 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 or Board of Directors shall be entitled to the appointment of a receiver to collect the same.

The lien provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Unit. Any person, firm or corporation, acquiring title to any Condominium Unit and its appurtenant undivided interest in the Common Areas and Facilities by any foreclosure, deed in lieu of foreclosure, or judicial sale, pursuant to such first mortgage or deed of trust, shall be liable and obligated only for such assessments as shall accrue and become due and payable for said Condominium Unit and its appurtenant undivided interest in Common Areas and Facilities subsequent to the date of acquisition of such title, and its shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a Condominium Unit by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessment for which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all Condominium Units as a part of the Common Expense, although nothing herein contained shall release the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

14. 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 interests may appear, and provisions shall be made for the issuance of certificates of insurance 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: The 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 percent (90%) 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 owners as a group or of 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 interest 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 own personal property, business interruption, fire and other hazard, mortgage insurance, and such other insurance as the Unit owner deems necessary or desirable.

15. DISTRIBUTION OF INSURANCE PROCEEDS

Proceeds of insurance policies shall be payable to the WRIGHTSVILLE CROSSING OWNERS ASSOCIATION, INC., as insurance trustee and shall be distributed to or 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 therefor.

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 Paragraph 16 hereof. Any proceeds remaining after defraying such cost shall be distributed as

surplus to the beneficial owners of the damaged Units pursuant to Paragraph 11 hereof.

C. FAILURE TO RECONSTRUCT OR REPAIR: If it is determined, as provided in Paragraph 16 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed as surplus to the beneficial owners of the damaged Units thereof pursuant to Paragraph 11 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 any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

16. 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 Elements: 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 all of the Units in the entire condominium should determine not to proceed with repair or restoration, then the procedure set forth in Section 47A-25 of the North Carolina General 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 as 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 not be 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 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.

F. TERMINATION: The Condominium shall be terminated, if at all, in the following manner:

(i) The termination of the Condominium may be effected only by the unanimous agreement of all Condominium Unit Owners expressed in an instrument duly recorded; and, provided that the holders of all liens affecting any of the condominium Units consent thereunto, or agree, by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the Condominium Unit Owner in the Property as provided in subparagraph "C" below. Such termination shall become effective when such agreement has been recorded in the Office of the Register of Deeds of New Hanover County, North Carolina.

(ii) If it is determined in the manner elsewhere provided, that the Condominium shall not be reconstructed after casualty, the Condominium plan of ownership shall be terminated and the Declaration of Condominium revoked. The determination not to reconstruct after casualty shall be evidenced by a Certificate of the Association certifying as to the facts effecting the termination, which Certificate shall become effective upon being recorded in the Office of the Register of Deeds of New Hanover County, North Carolina.

(iii) After termination of the Condominium, the Condominium Unit Owners shall own the Property as tenants in common in undivided shares and the holders of mortgages and liens against the Condominium Unit or Units formerly owned by such Condominium Unit Owners shall have mortgages and liens upon the respective undivided shares of the Condominium Unit Owners. The undivided share or interest owned as tenants in common shall be that percentage of the undivided interest in the Common Area and Facilities previously owned by each Unit Owner. All funds held by the Association and insurance proceeds, if any, shall be held for the Unit Owners in the same proportion. The costs incurred by the Association in connection with the termination shall be a Common Expense.

(iv) Following termination, the Property may be partitioned and sold upon the application of any Condominium Unit Owner. Following a termination, if the Board of Directors determines by not less than a three-fourths (3/4) vote to accept an offer for the sale of the Property, each Condominium Unit Owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such form as the Board of Directors directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

(v) The members of the Board of Directors acting collectively as agent for all Condominium Unit Owners, shall continue to have such powers as granted herein, even though the Association may be dissolved upon a termination.

17. AMENDMENT OF DECLARATION OF CONDOMINIUM

Other than as provided in Paragraph 20 below, this Declaration of Condominium may be amended in the following manner:

A. Declarants shall have the right to amend this Declaration at any time prior to January 1, 1989, without the further consent of the Unit Owners or any holder, trustee, or beneficiary of a mortgage, deed of trust, or other lien upon a Condominium Unit. No amendment made by the

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Declaration in accordance with this Paragraph shall divest an Unit Owner of any portion of his Unit without the consent of such owner and no such amendment shall materially alter the plan of development set forth herein without the consent of all Unit Owners affected thereby. Each Unit Owner and each holder, trustee, or beneficiary of a mortgage, deed of trust, or other lien upon a Condominium Unit, shall further be deemed by the Owner's acceptance of a deed to a Condominium Unit to have appointed the Declarants, their attorneys-in-fact to give, execute and record the consent of said Owner and said holder, trustee, or beneficiary of a mortgage, deed of trust, or other lien upon a Condominium Unit, to such Amendment.

18. USE AND OCCUPANCY

A. USE: The building 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: A 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.

A Unit owner shall not cause anything to be hung, displayed, or placed on the exterior walls, doors, balconies, chimneys, 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.

D. SIGNS: No signs (including "for rent", "for sale" and other similar signs) or property identification signs shall be erected or maintained on any Unit except with written permission of the Board of Directors, or except as may be required by legal proceedings.

E. STRUCTURES, OUTBUILDINGS AND TRAILERS: No structure of a temporary character shall be placed upon the property at any time, provided, however, that this prohibition shall not apply to shelters used by a contractor during the construction or repair of the building, so long as these temporary structures are not, at any time, used as residences, offices, or for business purposes of a Unit owner or permitted to remain after completion of said construction or repair.

No mobile home of any kind, trailer, tent, storage shed, garage, or other similar outbuilding or structure, regardless of purposes or function, shall be placed on the property at any time, either temporarily or permanently.

F. RULES AND REGULATIONS: No person shall use the common elements or any part thereof, or a condominium Unit, or the condominium property, or any part thereof, or any other property, the use of which has been acquired for the benefit of the Association, or the Unit owners, in any manner contrary to or not in accordance with the Rules and Regulations pertaining thereto, as from time to time may be promulgated by the Board of Directors or the Association.

G. BREACH OF RESTRICTIONS: In the event of a violation or breach of any of the restrictions contained in this Declaration or of any other covenants contained in this Declaration, the By-Laws or Rules and Regulations of the Association by any Unit owner, tenant, or agent of such owner, or any of them, jointly or severally, the Association shall have the right to proceed at law or in equity to compel a compliance with the terms hereof or to prevent the violation or breach of this Declaration, the By-Laws or Rules and Regulations of the Association. In addition to the foregoing, the Board of Directors shall have the right whenever there shall have been any violation of these restrictions, to enter upon the property

where such violation exists, and summarily abate or remove the same at the expense of the Unit owner, if after thirty (30) days' written notice of such violation it shall not have been corrected by the Unit owner. Any such entry and abatement or removal shall not be deemed a trespass. The failure to enforce any right, reservation or conditions in this Declaration, the By-Laws or Rules and Regulations however long continued, shall not be deemed a waiver of the right to do so thereafter, as to the same breach or as to a breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. The invalidation by any Court of any restrictions in this Declaration, the By-Laws or Rules and Regulations shall in no way affect any of the other restrictions but they shall remain in full force and effect.

19. UNITS SUBJECT TO DECLARATION

All present and future owners, tenants and occupants of Units shall be subject to, and shall comply with the provisions of this Declaration, the By-Laws and any Rules and Regulations of the WRIGHTSVILLE CROSSING OWNERS ASSOCIATION, INC. as said Declaration, By-Laws, Rules and Regulations may be amended from time to time. The acceptance of a deed, or the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, the By-Laws and any Rules and Regulations which may be adopted by the Association are accepted and ratified by such owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall be enforceable against any person having at any time any interest or estate in such Unit as though such provisions were made a part of each and every deed of conveyance or lease.

20. AMENDMENT OF DECLARATION

This Declaration may be amended by the vote of at least sixty percent (60%) of the undivided interests of all Unit owners in the common elements as set forth in Exhibit "B", cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws. No such amendment shall be effective until recorded in the Office of the Register of Deeds for New Hanover County.

21. CAPTIONS

The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of this Declaration nor the intent of any provision hereof.

22. PROPERTY IN TRUST

All funds and the titles of all properties acquired by the Association and the net proceeds thereof shall be held in trust for the members in accordance with the provisions of this Declaration and the By-Laws of the Association.

23. EMINENT DOMAIN

In the event of a taking by eminent domain (or condemnation or a conveyance in lieu of condemnation) of part or all of the common elements, the award for such taking shall be payable to the Association, which shall represent the owners named in the proceedings. Said award shall be utilized to the extent possible for the repair, restoration, replacement or improvement of the remaining common elements, if only part are taken. If all or more than two-thirds (2/3) of all of the general common elements are taken, it shall be deemed a destruction of more than two-thirds (2/3) of all of the general common elements and the condominium shall be terminated as hereinbefore provided. Any funds not utilized (in the case of a partial taking) shall be applied in payment of common expenses otherwise assessable. In the event of a taking of all or part of a Unit, the award shall be made payable to the owner of such Unit and his mortgagee, if any, as their interests may appear.

24. MISCELLANEOUS

A. ENCROACHMENTS: The owners of the respective condominium Units agree that if any portion of a condominium Unit or common element encroaches upon another, a valid easement for the encroachment and maintenance of same, so long as it stands, shall and does exist. In the event the building is partially or totally destroyed and then rebuilt, the

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owners of the condominium Units agree that encroachments on parts of the common elements or limited common elements or condominium Units, as described herein, due to construction, shall be permitted, and that a valid easement for said encroachments and the maintenance thereof shall exist.

B. EXEMPTION FROM LIABILITY: No owner of a condominium Unit may exempt himself from liability for his contribution toward the common expenses by waiver of the use and enjoyment of any of the common elements, or by the abandonment of his condominium Unit.

C. WARRANTIES AND REPRESENTATIONS: The Declarants specifically disclaims any intent to have made any warranty or representation in connection with the property or the condominium documents, except as specifically set forth therein, and no person shall rely upon any warranty or representation not so specifically made therein. Any estimates of common expenses, taxes or other charges are deemed accurate, but no warranty or guaranty is made or intended, nor may one be relied upon.

D. CONTROLLING: This Declaration and Exhibits attached hereto and Amendments hereof, shall be construed and controlled by and under the laws of the State of North Carolina.

E. COVENANTS: All provisions of this Declaration and Exhibits attached hereto and amendments hereof, shall be construed to be covenants running with the land and of every part thereof and interest therein, including but not limited to, every Unit and the appurtenances thereto, including the common elements and every Unit owner and claimant of the property or any part thereof, or of any interest therein, and his heirs, executors, administrators, tenants, successors, and assigns, shall be bound by all of the provisions of said Declaration and Exhibits annexed hereto and amendments thereof.

F. INVALIDATION: If any provision of this Declaration, the By-Laws and the Exhibits attached hereto, any Amendments hereof, or of the Unit Ownership Act Chapter 47(A) of the General Statutes, or any section, sentence, clause, phrase, or word or the application thereof, in any circumstances is held to be invalid, the validity of the remainder of this Declaration, the By-Laws, and the Exhibits attached hereto, and any Amendments thereto shall not be affected thereby.

25. RIGHTS RESERVED UNTO HOLDERS OF MORTGAGES AND DEEDS OF TRUST

As long as any holder of a mortgage or deed of trust (the holder of a deed of trust being deemed to be either the trustee, and substitute trustee, or any holder or holders of the notes secured by the deed of trust) shall hold any mortgage or deed of trust upon any Condominium Unit or Units, or shall be the Owner of any Condominium Unit or Units, such holder shall have the following rights:

A. To examine, upon request and at reasonable times and upon reasonable notice, the books and records of the Association; and to be furnished at least one copy of an annual audited financial statement and report of the Association prepared by a Certified Public Accountant designated by the Association, such Financial Statement and Report to be furnished by April 1 of each calendar year.

B. To be given written notice by the Association of the call of any meeting of the membership which notice shall state the purpose of such meeting; and to designate a representative to attend.

C. To be given written notice of default by any Owner owning a Condominium Unit encumbered by the mortgage or deed of trust held by such party, such notice to be sent to the place which it may designate in writing.

William P. Emerson, Jr. (SEAL)
WILLIAM P. EMERSON, JR.

Leslie P. Emerson (SEAL)
LESLIE P. EMERSON

STATE OF NORTH CAROLINA,
COUNTY OF NEW HANOVER.

PERSONALLY appeared before me, Marilyn Ann E. Jarvis, a Notary Public in and for the County and State aforesaid WILLIAM P. EMERSON, JR. AND WIFE, LESLIE P. EMERSON, who acknowledged the due execution of the foregoing instrument for the uses and purposes therein expressed.

WITNESS my hand and seal, this the 29th day of September, 1986.

Marilyn Ann E. Jarvis
NOTARY PUBLIC

My commission expires:

September 1, 1991

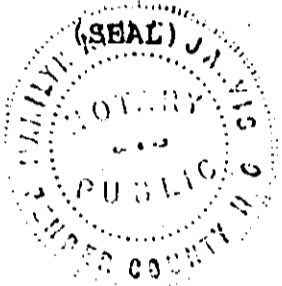


EXHIBIT "A"

DESCRIPTION OF PROPERTY

BEGINNING at a point in the southwestern right of way line of U. S. Highway #74 (75 feet from the centerline thereof), said point being located South 50 deg. 45 min. East 310.3 feet as measured along the southwestern right of way line of U. S. Highway #74, from its point of intersection with the centerline of Burke Avenue; running thence from said Beginning Point with the southwestern right of way line of U. S. Highway #74, South 50 deg. 45 min. East 150.0 feet to a point; running thence South 39 deg. 15 min. West 100.0 feet to a point in the northeastern right of way line of Macrae Avenue (now closed); running thence South 64 deg. 46 min. 45 sec. West 27.71 feet to a point in the centerline of Macrae Avenue (now closed); running thence North 50 deg. 45 min. West 138.06 feet to a point in the centerline of Skelding Avenue (now closed); running thence North 39 deg. 15 min. East 125.0 feet to the point of BEGINNING, same being Lots 21 and 22, Block 2 and a portion of Macrae Avenue and Skelding Avenue as shown on a map of Villa View, recorded in Book 52 at Page 563 of the New Hanover County Registry, and being the same property conveyed to Thelma Mae Stone by deed recorded in Book 472 at Page 584, New Hanover County Registry and conveyed by Thelma Mae Stone to Madelyn S. Huggins, et al, by Gift Deed recorded in Book 1178 at Page 318 in said Registry (the life estate received by Thelma Mae Stone has terminated by reason of her death) and being that same property conveyed to Julien K. Taylor, III and O. L. Spainhour from Madelyn S. Huggins, et al, recorded in Book 1277 at Page 362 of the New Hanover County Registry.