

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

DECLARATION OF UNIT OWNERSHIP
UNDER CHAPTER 47A OF THE
NORTH CAROLINA GENERAL STATUTES FOR
DEVONSHIRE COURT CONDOMINIUM

THIS DECLARATION and the exhibits which are attached hereto and made a part hereof by this reference, are made and executed this 20th day of JUNE, 1985, by JOHN CROSLAND COMPANY, North Carolina corporation, hereinafter called the "Declarant" for itself, its successors, grantees and assigns, pursuant to the provisions of the North Carolina Unit Ownership Act, North Carolina General Statutes Chapter 47A.

W I T N E S S E T H:

WHEREAS, the Declarant is the owner of certain real property in Mecklenburg County, North Carolina, more particularly described and defined in Exhibit A, attached hereto and made a part hereof; and

WHEREAS, the Declarant desires to submit by this Declaration certain portions of the property described on Exhibit A to the provisions of the North Carolina Unit Ownership Act, North Carolina General Statutes Chapter 47A, as amended (hereinafter referred to as the "Act"), thereby creating a condominium known as DEVONSHIRE COURT CONDOMINIUM thereafter reserving the right, but having no obligation, to add the balance, or certain portions of the balance, of the property described in Exhibit A to such condominium; and

WHEREAS, the Declarant is the owner of certain multi-unit buildings and certain other improvements heretofore constructed on the property identified as "Phase I" on Exhibit B, attached hereto and made a part hereof, and it is the desire and intention of the Declarant to divide such property into condominium units, as those terms are defined under the provisions of the Act, and to sell and to convey the same to various purchasers subject to the covenants, conditions, obligations and restrictions herein reserved to be kept and observed;

NOW, THEREFORE, the Declarant does hereby publish and declare that all of the property identified as Phase I on the attached Exhibit B, and all that property described above as Phase I and other Phases which are subjected at a later date, made to this Declaration through recordation of Supplementary Declarations as hereinafter provided, are held, and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the following restrictions, covenants, conditions, uses, limitations, and obligations, all of which are declared and agreed to be in furtherance of the plan for the division of such property into condominium units, and shall be deemed to run with the land and shall be a burden and benefit to the Declarant, its successors and assigns, and any person acquiring and owning an interest in the real property and improvements, their grantees, successors, heirs, administrators, devisees and assigns. Every grantee of any interest in such property, by the acceptance of a deed or other conveyance of such interest, whether or not such person shall otherwise consent in writing, shall take subject to provisions of the Act and this Declaration and any Supplementary Declarations, and shall be deemed to have assented to the same.

ARTICLE I.

STATUTORY PROVISIONS AND DEFINITIONS

1. Statutory Provisions. This Declaration is made pursuant to Chapter 47A of the North Carolina General Statutes, as amended, in effect as of the time of recording of this Declaration.

DRAWN BY AND MAIL TO:
PERRY, PATRICK, FARMER & MICHAIUX
P. O. BOX 35565
CHARLOTTE, NORTH CAROLINA 28235

RECORDED
10 11 AM '85
REGISTERED
PERRY, PATRICK, FARMER & MICHAIUX
REGISTERED
10 11 AM '85

2. **Definitions.** Unless defined herein, or unless the context requires otherwise, the words defined in North Carolina General Statutes Section 47A-3, when used in this Declaration, any Supplementary Declaration or any amendment hereto, shall have the meaning provided therein. The following words, when used in this Declaration or any Supplementary Declaration or amendment hereto, unless the context requires otherwise, shall have the following meaning:

(a) "Act" means the Unit Ownership Act, North Carolina General Statutes, Chapter 47A, as amended.

(b) "Assessment" means an Owner's share of the Common Expenses assessed against such Owner and his Unit from time to time by the Condominium Association in the manner hereinafter provided.

(c) "Board" or "Board of Directors" means the Board of Directors of the Condominium Association and "Director" or "Directors" means a member or members of the Board.

(d) "Bylaws" means the Bylaws of the Condominium Association contained in Exhibit C, attached hereto and made a part hereof by this reference, which constitute the Bylaws governing administration of the Condominium Property as required by Section 47A-18 of the Act.

(e) "Common Areas and Facilities" or "Common Area" means all of the Condominium Property and every part thereof, excluding the Units, but including Limited Common Areas and Facilities.

(f) "Common Expenses" means all or any of:

(1) All expenses incident to the administration, maintenance, and repair or replacement of the Common Areas and Facilities.

(2) Assessments levied against the Units by Lynton Place Homeowners Association, Inc.

(3) Expenses determined by the Condominium Association to be common expenses and which are lawfully assessed against the Unit Owners.

(4) Expenses declared to be common expenses by the Act or the Condominium Documents, this Declaration or the Bylaws.

(5) All sums lawfully assessed against the Unit Owners by the Condominium Association.

(g) "Condominium Association" means Devonshire Court Homeowners Association, a nonprofit corporation formed under Chapter 55A of the North Carolina General Statutes, whose members are limited to and consist of all Owners of condominium Units of Devonshire Court Condominium, including Declarant.

(h) "Condominium Documents" means and includes this Declaration, the Bylaws and Rules and Regulations as may be created pursuant to this Declaration, governing the use of the Condominium Property and Supplementary Declarations adding property to Devonshire Court Condominium, all as may be amended from time to time.

(i) "Condominium Property" or "Property" means all of the property submitted to the Act by this Declaration or by Supple-

mentary Declarations, being the property identified as Phase I and described on Exhibit B of this Declaration and so much of the property described in Exhibit A as shall be submitted from time to time to the Act; the buildings and all other improvements situated thereon whether the same be Common Areas and Facilities or Units or any part thereof, and all easements and rights appurtenant thereto.

(j) "Declarant" means John Crosland Company, a North Carolina corporation; or its successor in fee ownership of all remaining Units (more than one Unit) unsold to purchasers for use as residences. At no point in time may there be more than one "Declarant."

(k) "Declaration" means this Declaration of Unit Ownership under Chapter 47A of the North Carolina General Statutes for Devonshire Court Condominium.

(l) "Expansion Land" means all of that real property described on Exhibit A that has not been submitted to this Declaration or any Supplementary Declaration, with respect to which Declarant has the right to add to the Condominium upon compliance with the provisions of Article XIV hereof.

(m) "Institutional Mortgage," sometimes referred to as "first mortgage" herein, shall mean and refer to a first mortgage or deed of trust originally executed and delivered to or held through assignment or assignments by an Institutional Lender or any mortgage or deed of trust held by Declarant and its successors and assigns.

(n) "Institutional Lender" shall mean and refer to a bank or savings and loan association or an insurance company or a title insurance company or a pension trust or real estate investment trust, or any other private or governmental institution which is regularly engaged in the business of mortgage financing (including the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association), or a subsidiary of any of the foregoing or a designee of any of the foregoing, or Declarant, which owns a mortgage on one or more Units, or any of the foregoing which acquires an Institutional Mortgage as herein defined, by assignment or through assignments from a non-institutional lender.

(o) "Limited Common Areas and Facilities" or "Limited Common Area" means these parts of the Condominium Property which are described in Section 5 of Article III of this Declaration, which are subject to the Declaration from time to time.

(p) "Majority" or "Majority of Units Owners" means the owners of more than fifty percent (50%) of the aggregate Percentage Interests in the Common Areas and Facilities as established by this Declaration, assembled and voting at a duly called meeting of the Unit Owners.

(q) "Member" means a member of the Condominium Association.

(r) "Percentage Interest" means the percentage of undivided interest held by each Unit Owner in the Common Areas and Facilities as set forth on Exhibit D attached hereto and as set forth in Section 2 of Article XIV of this Declaration.

(s) "Person" means any individual, corporation, partnership, association, trustee, fiduciary or other legal entity, and shall mean the plural or combination of the same where applicable.

(t) "Phase I" means all of the lands identified as Phase I and described in Exhibit B hereto, which are the land and improvements submitted to the Act by this Declaration.

(u) "Plans" means the site plan entitled Devonshire Court Condominium, Phase I, dated March 26, 1985, and prepared by James R. Harrington & Associates, plus the Plans of the Units and buildings which are part of the Condominium Property; entitled Devonshire Court Condominium, dated n/a, and prepared by Reg. Narmour, the Architectural Group PA, all of which are attached hereto as Exhibit E, as supplemented from time to time in the manner described in Article XIV hereof.

(v) "Rules and Regulations" means all rules, regulations, requirements and policies which shall govern and limit the use of the Condominium Property, and which are duly adopted and promulgated by the Board of Directors in accordance with this Declaration.

(w) "Supplementary Declaration" means the document or documents filed by Declarant to include one or more portions of the Expansion Land in the Condominium, in the manner provided in Article XIV of this Declaration.

(x) "Unit" means those parts of the Condominium Property which are described in Section 3 of Article III hereof, which are subject to this Declaration from time to time and which are shown and designated on the Plans as Units.

(y) "Unit Owner" or "Owner" means the record legal fee owner, whether one or more persons, of a Unit, specifically including contract sellers, but excluding any lender, trustee or creditor whose interest in the Unit is merely as security for the performance of an obligation.

(z) "Lynton Place Homeowners Association" shall mean and refer to Lynton Place Homeowners Association, Inc., a non-profit corporation formed under Chapter 55A of the North Carolina General Statutes which shall own and operate the joint recreational facilities located on the Lynton Place Homeowners Association property for the owners of single-family lots in Abbots Gate and for the owners of Devonshire Court Condominiums and shall also maintain Lynton Place common area, playground areas and private streets.

ARTICLE II.

NAME, ADDRESS AND REGISTERED AGENT

1. Name and Address. The name of the property is Devonshire Court Condominium and it is located off Albemarle Road near the City of Charlotte, Mecklenburg County, North Carolina.

2. Registered Agent. John D. Carpenter, 145 Scaleybark Road, Charlotte, North Carolina, is designated to receive service of process in any action which may be brought against or in relation to the Condominium Property. In the event of such agent's death, resignation or removal, his successors shall be appointed by the Board of Directors, and the Board of Directors shall so indicate by recording an instrument to that effect with the Register of Deeds of Mecklenburg County, North Carolina.

ARTICLE III.

PROPERTY RIGHTS

1. Description of Land. It is the intent of Declarant to create hereby an "expandable condominium," with the maximum land that may be included in this Declaration being all that property described on Exhibit A attached hereto and incorporated herein by reference, together with rights, easements and appurtenances thereunto belonging. The property which hereby is submitted to the Act by this Declaration is the land on which the buildings and improvements are located near the City of Charlotte, Mecklenburg County, North Carolina, more fully described and identified as Phase I on Exhibit B attached hereto and made a part hereof, identified as Phase I, together with rights, easements and appurtenances thereunto belonging. By Supplementary Declaration, in the manner hereinafter provided, Declarant may from time to time, at any time through and including December 31, 1991, add the Expansion Land, as defined in Section 2(1) of Article I hereof, or any portion thereof to the Devonshire Court Condominium, and subject such land and buildings and improvements contained thereon to this Declaration, and thereafter such land, buildings, and improvements therein described shall be and become subject to the Act and this Declaration as if included from the beginning. By acceptance of a deed to a Unit created hereby or by Supplementary Declaration, each Unit Owner agrees that such additions and the Units therein may be added to the Condominium Property and that such Unit Owner's Percentage Interest will be reduced in the manner set forth in Section 2 of Article XIV hereof. Declarant expressly reserves the right to add such additions to the Condominium Property and to bring such additional Phases within the scheme of this Declaration without the consent of the Condominium Association, its Members or Unit Owners; provided, however, that nothing contained in this Section 1 of Article III, or contained in the Plans, shall bind Declarant, its successors or assigns, to make the proposed additions or, in the event such proposed additions are not made, to adhere to the Plans in any subsequent development of the Expansion Land.

2. Description of Buildings. Phase I of Devonshire Court Condominium contains one building designated Building 1 on the plans attached hereto as Exhibit E.

The plans show graphically the building; the particulars of the building, including the location, layout, number of rooms, dimensions, ceiling and floor elevations, approximate area, building designation, and Unit numbers; and the location of the Common Areas and Facilities affording access to each Unit.

The building is principally constructed with two by four wood framing, with hardboard siding and fiberglass shingles, with each building containing three stories with no basements. The Plans contain a more particular description of the principal materials used in construction of the buildings.

3. Description of Units.

(a) Nature of Ownership. Every Unit, together with an undivided interest in the Common Areas and Facilities, shall for all purposes be, and it hereby is declared to be and to constitute, a separate parcel of real estate. The Unit Owner thereof shall be entitled to the exclusive ownership and possession of his Unit, subject only to the covenants, restrictions and easements contained herein and in the Bylaws, and the Rules and Regulations, resolutions and decisions adopted pursuant to the Declaration and the Bylaws. The Percentage Interest of each Unit Owner shall not

be separated from the Unit to which it appertains and shall be deemed to be conveyed or encumbered or released from liens with such Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument. A Unit Owner shall automatically become a Member of the Condominium Association, and shall remain a Member thereof until such time as his ownership ceases for any reason, at which time his membership in the Condominium Association shall automatically pass to his successor in interest. By acceptance of a deed of a Unit, the Unit Owner agrees to abide by this Declaration, the Bylaws and all duly adopted Rules and Regulations of the Condominium Association and the Board, and agrees to pay to the Condominium Association all assessments and charges as set forth in Article VIII of this Declaration.

(b) Nature, Type and Description of Unit. Building 1 in Phase I contains 8 units with each Unit connected to one another by common walls or floors or ceilings. There is one building located in Phase I which contains a total of eight (8) condominium units. The Phase I Units are located, respectively, at the addresses and are of disparate size, constructed according to one (1) basic floor plan as set forth in Exhibit D attached hereto. The Unit designation and Building designation of each Unit is shown on the Plans and each Unit in Phase I shall be identified by a Unit Number and Building Number as set forth on Exhibit D attached hereto.

(c) Unit Dimensions. Each Unit shall include all portions of the building and the air space within the boundaries of the Unit thereof as follows:

(1) The dimensions of the lateral and perimeter boundaries are vertical planes which coincide with one of the following, as appropriate: (i) the unexposed facing of drywall next to studs or structural portions of structural or load-bearing walls; (ii) the unexposed facing of finish moulding, panelling or interior brick veneer next to studs or structural portions of structural or load-bearing walls; and (iii) the interior exposed facing of structural or load-bearing walls which are not covered with drywalls, moulding, panelling or interior brick veneer (a plane coincident with the interior facing of exposed studs or structural portions); such boundaries of the Unit and (except for facings of structural or load-bearing interior walls) to intersect the other lateral or perimetrical boundaries thereof.

(2) The dimensions of the upper boundaries are horizontal planes which coincide with the unexposed facing of drywall (the facing next to joists or structural portions of buildings) of ceilings, or the unexposed facing of finish moulding or panelling of ceilings in areas with no drywall facing, extended to intersect the lateral or perimetrical boundaries of the Unit.

(3) The dimensions of the lower boundaries are horizontal planes which coincide with the unfinished upper surfaces of floor slabs on the ground level and the unfinished upper surface of subflooring on the second floor level, extended to intersect the lateral or perimetrical boundaries of the Unit.

It is the intent hereof that the Unit will include all interior drywall, panelling and moulding, and any surface finish or wallpaper, and all finished flooring, such as exposed wooden flooring, vinyl, linoleum or ceramic floor covering, matting and carpeting; but will not include studs, supports and wall insulation, concrete slabs, floor or ceiling joists, except when located in non-load-bearing interior walls. Each Unit shall be deemed to include the interior and exterior of any and all doors, windows,

sliding glass doors and other closures, and those portions of any utility room within the dimensions of such utility room as set forth above. Included as part of a Unit are all door locks and other security or mechanical devices which control the opening and closing of doors and windows. Included also as part of each Unit are the following:

(a) The heating and air conditioning systems serving the Unit, wherever located.

(b) Lighting fixtures, electrical receptacles serving the Unit and hot water heater, wherever located.

(c) Nonstructural, non-load-bearing interior partition walls within the boundaries of the Unit (excepting pipes, wires, conduits and other facilities for the furnishing of utilities and other services to other Units).

(d) All immediately visible fixtures and appliances (such as kitchen appliances and bathroom fixtures).

(e) All pipes, wires, conduits and other facilities for the furnishing of utilities and other services to the Unit, which are within the boundaries of the Unit and which do not service other Units.

In interpreting this Declaration and the Plans, the actual physical boundaries of a Unit as originally constructed, or of a Unit reconstructed in substantial compliance with the original Plans thereof, shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in this Declaration or the Plans, regardless of settling or lateral movement of the building, and regardless of minor variances between boundaries shown on the Plans and those of the Units.

Notwithstanding provisions, if any, in this Declaration to the contrary, the Association shall be responsible for the repair of damage, regardless of cause, to all portions of any Unit as a result of roof leakage and pipe breakage or overflow caused by events occurring outside of a Unit, and shall be responsible for repairs to damaged elements of the Common Areas and Facilities; provided, however, in the event damage to a Unit or to the Common Areas and Facilities is caused by the negligence or willful misconduct of a Unit Owner, the Condominium Association and all Owners whose Units are damaged by such negligence or willful misconduct shall have full recourse against the said Unit Owner to recover all damages and expenses caused as a result of such negligence or willful misconduct.

4. Common Areas and Facilities.

(a) Description. The Common Areas and Facilities consist of the entire property from time to time subject to this Declaration, except Units, and include, without limitation, the following:

(1) The land on which the buildings are erected and all the land surrounding the buildings that lies within the boundaries of the land from time to time subject to this Declaration, and exterior walls, roofs, interior structural, load-bearing walls (except the drywall, panelling, moulding and floor covering), and every part of the Condominium Property other than the Units.

(2) The foundation and structural members, including columns, girders, beams and supports of all Units.

(3) All installations including pipes, wires, conduits, and other facilities designed and intended for common use or to serve more than one Unit, such as, but not limited to, electrical service, gas and plumbing, whether located in Common Areas and Facilities or in Units, excluding from such installations all parts thereof, and all items affixed or connected thereto, not designed or intended for common use or use by more than one Unit.

(4) Easements for access, maintenance, repair, reconstruction and replacement of the Common Areas and Facilities and all other services necessary or convenient to the existence, maintenance, safety and use of the Condominium Property.

(5) The yards, landscaping, fences, nonpublic roads and driveways, parking areas, walks, retaining walls and all paved areas.

(6) All maintenance and recreational areas, if any.

(7) Any portion of the Condominium Property shown and designated on the Plans as Common Area or Limited Common Area.

(b) Percentage Interest. The Unit Owners shall own the Common Areas and Facilities and the Limited Common Areas and Facilities as tenants in common, with each Unit having appurtenant thereto the Percentage Interest in the Common Areas and Facilities and the Limited Common Areas and Facilities set forth in Section 2 of Article XIV hereof; provided, however, the use of the Limited Common Areas and Facilities shall be restricted as set forth in Section 5 of this Article III. The Percentage Interest appurtenant to each Unit has been determined as required by law and is based on estimated fair market value as of the date of this Declaration, but such determination shall not restrict the Declarant or any subsequent owner in establishing a sales price for any particular Unit, whether such sales price may be more or less than the estimated fair market value.

(c) Separability of Percentage Interest. The Percentage Interest cannot be separated from the Unit to which it appertains and shall automatically be conveyed or encumbered with the Unit, even though such interest is not expressly mentioned or described in the deed or other instrument of conveyance.

(d) No Partition. The Common Areas and Facilities shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Act, this Declaration and the Bylaws. Nothing contained herein, however, shall be deemed to prevent ownership of a Unit by more than one person, either as tenants by the entireties, or as tenants in common, or in any other form permitted by law.

(e) Use of Common Areas and Facilities. Subject to the provisions of Section 5 hereafter, each Unit Owner shall have the right to use the Common Areas and Facilities in accordance with the purposes for which they are intended, without hindering the exercise of or encroaching upon the rights of other Unit Owners. The Board shall, if any question arises, determine the purpose for which any part of the Common Areas and Facilities is intended for use. The Board shall have the right to promulgate Rules and Regulations limiting the use of Common Areas and Facilities to Unit Owners, their tenants and guests, as well as providing for the

exclusive use of a part of the Common Areas and Facilities by a Unit Owner, his tenants and guests for special occasions. Such exclusive use may be conditioned upon, among other things, payment of a fee. Any Unit Owner may delegate, in accordance with the provisions of this Declaration, the Bylaws and Rules and Regulations, his right to use Common Areas and Facilities to the immediate members of his family living in the Unit, to a limited number of guests or to tenants who reside in a Unit.

5. Limited Common Areas and Facilities. Ownership of a Unit shall entitle the Owner thereof to the exclusive use or use with others necessarily served thereby of the Limited Common Areas and Facilities appurtenant to such Unit and so designated herein or in the Plans. Such areas may be used for the storage of personal property, supplies, and for any other use permitted by the Board, provided no stored item or improvements is visible from outside such Limited Common Area. Limited Common Areas and Facilities shall not be construed or interpreted to be separate and apart from the Common Areas and Facilities in general, being limited only with respect to the reserved use thereof by the Unit or Units served. Limited Common Areas and Facilities shall include: (i) those areas designated as such on the Plans attached as Exhibit E; (ii) any balcony, deck, patio (concrete slab) or entrance area serving no more than two Units particularly, such being appurtenant to the Unit or Units served.

Exclusive use of the Limited Common Areas and Facilities may be delegated by an Owner to the immediate members of his family, his guests or tenants who reside in a Unit. Owners may place plants, furniture or other similar items within the Limited Common Areas and Facilities adjacent or appurtenant to the Unit, subject to Rules and Regulations duly adopted by the Board with respect thereto. No Owner shall build or construct any type of storage or workshop facility or other similar type of structure within the Limited Common Areas and Facilities, unless prior written approval is obtained from the Board of Directors.

ARTICLE IV.

RESTRICTIVE COVENANTS

1. Residential. Each of the Units now constructed or to be constructed on the Condominium Property shall be, and the same hereby are, restricted exclusively to single-family residential use, and shall be occupied only by a single family (which may include no more than two (2) unrelated persons for a one bedroom unit; three (3) unrelated persons in the case of a two bedroom unit; or five (5) unrelated persons in the case of a three bedroom unit), its servants and guests. The provisions of this paragraph do not apply to property being used by the Condominium Association as incidental to the operation and organization of the Condominium Association or offices used by the Managing Agent of the Condominium Association.

2. Construction and Sale. Anything contained herein to the contrary notwithstanding, it shall be permissible for the Declarant to maintain, during the period of sale of Units and upon such portion of the Condominium Property as Declarant may deem necessary, such facilities as in the sole discretion of the Declarant may be reasonably required, convenient or incidental to the sale of Units, including, but without limitation, a business office, storage area, construction yard, signs, model units and sales offices.

3. Business Activities. No business activities shall be conducted on any portion of the Condominium Property; provided, however, that the foregoing restrictions shall not apply to the

Declarant as provided above, and provided further that private offices may be maintained in a Unit so long as such use is incidental to the primary residential use of the Unit and is approved in writing by the Board of Directors which approval shall not be revocable by the Board of Directors so long as the nature and scope of the approved use remains unchanged. The approval of the private office shall not be transferrable upon sale of the Unit.

4. Alterations and Modifications by Unit Owner. No Unit Owner shall make structural alterations or modifications including, without limitation, combining and subdividing Units as provided for in Section 10 of this Article IV, to a Unit or to any of the Common Areas and Facilities, without the written approval of the Board of Directors.

Upon approval of the alterations and modifications, the Unit Owner shall be required: (i) to complete expeditiously all alterations; (ii) to pay the full cost of performing all alterations without incurring any mechanics' or materialmen's liens; (iii) to pay all costs and expenses (including reasonable attorneys' fees) incurred in connection with the preparation, review, execution and recording of any amendment to the Declaration (including the Plans) needed in order to reflect the condition of the Building after completion of such alteration; and (iv) to refrain from making any alteration that will impair the structural integrity of the Building or any mechanical or electrical system therein, adversely affect either the fire retardant or sound absorbent quality of the Building or lessen the support of any portion of the Building, or in any way impair the soundness, safety, appearance or value of any portion of the Condominium Property. All costs and expenses incurred by the Board in connection with its approval or disapproval of such alteration or modification (including fees for such architectural, engineering, legal and other professional services as the Board may deem necessary to aid in its determination) shall be borne by the Unit Owner seeking such approval.

5. Motor Vehicles. No motor vehicle (other than private passenger vehicles which shall be currently licensed and inspected), boat, boat trailer, mobile home, motor home, trailer or any similar items shall be stored in or upon the Common Areas and Facilities, unless placed upon a portion of the Common Areas and Facilities which may be designated from time to time by the Board for the storage of such items. The Board shall have the right to charge a fee for such storage at rates competitive with legal storage rates. Motorcycles which do not contain adequate muffler systems (as determined by the Board in its sole discretion) shall not be permitted on the Condominium Property.

6. Signs. No signs or other advertising devices shall be displayed which are visible from the exterior of any Unit or on the Common Areas and Facilities, including "For Sale" or "For Rent" signs, without permission from the Board; except that the Declarant is exempt from this provision as provided above and this provision shall not limit the rights of Institutional Lenders.

7. Prohibitions on Use of Common Areas and Facilities. Except with the specific written approval of the Board and as permitted in Section 5 of Article III of this Declaration, the Common Areas and Facilities, including Limited Common Areas, shall not be used for temporary or permanent storage of supplies, personal property, trash or refuse of any kind, other than in common trash receptacles placed at the discretion of the Board, nor shall such areas be used in any way for the drying or airing of clothing, rugs or other fabrics. Entrances, sidewalks, yards, driveways, parking areas and stairways shall not be obstructed in any way.

No activities shall be carried on nor condition maintained by any Unit Owner, either in his Unit or upon the Common Areas and Facilities, if such activities should despoil, or tend to despoil, the appearance of the Condominium Property. No "garage" or "attic sales" shall be permitted outside of a Unit. It is expressly acknowledged and agreed by all parties concerned that this section is for the mutual benefit of all Owners of the Condominium Property and is necessary for the protection of the Unit Owners and is enforceable by the Board or by any one or more Unit Owners through the Board of Directors.

8. Animals. No animal shall be kept in or on the Condominium Property, except for small household pets. Such pets may not be kept or bred for any commercial purpose and shall have such care and restraint as is necessary to prevent them from being or becoming obnoxious or offensive on account of noise, odor, unsanitary conditions or other nuisance. No savage or dangerous animal shall be kept or permitted in or on the Condominium Property. No more than two household pets may be housed within a Unit without written permission of the Board. No pets may be permitted to run loose upon the Common Areas and Facilities, and any Unit Owner who causes or permits any animal to be brought or kept upon the Condominium Property shall indemnify and hold the Condominium Association harmless for and from any loss, damage or liability which it sustains as a result of the presence of such animal on the Condominium Property, regardless of whether the Condominium Association or the Board has given its permission therefor. In the event any animal is permitted by a Unit Owner to be on the Common Area and Facilities without a leash, then such Unit Owner shall be subject to an additional assessment by action of a majority of the Board and up to \$100.00 for each such occurrence with such additional assessment to become a part of the next due assessment payable by such Owner. After three occurrences for which a Unit Owner is assessed a fine on account of an unleashed pet on the Common Areas and Facilities, the Board, after motion by a majority of the Board, may order the permanent removal of such pet from the Condominium Property.

9. Access to Units. The Condominium Association and its agent shall have access to each Unit from time to time during reasonable working hours, upon oral or written notice to its Owner, as may be necessary for the maintenance, repair or replacement of any of the Common Areas and Facilities. The Condominium Association and its agents shall also have access to each Unit at all times without notice, as may be necessary to make emergency repairs to prevent damage to Common Areas and Facilities or to another Unit.

10. Subdivision and Combination. No Unit may be divided or subdivided into smaller units, nor any portion thereof sold or otherwise transferred, without an amendment to the Declaration to show the changes in the Units to be affected thereby; provided that any amendment to this Declaration providing for subdivision into smaller units must be approved by Unit Owners (other than Declarant) owning one hundred (100%) percent of the total Percentage Interests not owned by Declarant and by Declarant if Declarant still owns any Units. Subdivision of Units shall be effected in compliance with the requirements of Section 4 of this Article IV and upon such subdivision, the Unit Number of the subdivided Unit shall consist of the original Unit Number and a letter designation for each new subdivided Unit. New Unit Numbers must be allocated to the subdivided Units. Upon compliance with the requirements of Section 4 of this Article IV, two or more entire adjacent Units may be combined into a larger Unit, provided that both of the combined Units are under common ownership at the time of effecting such combination, whereupon the Percentage

Interest in the Common Areas and Facilities appertaining to such combined Unit shall be the sum of the respective Percentage Interest in the Common Areas and Facilities appertaining to each of the Units that have been combined. In such event, the Unit Number of the combined Units shall consist of the hyphenated Unit Numbers of all Units so combined.

11. Nuisances. No nuisances shall be allowed upon the Condominium Property and no person shall engage in any use, practice or activity upon the Condominium Property which is noxious, offensive or a source of annoyance to Unit Owners or which reasonably interferes with the peaceful possession and proper use of the Condominium Property by any Unit Owner. All parts of the Condominium Property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate and no fire hazard shall be allowed to exist. Any Unit Owner who shall dump or place (or permit his family, tenants, guests or agent to do so) any trash or debris upon any portion of the Condominium Property shall be liable to the Condominium Association for the actual cost of removal thereof or the sum of \$100.00, whichever is greater, and the same shall be added to and become a part of the assessment next coming due to which the Unit Owner or his Unit is subject. No Unit Owner shall permit any use of a Unit or of the Common Areas and Facilities which will increase the rate of insurance upon the Condominium Property.

12. Lawful Use. No immoral, improper or unlawful use shall be made of the Condominium Property or any part thereof. All valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof shall be observed.

13. Restriction on Transfer of Common Areas. Except as provided by statute in case of condemnation or substantial loss to the Common Areas and Facilities, the Condominium Association shall not by act or omission abandon, partition, subdivide, encumber, sell or transfer any portion of the Common Areas and Facilities, without the unanimous written consent of all Owners, and written approval of the holders of all Institutional Mortgages then in force with respect to all of the Units. The granting of easements for public utilities or other public purposes consistent with the intended use of the Common Areas and Facilities shall not be deemed a transfer within the meaning of this paragraph.

14. Rules and Regulations. The Board may from time to time promulgate Rules and Regulations respecting the restrictive covenants set out in this Article IV, but such Rules and Regulations shall be consistent with these restrictions and not in derogation or intended as an amendment thereof.

15. Leasing of Units. With the exception of an Institutional Lender in possession of a Unit following a default in an Institutional Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no Unit Owner shall be permitted to lease a Unit for transient or hotel purposes and no Unit may be leased or rented for an initial term of less than 180 days. No Unit Owner may lease less than the entire Unit. Any lease agreement shall be subject in all respects to the provisions of the Declaration and the Bylaws and shall provide that any failure by the lessee to comply with the terms of such documents shall be a default under the lease; and the Owner of any such leased Unit shall, upon receipt of written request from the Board of Directors detailing any such failure by the lessee to comply with the terms of the Declaration and Bylaws, undertake to cure or require the lessee to cure any such failure to comply within thirty (30) days of such written request. If such failure to comply has not been cured within thirty (30) days, then the Owner

shall terminate such lease and take immediate steps to remove the defaulting lessee from the Unit. The Board may adopt a standard form lease for the Condominium and upon such adoption no lease of a Unit may be made which is not on such lease form. In the event that any Unit Owner does not comply with these provisions, he shall be subject to an additional assessment by the Board of up to \$20.00 per day for each day of violation with each such assessment becoming a part of the next due assessment on his Unit. The Condominium Association must be furnished with copies of all leases and subleases within fifteen (15) days of the execution of same and shall also be furnished the name of the tenant's business and home telephone number. Each Unit Owner of a leased Unit shall be responsible for paying all assessments when due and the provisions of this Paragraph 15 shall not be construed as to impose direct liability on the lessee or sublessee to pay any assessment on behalf of the Unit Owner of a leased Unit. However, Unit Owners and lessees shall be jointly and severally liable for any liabilities arising out of the ownership, occupancy, use, misuse, or condition of any portion of a Unit or the Common Areas and Facilities.

ARTICLE V.

EASEMENTS

1. Use and Enjoyment. Every Unit Owner, his or her family living in a Unit, tenant of a Unit Owner, and licensees, invitees, employees, and agents of a Unit Owner shall have a right and easement of use and enjoyment in and to the Common Areas and Facilities, except Limited Common Areas and Facilities (including the right of access, ingress and egress to and from his or her Unit over those portions of the Condominium Property designated for such purpose), and such easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

(a) The right of the Condominium Association to control the use and enjoyment thereof as provided in this Declaration and the Bylaws, and in the duly adopted Rules and Regulations of the Condominium Association, which shall include, but not be limited to, the right of the Board to limit use and enjoyment thereof to the Unit Owners, and their respective families living in the Unit, tenants and guests, as well as to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by a Unit Owner, his or her family, tenants and guests.

(b) The right of the Condominium Association to limit the number of guests of Unit Owners.

(c) The right of the Condominium Association to suspend the voting rights and right to use of the Common Areas and Facilities other than the use of parking facilities, roadways, and easements for access, ingress, and egress or facilities which the Condominium Association provides by a Unit Owner, his or her tenants and guests, for any period of time during which an assessment against such Owner's Unit remains unpaid or for infraction of its Rules and Regulations.

(d) The right of the Condominium Association to charge reasonable admission fees, guest fees or other fees for use of Common Areas and Facilities or for special uses that might be made of certain parts of the Common Areas and Facilities by Unit Owners or by others.

(e) The right of the Condominium Association to limit the number of guests of Unit Owners as to the use of any part of the Common Areas and Facilities.

(f) The right of the Condominium Association to regulate, locate and direct access routes on the Common Areas and the location of parking therein and to allocate parking spaces to each Unit, all to be done in a reasonable manner.

2. Maintenance and Repair. There shall be an easement in, over, under and through the Units and the Common Areas and Facilities for the installation, maintenance, repair, replacement, inspection, upkeep, and improvement of Units and the Common Areas and Facilities. Use of this easement shall be only during normal business hours, except that access may be had at any time in the case of emergency.

3. Structural Support. Every portion of a Unit or the Common Areas and Facilities which contributes to the structural support of another Unit or any portion of the Common Areas and Facilities shall be burdened with an easement of structural support.

4. Encroachments. If any portion of the Common Areas and Facilities encroaches upon any Unit or if any Unit encroaches upon any other Unit or upon any portion of the Common Areas and Facilities or the Limited Common Areas and Facilities as a result of settling or shifting of a building, or as the result of survey error or error in description, an easement for the encroachment and for the maintenance of the same so long as the building stands, shall exist. If any building, any Unit, any adjoining Unit, or any adjoining part of the Common Areas and Facilities or the Limited Common Areas and Facilities shall be partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, when such are rebuilt upon the original site and upon the same Plans as the original building, encroachments of parts of the Common Areas and Facilities upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Areas and Facilities resulting from such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the subject improvements shall stand.

5. Utilities. There shall be a general easement upon, across, above and under all of the Condominium Property for ingress, egress, installation, replacing, repairing and maintaining all utilities including, but not limited to, water, sewer, telephone, cable television installation, and electricity or other community service (e.g., master television antenna system or security system, if installed) which the Declarant or the Condominium Association has installed or might determine to install to serve the Condominium Property. By virtue of this easement, it shall be expressly permissible to erect and maintain the necessary poles and other necessary equipment on the Condominium Property and to affix and maintain wires, conduits, cables and the like on, above, across, under and through the roofs and exterior walls of the Units. Should any party furnishing any service covered by this general easement request a specific easement by separate recordable document, Declarant or the Condominium Association, as the case may be, shall have the right to grant such easement under the terms hereof.

6. Declarant's Easements. (a) Temporary Easements. Declarant and its successors and assigns shall have a temporary, nonexclusive right and easement of use over and under those portions of the Common Areas and Facilities in Phase I and in addi-

tional Phases brought into the Condominium Property by Supplementary Declaration pursuant to Article XIV hereof, not located in a building, for all purposes related to the development, leasing and sale of Expansion Land for residential purposes, including, without limitation, Units in Phase I or Units in any additional Phase. This easement shall include, without limitation, the right of vehicular and pedestrian ingress and egress, the right to park motor vehicles and to engage in construction and marketing activities of any nature whatsoever, including the movement and storage of building materials and equipment, the conduct of sales activity, the maintenance of models and sales offices, and the erection and maintenance of directional and promotional signs. These easements and rights shall not be amended or changed prior to January 1, 1992, without the consent of Declarant so long as Declarant owns any Unit in any Phase of Devonshire Court Condominium, or any portion of the Expansion Land.

(b) Permanent Easements. Declarant, and its successors and assigns owning the Expansion Land, or any portion thereof, shall have a perpetual nonexclusive right and easement of use of those portions of the Common Areas and Facilities of the Condominium used as driveways or private streets, and of use of any and all water lines; sewer lines; storm drains; electric, telephone, or cable television wires or conduits; gas lines; or similar utilities facilities that are a part of the Common Areas and Facilities, to the extent reasonably necessary for Declarant, or such other owner of the Expansion Land, or a portion thereof, to have ingress to and egress from the Expansion Land, and to provide utility services to the Expansion Land. Provided, however, that (i) the rights and easements described in this Article V, Section 6, subsection (b) may be exercised only for occupancy and use of the Expansion Land for residential purposes; and provided further that the owner of the Expansion Land exercising such rights and easements shall contribute a reasonable share of the cost of the operation and maintenance of the portions of the Common Areas and Facilities so utilized. These easements and rights may not be changed without the prior written consent of all parties entitled to the exercise of such easements and rights.

7. Other. There shall be a general easement in favor of the Condominium Association, its directors, officers, agents and employees (including, but not limited to, any manager employed by the Condominium Association) to enter upon the Condominium Property or any portion thereof in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to and with the permission of any Unit Owner directly affected thereby which permission shall not be unreasonably withheld.

ARTICLE VI.

ADMINISTRATION

1. General Provisions. The administration of the Condominium Property, including, but not limited to, the acts required of the Condominium Association, shall be performed by the Condominium Association, acting by and through its Board or as otherwise provided in this Declaration and the Bylaws. The membership of the Condominium Association shall be limited to and consist of all of the Unit Owners. The Condominium Association's activities shall be limited to administration, including management and operation of Devonshire Court Condominium, consistent with the Act, this Declaration and the Bylaws.

2. Amendment of Bylaws. The Bylaws are subject to amendment as herein and in the Act and Bylaws provided.

3. Duties and Powers. The duties and powers of the Condominium Association shall be those, and shall be exercised as, set forth in the Act, this Declaration and the Bylaws, together with those implied as reasonably necessary to effect the purposes of the Condominium Association and the administration of the Condominium Property.

4. Agreements. All agreements and determinations lawfully authorized by the Condominium Association shall be binding upon all Unit Owners, their heirs, legal representatives, successors, assigns and others having an interest in the Condominium Property or the privilege of possession and enjoyment of any part thereto. In furtherance of the foregoing and not in limitation thereof, the Condominium Association shall have the authority to approve and enter into such management agreements as the Board of Directors shall deem necessary or desirable for the administration and operation of the Condominium Property. Any such management agreement shall provide that the same may be terminated by the Board of Directors with or without cause, without penalty, at any time upon thirty (30) days' notice to the manager. No such contract shall bind the Condominium Association in excess of one (1) year from the date of its inception. All costs and expenses incident to the employment of a manager shall be Common Expenses. During his or her tenure, the manager may, if authorized by the Board of Directors, exercise all of the powers and shall be responsible for the performance of all the duties specifically and exclusively reserved to the directors, officers or Members of the Condominium Association by the Act, this Declaration or the Bylaws. The manager may be such individual, corporation or other legal entity as the Board of Directors shall determine and shall be bonded by a fidelity bond as provided in Section 2(c) of Article IX of this Declaration.

5. Restrictions and Contracts. Neither the Condominium Association nor Declarant shall enter into any contract, lease or other agreement, except contracts for the furnishing of utilities which shall bind the Unit Owners or Condominium Association for more than one (1) year after the date of the first annual meeting as required by the Bylaws. After the first annual meeting, the Board of Directors shall not enter into any contract, lease or other agreement which shall bind the Unit Owners or the Condominium Association for a period of more than one (1) year unless approved by Unit Owners holding a Majority of the total Percentage Interests.

6. Execution of Documents. When any agreement, contract, conveyance or other document is executed by the President and Secretary of the Condominium Association, a third party without knowledge or reason to know to the contrary may rely on such document as being duly authorized and executed.

7. Property. All funds received and titles of all properties acquired by the Condominium Association and income earned and accrued thereon and the proceeds thereof, after deducting therefrom the costs incurred by the Condominium Association in acquiring the same, shall be held for the benefit of the Unit Owners as herein provided and for the purposes herein stated. The Condominium Association may acquire and hold, for the benefit of the Unit Owners, tangible and intangible personal property and may dispose of the same by sale or otherwise, and the beneficial interest in such personal property and the income earned and accrued thereon and the proceeds thereof shall be held by the Unit Owners in the same proportions as their respective Percentage

Interests in the Common Areas and Facilities. A transfer of a Unit shall vest in the transferee ownership of the transferor's beneficial interest in such personal property.

The Condominium Association shall not deposit, invest or reinvest any funds, unless such funds are invested in government securities, or deposited in banks which are members of the Federal Deposit Insurance Corporation, or savings and loan associations which are members of the Federal Savings and Loan Insurance Corporation.

8. Notices. Notices or demands, for any purpose, shall be given by the Condominium Association and Unit Owners in the manner provided for notices of meetings to Members of the Condominium Association in the Bylaws set forth. Notices to the Condominium Association shall be made in the manner provided in Rules and Regulations made by the Condominium Association.

9. Enforcement. The failure of the Condominium Association or any Unit Owner to enforce any covenant or provision of the Act, Declaration, Bylaws or Rules and Regulations affecting the Condominium Property shall not constitute a waiver of the right to do so thereafter.

10. Rules and Regulations. Reasonable regulations concerning the use of the Units, appurtenances thereto and Common Areas and Facilities, not in derogation of this Declaration, may be made, amended, and repealed from time to time by the Condominium Association; provided that copies of such regulations and amendments thereto shall be furnished to all Unit Owners. Such regulations shall be binding upon the Owners, their families, tenants, guests, invitees, licensees, and agents, until and unless such regulation, rule or requirement be specifically overruled and cancelled in a regular or special meeting by the vote of a majority of the Unit Owners.

11. Violation of Rules and Regulations. Failure to abide by any such Rule or Regulation or requirement shall be grounds for an action, brought by the Condominium Association or any aggrieved Unit Owner, to recover damages, or obtain injunctive and equitable relief, or both. In addition to these remedies, in the event of violation by an Owner of any rules or regulations, such Owner's voting rights and rights to use the Common Areas and Facilities other than use of parking facilities, roadways, and easements for access, ingress, and egress, or other facilities which the Condominium Association provides may be suspended by the Board after a hearing at which the general requirements of due process shall be observed. The duration of such suspension shall be set by the board and shall not exceed one year for each violation. Such hearing shall only be held by the Board after giving the Owner ten (10) days' prior written notice which specifies each alleged violation and sets the time, place and date of the hearing. A determination of the violation and the time of suspension or other sanction shall be made by a majority vote of the Board. The Owner shall have the right to appeal any adverse ruling of the Board and shall be entitled to a hearing de novo before the membership of the Condominium Association, at which the general requirements of due process shall be observed. Upon an appeal by an Owner of a decision by the Board, a special meeting shall be held within sixty (60) days from the decision by the Board, but the decision of the Board shall remain in effect unless overruled by a majority vote of the Members present at the special meeting.

12. Indemnification of Directors and Officers. Each director and officer of the Association, and each former director and former officer of the Association, shall be indemnified by the

Association against the costs and expenses reasonably incurred by him in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he is or may be made a party by reason of his being or having been such director or officer of the Association (whether or not he is a director or officer at the time of incurring such costs and expenses), except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for willful misfeasance or malfeasance in the performance of his duty as such director or officer. In case of the settlement of any action, suit or proceeding to which any director or officer of the Association, or any former director or officer of the Association, is made a party or which may be threatened to be brought against him by reason of his being or having been a director or officer of the Association, he shall be indemnified by the Association against the costs and expenses (including the cost of settlement) reasonably incurred by him in connection with such action, suit or proceeding (whether or not he is a director or officer at the time of incurring such costs and expenses), to the extent that such costs and expenses are not reimbursed as part of the settlement, if (a) the Association shall be advised by independent counsel that, in such counsel's opinion, such director or officer did not commit willful misfeasance or malfeasance in the performance of his duty as such director or officer with respect to the matters covered by such action, suit or proceeding, and the cost to the Association of indemnifying such director or officer (and all other directors and officers, if any, entitled to indemnification hereunder in such case), if such action, suit or proceeding were carried to a final adjudication in their favor, could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such directors and officers as a result of such settlement, or (b) disinterested Association members entitled to exercise a majority of the voting power shall, by vote at any annual or special meeting of the Association, approve such settlement and the reimbursement to such director or officer of such costs and expenses. The phrase "disinterested members" shall mean members of the Association other than (i) any director or officer of the Association who at the time is or may be entitled to indemnification pursuant to the foregoing provisions, (ii) any corporation or organization of which any such director or officer owns of record or beneficially ten percent (10%) or more of any class of voting securities, (iii) any firm of which such director or officer is a partner, and (iv) any spouse, child, parent, brother or sister of any such director or officer. The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representative of each such director or officer, and shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law or under the Declaration, any vote of the Association members or any agreement. The Board may purchase and maintain such Directors' and Officers' Liability Insurance as it shall be deemed appropriate, and premiums for such insurance policies shall be deemed for all purposes proper expenses of the corporation.

13. Limited Liability of the Board of Directors and Officers of the Association. Except as provided in the Act to the contrary, the Board of Directors and its members and the officers of the Association, in their respective capacities as such:

(a) Shall not be liable for the failure of any service to be obtained or paid for by the Association, or for injury or damage to persons or property caused by the elements or by another Unit Owner or person on the Premises, or resulting from electricity, gas, steam, water, rain, dust, sand or sewerage which may leak or flow from the outside or any part of the Buildings, or from any of its pipes, drains, conduits, appliances or equipment,

or from any other place, unless in each such instance such injury or damage has been caused by the willful misconduct or gross negligence of the Association or the Board;

(b) Shall not be liable to the Unit Owners as a result of the performance of their duties for any mistake of judgment, negligence or otherwise, except for their acts or omissions constituting willful misconduct or gross negligence;

(c) Shall have no personal liability in contract to a Unit Owner or any other person or entity under any agreement, undertaking, contract, deed, lease, mortgage, instrument or transaction entered into by any of them on behalf of the Association in the performance of their respective duties;

(d) Shall not be liable to a Unit Owner, or such Unit Owner's tenants, employees, agents, licensees or invitees, for loss or damage caused by theft or of damage to personal property left by such Unit Owner or his tenants, employees, agents, licensees or invitees in a Unit, or in or on the Common Areas and Facilities, unless such damage or loss is caused by their acts or omissions constituting willful misconduct or gross negligence;

(e) Shall have no personal liability in tort to a Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them, except for their acts or omissions constituting willful misconduct or gross negligence in the performance of their duties; and

(f) Shall have no personal liability arising out of the use, misuse or condition of the Buildings, or which might in any other way be assessed against or imputed to the Board members or officers of the Association as a result of or by virtue of their performance of their duties, except for their acts or omissions constituting willful misconduct or gross negligence.

14. Defense of Claims. Complaints brought against the Board or any member thereof, or against the Association or any member, officer, employee or agent thereof, in their respective capacities as such, or the Association as a whole, shall be directed to the Board, which shall promptly give written notice thereof to the Unit Owners and such complaints shall be defended by the Association. The Unit Owners shall have no right to participate other than through the Association in such defense. Complaints of a nature specified in Section 15 hereof against one or more but less than all Unit Owners or Units shall be defended by such Unit Owners who are defendants themselves and such Unit Owners shall promptly give written notice to the Association of the institution of any such suit.

15. Costs of Suit. If any action is brought by one or more but less than all Unit Owners on behalf of all Unit Owners and recovery is had, the plaintiff's expenses, including reasonable attorneys' fees, shall be a Common Expense, but only to the extent that such expenses are less than the amount recovered on behalf of the Association. If, however, such action is brought against the Board or any member thereof, or against the Association or any member, officer, employee or agent thereof, in their respective capacities as such, with the result that the ultimate liability asserted would, if proved, be borne by all Unit Owners, the plaintiff's expenses, including attorneys' fees, shall not be charged to or borne by the other Unit Owners as a Common Expense or otherwise.

ARTICLE VII.

MAINTENANCE, ORDINARY REPAIRS AND
ALTERATIONS TO COMMON AREAS

1. By the Condominium Association. The Condominium Association shall maintain, repair and replace all parts of the Common Areas and Facilities (except fences and improvements constructed within the Limited Common Areas, which fences and improvements shall be maintained by the Unit Owners as if such fences and improvements were a part of his or her Unit), whether located within the perimeter walls of a Unit or not, the cost of which shall be charged to the Unit Owners as a Common Expense.

2. By the Unit Owners. Each Unit Owner shall maintain, repair and replace at his or her expense all portions of a Unit which become in need thereof, including all drywall, moulding and panelling; bathroom and kitchen fixtures; light fixtures; wall, ceiling and floor covering materials; matting, carpeting and drapes; heating and air conditioning systems serving the Unit, wherever located; lighting fixtures, electrical receptacles and hot water heater serving the Unit, wherever located; nonstructural, nonload-bearing interior partition walls; pipes, wire, conduits and other facilities for the furnishing of utilities and other services located within the boundaries of the Unit; and other items within the Unit. Each Unit Owner shall maintain, repair and replace, when necessary, all damage to windows and doors and storm windows and doors which are a part of his or her Unit; except, however, damages caused by agents, employees or subcontractors employed by the Condominium Association shall be repaired by the Condominium Association. In addition, Unit Owners shall maintain, repair, and replace all portions of their Units in a manner which will not impair the structural integrity or appearance of the building or impair the mechanical or electrical systems therein. The materials and workmanship used in such maintenance, repair or replacement shall be of the same type and quality as were originally provided in the Unit. Each Unit Owner shall be required to repair or replace any portion of his or her Unit which, if not repaired or replaced, would adversely effect the exterior appearance of the Condominium Property or in any manner adversely affect another Unit. All damages to the Common Areas and Facilities intentionally or negligently caused by a Unit Owner, his or her family, tenants, guests, invitees, agents, servants, employees or contractors shall be repaired promptly by such Unit Owner, except to the extent such damage is covered by hazard insurance required to be maintained by the Condominium Association, in which case the Condominium Association waives its right of indemnity to the extent of funds paid pursuant to said insurance policy. If the Unit Owner fails to comply promptly with the requirements of this Section within fifteen (15) days from written demand by the Condominium Association, the Condominium Association may at its election make such repairs, maintenance, and replacements to the Unit, the Common Areas and Facilities, or the Limited Common Area and Facilities, and assess the expense thereof together with a charge equal to fifteen percent (15%) of the expense thereof which shall reimburse the Condominium Association for administration expenses in connection with the Unit Owner's failure to comply with this Article, against the Unit Owner responsible therefor.

Each Unit Owner shall be responsible for keeping the Limited Common Areas and Facilities under his or her control and dominion in a neat, sightly and proper manner. This shall not impose upon the Unit Owner the obligation to maintain or repair any structural or other similar item (such as paving) on property located within the Limited Common Areas and Facilities assigned to his or her

Unit, unless the damage is caused intentionally or negligently by the Unit Owner, as provided above.

3. Restrictions on Unit Owners. No Unit Owner shall perform or cause to be performed any maintenance, repair or replacement work upon a Unit which disturbs the rights of other Unit Owners or jeopardizes the soundness or safety of the Condominium Property. If a Unit Owner shall cause any work to be performed, which in the sole opinion of the Board violates the terms of this paragraph, it shall be immediately corrected and such Owner shall refrain from recommencing or continuing any such work without written consent of the Board. A Unit Owner shall not repair, alter, replace or move any of the Common Areas and Facilities located within a Unit without the prior written consent of the Board. A Unit Owner shall not paint or otherwise decorate or change the outside appearance of the Building in which a Unit is located, including doors and windows and storm doors and windows, or any appurtenance thereto or Limited Common Area serving a Unit without the written consent of the Board. Unit Owners shall hang only drapes, sheers or manufactured blinds on windows. All Unit Owners must use the same type of number and letter, if applicable, for use in identifying the street address of his or her Unit.

4. Duty to Report. Each Unit Owner shall promptly report to the Board or its agent any defect or need for repairs or replacement, the responsibility for which is that of the Condominium Association.

5. Alterations to Common Areas and Facilities. The Condominium Association is authorized to make minor improvements to and alterations to the structures located in and on the Common Areas and Facilities, as a Common Expense, however, no major or structural improvements to or alterations of the Common Areas and Facilities, or improvements or alterations costing in excess of \$20,000.00, shall be made by the Condominium Association without first obtaining approval of Unit Owners holding at least sixty percent (60%) of the Percentage Interests, except when such improvements are made pursuant to Article IX hereof. It is understood that this Section does not apply to required repair and maintenance of Common Areas and Facilities.

6. Approval of Payment Vouchers. All vouchers for payment of expenses incurred by the Condominium Association in the maintenance, repair, alteration and replacement of the Common Areas and Facilities shall be approved in writing jointly by the President and Treasurer of the Condominium Association. In the absence or disability of the President, the Vice President may perform the duties herein of the President, and the Assistant Treasurer may perform the duties of the Treasurer herein in the absence or disability of the Treasurer. Notwithstanding the foregoing, the Board may authorize any officer, Member, committee or independent manager to approve or disapprove all vouchers for payment of routine expenses incident to the maintenance, repair, alteration or replacement of the Common Areas and Facilities, so long as the resolution granting such authority specifically limits the maximum amount which may be authorized on each occasion and so long as the subject resolution describes the items which may be so authorized.

ARTICLE VIII.

ASSESSMENTS

1. Initial Assessment; Maximum Amount. The Declarant shall establish the initial assessment which shall remain in effect until December 31, 1985. The monthly assessment for 1985 shall be no more than \$69.50 per Unit. As additional phases are added to

the Condominium Property by Declarant pursuant to the provisions of Article XIV hereof, the monthly assessments shall be adjusted so that the Unit Owners contribute pro-rata towards the expenses of the Homeowners Association based on their percentage interest in the Common Area and Facilities as computed in the manner set forth in Section 2, Article XIV. For the calendar years after 1985, the annual assessment shall be set as follows:

(a) The annual assessment may be increased by the Board each year, without a vote of the Members, to an amount not more than twelve percent (12%) in excess of the assessment for the previous year.

(b) The annual assessment may be increased above the increase allowed in subsection (a) of this Section 1 by a vote of two-thirds (2/3) of the Members who are voting in person or by proxy at a meeting called for this purpose (or at the annual meeting provided written notice of such proposed action is given to all members within the time periods set forth below), written notice of which shall be sent to all Members not less than thirty (30) days, nor more than sixty (60) days, in advance of the meeting setting forth the purpose of the meeting. Quorum requirements for such meeting will be those required at a Special Meeting of the membership, as set out in the Bylaws.

(c) The Board of Directors may establish the annual assessment at any amount not in excess of the maximum stated above.

2. Establishment of Assessment. Not later than December 15, 1985, and the same date of each year thereafter, the Board shall have determined and shall have given written notice to the Unit Owners of the annual assessment assessed against each Unit for the immediately succeeding calendar year. In determining the annual assessment for each calendar year, the Board shall prepare a budget which shall include an estimate of the cash requirement and shall include a reasonable reserve for contingencies, replacements and maintenance items not performed annually (including specifically, without limitation, reserves for exterior painting, for roof and gutter replacement, and street and parking area maintenance). Any expected income and any surplus from the prior year's fund shall be deducted from the cash requirement. This budget shall be kept on file with the Association for review by Unit Owners. The portion of the estimated cash requirement assessed against each Unit shall be proportional to the Percentage Interest for such Unit. The failure, however, of the Board to determine the amount of an annual assessment or to comply with the requirement that written notice of the amount thereof be given on or prior to December 15 of each year shall not alter or invalidate any assessment later established under Section 1 of this Article VIII nor affect the obligation of any Unit Owner to pay same nor the validity or enforceability of any lien against a Unit established by the Condominium Association. The obligation to pay such assessments shall commence for all Units subject hereto on the day of the recording of this Declaration, or with respect to additional Units, on the day a Supplementary Declaration shall be filed affecting such Units. If the Condominium Association fails to establish new assessments for Common Expenses for the subsequent fiscal year before the expiration of any fiscal year, Unit Owners shall continue to pay the same sums as are payable during the fiscal year then ended, and such sums shall be deemed to be the new assessments for the succeeding fiscal year. If the Condominium Association changes the assessment at a later date, such new assessment should be treated as a special assessment pursuant to Section 4 of this Article VIII.

3. Monthly Installments. The annual assessments shall be paid to the Condominium Association, or its designee, in equal monthly installments on or before the first day of each month during any assessment period.

4. Special Assessments. In addition to the annual assessments, the Condominium Association may levy, in any calendar year, special assessments for the purpose of supplementing the annual assessments if the same are deemed to be inadequate to pay the Common Expenses or for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of the Common Areas and Facilities, including the necessary fixtures and personal property related thereto; provided that any such special assessment shall have the assent of two-thirds (2/3) of the Members represented, in person or by proxy, at a meeting (or at the annual meeting if written notice of such an express purpose is given within the time periods hereinafter provided), at which a quorum is present, duly called for the express purpose of approving such expenditure, written notice of which shall be sent to all Owners not less than ten (10) days nor more than sixty (60) days in advance of the meeting. Special Assessments shall be established against the Units in proportion to their Percentage Interests. The period of the assessment and manner of payment shall be determined by the Board.

5. Purpose of Assessments, Common Expenses. The annual and special assessments established and collected pursuant to this Article VIII shall be used exclusively to pay the Common Expenses including, but not limited to, all expenses, costs, and charges incurred by the Condominium Association in connection with the administration, management and operation of the Condominium Property; the costs of maintenance, repair, replacement and restoration of the Common Areas and Facilities, or any part thereof, and reasonable reserves for items not expensed on at least an annual basis; the cost of all insurance obtained by the Board pursuant to Article IX of this Declaration; the cost of operating and maintaining recreational facilities, if any, which shall become a part of the Common Areas and Facilities; any service fees or cable television if and when provided to all Units under a contract with the Condominium Association; assessments levied against the Units by Lynton Place Homeowners Association, Inc.; and any and all other expenses, costs or charges agreed upon as Common Expenses by the Condominium Association or declared Common Expenses by the provisions of the Act or this Declaration. All assessments, replacement funds, accumulated income, insurance and other escrows and all other assets of the Condominium Association in excess of that needed for the purposes herein stated, determined yearly, either shall be applied to reduce the succeeding year's assessments or shall be returned to the Unit Owners in proportion to their Percentage Interests, as determined by the Board; provided that the Board shall have the right to create and to maintain an escrow or trust fund for such reserves as it deems fit.

6. Lien and Personal Obligation. Each assessment provided for in this Article, together with interest from and after the due date of such assessment (specifically including the due date of any installment) at the rate of twelve percent (12%) per year or, if lower, the maximum allowed by law, and collection costs including reasonable attorneys' fees, shall be a charge on and a continuing lien upon the Unit against which the assessment is made when a notice of such lien has been filed of record in the

Office of the Clerk of Superior Court for Mecklenburg County, North Carolina, in the manner provided in Chapter 44 of the North Carolina General Statutes; provided, such notice of lien shall not be filed until such sums assessed remain unpaid for a period of thirty (30) days after the same shall become due. Such notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. In addition, each Unit Owner shall be liable personally for any assessment which becomes due and payable with respect to such Owner's Unit. A grantee of a Unit shall be liable, jointly and severally, with the grantor for all unpaid assessments against the Unit which became due and owing at the time of the grant or conveyance, but this obligation shall be without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Any Unit Owner or grantee of a Unit Owner shall be entitled to a statement from the Board setting forth an account of the unpaid assessments against a Unit and a grantee thereof shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth.

7. Effect of Nonpayment of Assessment, Remedies of Condominium Association. In the event that any assessment installment is not paid within thirty (30) days after the due date thereof, such unpaid assessment shall bear interest from the due date at the rate of twelve (12%) percent per year or, if lower, the maximum allowed by law. In the event any assessment installment is not paid within thirty (30) days after its due date, there shall also be a one-time late charge equal to four percent (4%) of the overdue installment or \$5.00, whichever is greater. The Condominium Association may bring an action at law against the Owner personally obligated to pay the assessment, and interest, reasonable attorneys' fees and costs of such action shall be added to the amount of such assessment.

Notwithstanding anything hereinbefore stated in this Section, during any period in which an Owner shall be in default in payment of any installment of an annual, special or other assessment levied by the Condominium Association, the voting rights and the right to the use and enjoyment of the Common Areas and Facilities, other than use of parking facilities, roadways, and easements for access, ingress and egress, or other facilities which the Condominium Association provides, may be suspended by the Condominium Association until such assessment is paid. Prior to the termination of voting rights or use of facilities for failure to pay assessments, the procedure outlined in Section 11 of Article VI shall be followed.

8. Priority of Assessment Lien. The lien of the assessments provided for in this Section shall be prior and superior to all other liens except (a) assessments, liens and charges for real estate taxes due and unpaid on the Unit; (b) all sums unpaid on deeds of trust, mortgages and other encumbrances duly of record against the Unit prior to the docketing of the aforesaid lien; and (c) materialmen's and mechanics' liens. The sale or transfer of any Unit shall not affect the assessment against such Unit; provided, however, the sale of a Unit pursuant to the foreclosure sale or execution sale instituted by an Institutional Lender shall extinguish the assessment lien against the subject Unit unless said foreclosure or execution sale results in surplus proceeds over and above the amount necessary to pay off the loan in

foreclosure and the expenses of the foreclosure sale, but no such sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or for any future lien in connection therewith. The Condominium Association shall share in the excess, if any, realized by the sale of any Unit pursuant to a foreclosure or action instituted by a superior lien-holder in accordance with the provisions of Section 45-21.31 of the North Carolina General Statutes; provided, however, that a mortgagee or other purchaser of a Unit at a foreclosure sale of such Unit, or a purchaser who obtains title to such Unit by deed in lieu of foreclosure, shall not be liable for and such Unit shall not be subjected to a lien for the payment of such assessment which accrued prior to the acquisition of title of such Unit by the mortgage or other purchaser, and provided further that such unpaid assessment shall be deemed to be Common Expenses collectible from all of the unit Owners including the mortgagee or other purchaser.

9. Owner's Non-Use. No Unit Owner may exempt himself from liability for contributions toward Common Expenses and other obligations to the Condominium Association by waiver of the use or enjoyment of any portion of the Common Areas and Facilities, or by the abandonment or sale of his or her Unit (except that Declarant may deduct from its assessment a reasonable amount for use-related items not consumed, such as water, sewer and cablevision, if and when available, for any Unit owned by it and not occupied).

ARTICLE IX.

INSURANCE

1. Authority to Purchase. The Board shall have the authority and obligation to and shall obtain a master insurance policy upon the Condominium Property for the benefit of the Condominium Association, the Unit Owners and their mortgagees as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of the Unit Owners. The original of such policy and endorsements thereto shall be deposited with the Condominium Association, as insurance trustee, and Unit Owners may inspect such policy at any time during reasonable working hours and after reasonable notice to the Board.

2. Coverage.

(a) Master Casualty Policy. The buildings and all other improvements upon the land and all personal property included in the Common Areas and Facilities, and originally installed fixtures, cabinets, and wall and floor coverings of the Units shall be insured in an amount equal to the full replacement value (i.e., 100% of the "replacement costs"), exclusive of foundations and excavation. Such coverage shall afford protection against (i) loss or damage from all hazards and risks normally covered by a standard "all-risk" policy, including fire and lightning; and (ii) such other risks as from time to time shall customarily be covered with respect to improvements similar in construction, location and use, including but not limited to, vandalism, malicious mischief, and windstorm damages. If necessary and available, insurance against water or flood damage shall also be obtained and kept in force. The Board of Directors shall review such insurance and its limits annually.

(b) Public Liability. The liabilities of the Condominium Association shall be insured in such amounts as shall be required by the Board and each Unit Owner and his or her immediate family, Declarant, its agents and employees shall be named as additional insureds, but only with respect to liability arising

out of the ownership, maintenance, use or repair of the Common Areas and Facilities. Such insurance shall include endorsements covering cross-liability claims of one insured against another, including the liability of the Unit Owners as a group to a single Unit Owner. The Board of Directors shall review such insurance and its limits annually. Such public liability insurance shall be in amounts not less than \$1,000,000.00 per person and not less than \$1,000,000.00 per occurrence for liability for bodily injury, including death resulting therefrom, and \$1,000,000.00 per occurrence for liability for damage to property, including loss of use thereof.

(c) Fidelity Insurance. The Condominium Association shall procure and maintain, or cause to be maintained, a policy or policies of insurance coverage to protect against dishonest acts on the part of officers, directors, volunteers, managers and employees of the Condominium Association and any other persons who handle or are responsible for the handling of funds of the Condominium Association. Such fidelity insurance coverage shall, at least: (i) name the Condominium Association as an obligee thereunder; (ii) be written in an amount equal to at least one hundred fifty percent (150%) of the estimated annual operating expenses of the Condominium Association plus any reserves; and (iii) contain waivers of any defense bond upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression.

(d) Other. The Condominium Association may obtain such other insurance coverages as the Board determines from time to time to be desirable, including directors' and officers' liability insurance to protect such persons from liability for negligence while acting in their official capacities, and workers' compensation insurance as applicable law may require, as set out in the Bylaws.

3. Premiums. Premiums upon insurance policies purchased by the Condominium Association shall be paid by the Condominium Association as a Common Expense.

4. Content of Policies. The Board of Directors shall make every effort to secure insurance policies that will provide for the following:

(a) The master casualty policy on the Condominium Property cannot be cancelled, invalidated or suspended on the account of the conduct of any one or more individual Unit Owners.

(b) The master casualty policy on the Condominium Property cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board, or manager, without prior demand in writing that the Board of Directors or manager cure the defect or on account of any failure of the Condominium Association to comply with any warranty or condition regarding any portion of the Condominium Property, over which the Association has no control.

(c) That any "no other insurance" clause in the master casualty policy on the Condominium Property exclude individual owner's policies from consideration.

(d) All insurance policies shall be written with a company or companies licensed to do business in the State of North Carolina and holding a rating of A or better in Best's Insurance Guide, provided that such insurance is available from a company with at least such a rating and that, in the event not so available, such insurance shall be obtained from a company with the

highest rating available in Best's Insurance Guide. In no event shall the hazard insurance be written by a carrier which has a Financial Rating by Best's Insurance Reports of less than Class VI.

(e) All policies of property insurance shall provide that, despite any provision giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option shall not be exercisable without the prior written consent of the Association, or when in conflict with any requirements of law.

(f) Duplicate originals of all such policies shall be furnished to all Owners and their respective mortgagees, provided that in lieu of such duplicate original policies the Condominium Association may deliver certificates to the Owners and their respective mortgagees attesting the fact that such policies and such insurance are in force and effect. Furthermore, the Condominium Association shall furnish to the Owners and their respective mortgagees, upon written request therefor, evidence that premiums for such insurance have been paid on an annual basis.

5. Owners' Insurance. Any Owner and any holder of a mortgage with respect to any Unit may obtain such additional insurance with respect to the Unit, totally at the expense of such Owner or mortgagee, as is desired. Any such insurance shall either: (i) be written by the same insurer which carries the master casualty policy purchased by the Condominium Association pursuant to the provisions of Section 2(a) hereof; or (ii) shall provide that such policy or policies shall be without contribution with respect to the master policy or policies of casualty insurance maintained by the Condominium Association. Any such Owner's or mortgagee's policy also shall contain waiver of subrogation provisions as required in Section 9 hereof.

Each Owner may obtain a "Homeowner's Policy" or its equivalent to insure against loss or damage to personal property used in or incidental to occupancy of said Owner's Unit, additional leasing (motel) expenses, vandalism or malicious mischief, theft, personal liability and the like. Such policy should include a "condominium unit owner's endorsement" or equivalent, covering losses to improvements and betterments to the Unit made or acquired at the expense of the Unit Owner. Duplicate copies of any such policy or policies procured by an Owner or his mortgagee shall be furnished to the Condominium Association within ten (10) days of the effective coverage date of such insurance.

6. Receipt of Proceeds, Insurance Trustee. All insurance policies purchased by the Condominium Association shall be for the benefit of the Condominium Association, the Unit Owners and their mortgagees, and Declarant, as their interests may appear, and shall provide that all proceeds covering property losses shall be paid to the Condominium Association, as insurance trustee. The duty of the Condominium Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes hereinafter stated and for the benefit of Declarant, the Unit Owners and their mortgagees in the following shares:

(a) Common Areas and Facilities. An undivided share of the proceeds received by the Condominium Association on account of damage to the Common Areas and Facilities shall be held for each Unit Owner and such share shall be determined by the subject Unit Owner's Percentage Interest in the Common Areas and Facilities.

(b) Units. Proceeds received by the Condominium Association on account of damage to Units shall be held for the

Unit Owners of the damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Board of Directors. When the building is not to be restored as provided in Section 11 of this Article IX, an undivided share shall be held for each Unit Owner and his or her mortgagee, such share being determined in accordance with Section 11 of this Article IX.

(c) Mortgages. In the event a mortgagee endorsement has been issued for a Unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner, as their interests may appear; provided, that no mortgagee shall have the right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired.

7. Distribution of Proceeds. Proceeds of insurance policies received by the Condominium Association as insurance trustee shall be distributed to or for the benefit of the Owners of the Condominium Property in the following manner:

(a) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as provided above. All proceeds remaining after defraying such costs shall be distributed to the Condominium Association. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

(b) Failure to Reconstruct or Repair. If it is determined as provided in Section 11 that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial owners of the Condominium Property as set forth in Section 11. Any remittances to Unit Owners and their mortgagees shall be paid jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

8. Condominium Association as Agent. The Condominium Association hereby is irrevocably appointed agent for each Unit Owner and for each mortgagee or holder of a lien upon a Unit and for each owner of any other interest in the Condominium Property to adjust all claims arising under insurance policies purchased by the Condominium Association and to execute and deliver releases upon the payment of claims. The Board of Directors is authorized to carry out all such adjustments of claims and execution and delivery of documents for the Association.

9. Waivers of Subrogation and Cancellation Notices. All policies of physical damage insurance obtained by the Board pursuant to this Article shall contain waivers of subrogation against Unit Owners, their tenants, employees, guests and invitees, the Condominium Association, Declarant and others having an interest in the Condominium Property. Such policies shall provide that they may not be cancelled or substantially modified without at least thirty (30) days' prior written notice to any and all insured parties named therein.

10. Duty to Repair. In the event of damage to or destruction of any improvement on the Condominium Property as a result of fire or other casualty, unless the Condominium Property is partitioned as provided in Section 11, the Board shall arrange for the prompt repair and restoration of such improvement (including any damaged Unit, but not including any wall, ceiling or floor decoration or coverings or other furniture or furnishings, fixtures or equipment in the Unit, unless the subject insurance policy covers a portion or all of such loss to the Unit, in which event the

Condominium Association shall repair or replace such damage), and the Board shall disburse the proceeds of all insurance policies to the contractors engaged in such repair or restoration in appropriate progress payments. Any cost of such repairs and restoration in excess of the insurance proceeds shall constitute a Common Expense.

11. Partition. If the improvements on the Condominium Property shall be more than two-thirds (2/3) destroyed by fire or other disaster and the Owners holding at least seventy-five percent (75%) of the total Percentage Interests duly resolve not to proceed with repair or restoration, then, and in that event:

(a) The entire Condominium Property shall be deemed to be owned by the Unit Owners as tenants in common.

(b) The undivided interest in the Condominium Property owned by each Unit Owner shall be the same interest as his Percentage Interest in the Common Areas and Facilities previously appurtenant to his Unit or Units.

(c) Any liens or encumbrances affecting any Unit shall be deemed transferred in accordance with the existing priority to the percentage of undivided interest of the subject Unit Owner in the Condominium Property, as hereinabove provided.

The determination of whether the improvements are "more than two-thirds (2/3) destroyed" for the purposes herein stated shall be made as follows: an appraisal of the value of the improvements (excluding land) as of the day immediately preceding the damage shall be obtained by the Board from two appraisers who are members of the American Institute of Real Estate Appraisers, the American Society of Appraisers, the Society of Real Estate Appraisers or a comparable professional association of appraisers. The cost of repairs and restoration shall then be determined by the Board of Directors by securing not less than three independent bids, in writing, from three reputable building contractors in the community of their proposed charges for making such repairs or restorations, the lowest of which shall be deemed to be the cost. If the costs so estimated shall exceed two-thirds (2/3) of the appraised value prior to the damage, the improvements shall be deemed more than two-thirds (2/3) destroyed.

The Unit Owners may "duly resolve" not to proceed with repair or restoration only when written instruments to that effect signed by Unit Owners holding at least seventy-five percent (75%) of the Percentage Interests have been delivered to the Secretary of the Association, who shall record such instrument in the records of the Condominium Association.

ARTICLE X.

ARCHITECTURAL CONTROL

1. Approval Required for Changes. To preserve the original architectural appearance of the Condominium Property, except as otherwise expressly specified in the Act or this Declaration, after the purchase of a condominium Unit from Declarant, its successors or assigns, no exterior construction of any nature whatsoever shall be commenced or maintained by or on behalf of any Unit Owner upon any improvement, including without limitation the Limited Common Areas and Facilities; nor shall there be any change, modification or alteration of any nature whatsoever of the design and appearance of any of the exterior surfaces or facades; nor shall any Owner paint, decorate or change the color of any exterior surface, gate, fence, door or roof; nor shall any Owner

change the design or color of the exterior lights; nor shall any Owner install window air conditioners, exhaust fans, or any other item which protrudes through any window serving a Unit; nor shall any Owner install, erect, or attach any awning, canopy, shutters, radio or television antennas upon the exterior walls or roofs of a building; nor shall any Owner install, erect or attach to any part of the exterior any sign of any kind whatsoever; nor shall any exterior addition or change, including without limiting the generality of the foregoing, the erection or construction of any fence or wall, be made unless and until the plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing as to harmony of exterior design, color and location in relation to the surrounding structures by the Board. The approval of the Board may be withheld or conditioned in the Board's sole discretion. The Declarant shall be exempt from the provisions of this Article until one hundred and twenty (120) days after the date by which seventy-five percent (75%) of the Units have been conveyed or at the end of the fifth year after the first Unit has been conveyed, whichever shall occur first; provided, however, that in the event Declarant's exemption shall have ceased by reason of the expiration of one hundred twenty (120) days after conveyance of seventy-five (75%) percent of the Units, and thereafter Declarant shall add Units to the Condominium pursuant to Article XIV of the Declaration, and by reason of such addition Declarant shall own more than twenty-five (25%) percent of the Units in the Condominium, then Declarant shall again be exempt from the provisions of this Article until the earliest to occur of the above-stated events.

ARTICLE XI.

CONDEMNATION

1. General. Whenever all or any part of the Condominium Property shall be taken by any authority having the power to condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate in the proceedings incident thereto unless otherwise prohibited by law. The award made for such taking shall be payable to the Condominium Association. Unless otherwise required by law at the time of such taking, any award made therefor shall be disbursed by the Condominium Association as hereinafter provided in this Article.

2. Common Areas. If the taking is confined to the Common Areas and Facilities on which improvements shall have been constructed and if owners holding at least seventy-five percent (75%) of the total Percentage Interests shall decide within sixty (60) days after such taking (the date of the "taking" being defined as the date on which the condemning authority has paid the award and the same has been accepted by the Condominium Association, either voluntarily or as a result of exhaustion of appeal rights) to replace such improvements, or any part thereof, on the remaining land included in the Common Areas and Facilities and according to plans therefor to be approved by the Condominium Association, then the Board shall arrange for such replacement and the Condominium Association shall disburse the proceeds of such award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Condominium Property is to be repaired or reconstructed as provided in Article IX, hereof; subject, however, to the right hereby reserved to the Condominium Association, which may be exercised by a Majority of the Members, to provide for the disbursement by the Condominium Association of the remaining proceeds held by it (after payment of all costs incident to such replacement) to the Owners or any one or more of them in amounts disproportionate to the Percentage Interests

appurtenant to their Units established herein, which disproportionate amounts shall correspond with the disproportionate damages sustained by the Owners or any one or more of them as the Condominium Association may determine as a result of a Unit Owner's interest in a Limited Common Area or Facility being taken or partially taken through the power of eminent domain. If Owners holding at least seventy-five percent (75%) of the total Percentage Interests shall not decide within sixty (60) days after such taking to replace such improvements or if the taking is confined to the Common Areas and Facilities on which no improvements shall have been constructed, then the Condominium Association shall disburse the proceeds of the award in the manner hereinabove provided for the disbursement of the remaining proceeds of an award after payment of all costs incident to replacement of improvements taken, including the right reserved to the Condominium Association to provide for the disbursement of the remaining proceeds held by it to the Owners in disproportionate amounts.

3. Units. If the taking includes one or more Units, any part or parts thereof, or the Limited Common Areas and Facilities or parts thereof, to which a Unit has exclusive use, or parts thereof, then the award shall be disbursed and all related matters, including without limitation, alteration of the Percentage Interest appurtenant to each Unit, shall be handled pursuant to and in accordance with the consent of all Owners expressed in a duly recorded amendment to this Declaration. Such amendments, if any, shall re-align the Percentage Interests, establish the method of distributing the condemnation award and include such other provisions as all of the Unit Owners deem reasonable and appropriate. Further provided, such amendment shall be executed by the mortgagees of such Units and shall not prejudice the creditors or other third parties who have an interest in the condemnation award with respect to their rights, if any, in such award. In the event that such an amendment shall not be recorded within ninety (90) days after such taking, then such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided for in Section 11 of Article IX herein, whereupon the condominium will be terminated in the manner therein and in Section 2 of Article XII prescribed.

ARTICLE XII.

TERMINATION OF UNIT OWNERSHIP

1. Agreement.

(a) The Condominium Property may be removed from the provisions of this Declaration and the Unit Ownership Act by an instrument to that effect, duly recorded, approved by all Unit Owners; provided that the holders of all liens affecting any of the Units consent thereto or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the Unit Owners in the Condominium Property.

(b) Upon removal of the Condominium Property from the provisions of the Act and this Declaration, the Condominium Property shall be deemed to be owned by the Unit Owners as tenants in common. The undivided interest in the Condominium Property owned as tenants in common which shall appertain to each Unit Owner shall be the Percentage Interest previously owned by such Unit Owner in the Common Areas and Facilities.

2. Destruction. In the event it is determined, in the manner provided in Section 11 of Article IX of this Declaration, that the Condominium Property shall not be repaired or reconstructed after fire or other casualty, the condominium shall be terminated and this Declaration revoked. The determination not to repair or reconstruct after a fire or other casualty shall be evidenced by a certificate of the Condominium Association, signed by the President and the Secretary of the Condominium Association, certifying as to the facts effecting the termination, which certificate shall become effective upon being duly recorded in the Office of the Register of Deeds of Mecklenburg County.

ARTICLE XIII.

AMENDMENTS

1. By Owners. This Declaration may be amended by the vote of the Unit Owners owning at least ninety percent (90%) of the Percentage Interests; provided that no such amendment shall be effective until placed in writing, executed and acknowledged by Unit Owners owning at least ninety percent (90%) of the Percentage Interests, and filed for registration in the Office of the Register of Deeds of Mecklenburg County; and provided, further, that if a larger vote is required to take or refrain from taking a specific action, as set forth in the Act or this Declaration, no amendment shall be made unless and until the Unit Owners holding such larger Percentage Interest in the Common Areas and Facilities execute such amending instrument. All persons or entities who own or hereafter acquire any interest in the Condominium Property shall be bound to abide by any amendment to this Declaration, upon the same being adopted as provided herein and duly set forth in an amended Declaration, and duly recorded as provided herein. Notwithstanding anything to the contrary contained in this Declaration or the Bylaws attached hereto, no change or amendment to this Declaration or the Bylaws shall affect or change the Percentage Interests resulting from expansion of the Condominium Property as set out in Article XIV, or shall allow the partitioning of the Common Areas and Facilities, or shall limit the rights of Unit Owners with respect to leasing of Units as set out in Section 15 of Article IV hereof, unless all Unit Owners, all holders of Institutional Mortgages upon the Units, and Declarant (for so long as Declarant owns any Unit, or any portion of the Expansion Land, until December 31, 1990) shall have given their written approval thereof.

2. Restriction on Amendments. No amendment to this Declaration or to the Bylaws shall be adopted or passed which shall impair or prejudice the rights and priorities of the holder of an Institutional Mortgage encumbering any of the Units in the Condominium Property without the consent of the holder of such Institutional Mortgage. No amendment to this Declaration or to the Bylaws shall be adopted or passed which shall impair or prejudice the rights of Declarant provided for in the Condominium Documents, without the consent of Declarant.

ARTICLE XIV.

ADDITION OF LAND AND UNITS PERCENTAGE INTEREST OF COMMON AREAS

1. Supplementary Declaration. Declarant does hereby reserve the right to add, from time to time, and at any time, subject to the terms and provisions of this Article XIV, any portion or portions of the Expansion Land, and improvements constructed thereon, to the Condominium Property; provided, however, that prior to each such addition, Declarant has constructed upon each

portion of the Expansion Land to be added to the Condominium Property (a) a building or buildings of the same architectural style as the Buildings now located on Phase I, such buildings containing residential dwelling units constructed in the same manner and of substantially the same materials as, and having substantially the same value per square foot of heated floor area as, the Units located in Phase I, and/or (b) recreational facilities (including without limitation, any one or more of the following: swimming pool, clubhouse, tennis court, and open areas) constructed in such a manner as to be architecturally harmonious with the Units and intended to be Common Areas for the use and benefit of all Owners of Units; and, provided further, that the maximum total number of Units that may be included in the Condominium Property is 160. Addition of any portion of the Expansion Land shall be effected by Declarant after the completion of such improvements on such portion of the Expansion Land by the filing of a Supplementary Declaration, executed by Declarant, which describes or identifies the portion of the Expansion Land to be added to the Condominium Property; designates which portions of such property are to be "Units," "Common Areas," and "Limited Common Areas" consistent with such designations made herein with respect to Phase I; recomputes the Percentage Interest for each Unit theretofore and thereby made a part of the Condominium Property in accordance with Section 2 of this Article XIV; specifically incorporates the terms and conditions of this Declaration; and makes the property described therein subject to this Declaration. In addition, such Supplementary Declaration shall have attached thereto the site plan, plans and certificates required by the Act, together with such other provisions as are deemed necessary by Declarant. Upon such recording, the property described in the Supplementary Declaration shall become part of the Condominium Property as if such property had been subjected to this Declaration on the date hereof. By accepting a deed, mortgage, or deed of trust to a Unit subject to this Declaration and any applicable Supplementary Declaration, the Unit Owner, Institutional Lenders, and any owner and holder of a deed of trust or mortgage encumbering a Unit, consent and agree that such additions to the Condominium Property may be accomplished in one or more such Supplementary Declarations filed from time to time, but in no event after December 31, 1991.

2. Percentage Interest. As the result of the recording of this Declaration, the Percentage Interest of each Unit Owner in Phase I is established in the percentages of Phase I set out on Exhibit D attached hereto and incorporated herein by reference. These Percentage Interests have been computed by Declarant based upon the relative amounts of square foot heated floor area in the Units, it being conclusively presumed that the relation of the square foot heated floor areas of Units of the same design and constructed in the same manner of the same materials is approximately the same as the relation of their fair market values. In the event that any portion of the Expansion Land is added to the Condominium Property as permitted in Section 1 of this Article XIV, and such portion of the Expansion Land includes Units to be added to the Condominium Property, the Percentage Interest of each Unit Owner in the Common Areas shall be reduced. Each Supplementary Declaration filed by Declarant pursuant to Section 1 of this Article XIV shall assign a Percentage Interest to each Unit theretofore and thereby made a part of the Condominium Property in accordance with the following formula:

$$\frac{\text{Square Foot Heated Floor Area of Unit}}{\text{Total Square Foot Heated Floor Area of All Units}} = \text{Percentage Interest for Units}$$

For the purpose of making such computation, the Units in Phase I shall be conclusively deemed to have the amount of square foot heated floor area indicated on Exhibit D attached hereto and the square foot heated floor area for Units to be added by any such Supplementary Declaration shall be computed by Declarant in the same manner as was used by Declarant for the computations for Phase I Units. Any Percentage Interest so computed by the Declarant may be adjusted upward or downward by no more than .0005% so that the sum of all Percentage Interests will equal 100%.

By acceptance of a deed to a Unit, each Owner, for himself, his heirs, successors and assigns, agrees that Declarant, without need for further consent or joinder of any Unit Owner, may add any one or more portions of the Expansion Land to the Condominium Property, and upon the recording by Declarant of the Supplementary Declaration, the Percentage Interests shall be reduced to the Percentage Interests computed by Declarant in accordance with this Section 2 of this Article XIV as each and every such portion of the Expansion Land is annexed and made subject to this Declaration. No Supplementary Declaration may change the Percentage Interests other than as provided in this Article XIV, unless such Supplementary Declaration is joined by one hundred percent (100%) of the Unit Owners in the manner required for amendment of the Declaration to change Percentage Interests of ownership in Common Areas and Facilities.

3. Supplementary Declaration to Add Property. Each Owner and his respective mortgagees, by acceptance of a deed conveying a Unit or a mortgage encumbering such Unit, as the case may be, hereby authorizes, directs and empowers Declarant, in the event that Declarant exercises the rights reserved in Section 1 of this Article XIV to add to the Condominium Property, to execute, acknowledge and record for and in the name of such Owner and any such mortgagee a Supplementary Declaration for such purpose, and for and in the name of such respective mortgagees a consent and joinder to such Supplementary Declaration. Such Supplementary Declaration may amend this Declaration in such respects as Declarant may deem advisable in order to effectuate the addition of such properties to the Condominium Property.

4. Effect of Additions. In the event that any additional lands are added to the Condominium Property pursuant to Section 1 of this Article XIV, (a) such additional lands shall be considered within the definition of Condominium Property for all purposes of this Declaration, specifically including without limitation, the extension of the jurisdiction, functions, duties and membership of the Condominium Association to such annexed properties, and (b) all voting by Owners hereunder shall be aggregated, it being intended that any voting requirements need not be fulfilled separately for the real property described as Phase I and for each tract of additional lands described in a Supplementary Declaration or other documentation.

ARTICLE XV.

GENERAL PROVISIONS

1. Covenants Running with the Land. All provisions of this Declaration shall be construed to be covenants running with the land, and with every part thereof and interest therein including, but not limited to, every Unit and the appurtenances thereto; and each and every provision of the Declaration shall bind and inure to the benefit of all Unit Owners and claimants of the land or any part thereof or interest therein and their heirs, executors, administrators, successors and assigns.

2. Duration. So long as North Carolina law limits the period during which covenants restricting lands to certain uses may run, it shall be the duty of the Board of Directors to cause the covenants contained herein, as amended from time to time, to be extended when necessary by filing a document bearing the signatures of a Majority of the then Owners reaffirming and newly adopting the Declaration and covenants then existing in order that the same may continue to be covenants running with the land. Such adoption by a Majority shall be binding on all, and each Owner of any Unit, by acceptance of a deed therefor, is deemed to agree that the Declaration and covenants may be extended as provided in this Section 2.

3. Bylaws. A true copy of the Bylaws of the Condominium Association, which together with this Declaration shall govern the administration of the Condominium, is attached hereto as Exhibit C, and, by reference, made a part hereof.

4. Enforcement. Each Owner shall comply strictly with the Bylaws and with the administrative Rules and Regulations adopted pursuant thereto and to this Declaration, as either of the same may be lawfully amended from time to time, and with the covenants, conditions and restrictions set forth in this Declaration or in the deed of his or her Unit. Failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the Board of Directors on behalf of the Condominium Association or by an aggrieved Owner. Failure by the Condominium Association or by any Owner to enforce any of the foregoing shall in no event be deemed waived of the right to do so thereafter.

5. Rule Against Perpetuities. If any covenant, condition, restriction or other provision of this Declaration shall be unlawful, void or voidable, for violation of the Rule Against Perpetuities, then such provisions shall continue only until 21 years after the death of the last person of the following group of persons living at the date of the recording of this Declaration: JAMES GRIER WALLACE, JR., ELIZABETH GARRETT WALLACE, JOHN WHITWORTH WALLACE, B. D. FARMER, IV, JANET PATRICIA FARMER, and SARAH KATHRYN FARMER.

6. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

7. Interpretation. The provisions of this Declaration and the Bylaws shall be liberally construed to effectuate the purpose of creating a uniform plan for the development and operation of the Condominium Property.

8. Captions. The captions herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Declaration or the intent of any of the provisions hereof.

9. Law Controlling. This Declaration and the Bylaws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina; provided, however, that if there are conflicts or inconsistencies in the Act, this Declaration or the Bylaws, the terms and provisions of the Act and this Declaration (in that order) shall prevail and the Unit Owners covenant to vote in favor of such amendments as will remove such conflict or inconsistencies, except that where the Act, the Declaration or the Bylaws conflict and the provisions of the Act

are merely enabling and not mandatory, the provisions of the Declaration or the Bylaws (in that order) shall control.

10. Rights Reserved Unto Mortgagees.

(a) None of the following may be effected unless each mortgagee owning a note or bond secured by a deed of trust encumbering a Unit or Units agrees in writing to the proposed action and any document or agreement which undertakes to accomplish any of the following shall be void and a nullity unless each such mortgagee agrees thereto, as evidenced by their execution of a written document specifically approving such action, to wit:

(i) Any change in the requirements of insurance coverage to be maintained by the Condominium Association as established by this Declaration.

(ii) Any amendment to the provisions of this Declaration with respect to reconstruction of improvements or termination of the Condominium Property in the event of casualty or condemnation.

(iii) Any amendment to the provisions of this Declaration with respect to entitlement to condemnation or insurance proceeds or with respect to the conditions under which the same shall be disbursed or the parties to whom such proceeds shall be disbursed.

(iv) Any amendment to the provisions of this Declaration with respect to partitioning or subdividing any Unit or the Common Areas and Facilities.

(v) Any amendment to the provisions of this Declaration with respect to a change in the percentage interests of Unit Owners in the Common Areas and Facilities.

(vi) Any other amendment which, if effected, will adversely alter or modify the rights and privileges granted or reserved hereunder in favor of, or with respect to, any mortgagee.

(b) In addition to the foregoing, each Institutional Lender and any guarantor or insurer of an Institutional Mortgage shall also be entitled to examine, upon request and at reasonable times and upon reasonable notice, the books and records of the Condominium Association and to be furnished a copy of an annual audited financial statement and operating statement of the Condominium Association prepared by a Certified Public Accountant, with such statements to be furnished on or before April 1 of each calendar year.

(c) If any Institutional Lender, or any guarantor or insurer of an Institutional Mortgage, has served written notice of its desire to receive notices under this subsection (c) of paragraph 10 of Article XV upon the Association by certified mail, return receipt requested, addressed to the Association and sent to its address stated herein, identifying the Institutional Mortgage that it holds, guarantees, or insures, which notice designates the place to which notices are to be given by the Association to such party, then such party shall have the right to receive from the Association prompt written notice of the following:

(i) Default under any of the terms and provisions of the Condominium Documents by any Owner owning a Unit encumbered by an Institutional Mortgage held, insured, or guaranteed by such party.

(ii) Any loss or damage to or condemnation or taking of the Common Areas or any loss or damage to or condemnation or taking

of a Unit encumbered by an Institutional Mortgage held, insured or guaranteed by such party.

(iii) Any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.

(iv) Any proposed action by the Association, the Board, or the Owners, which under the terms of the Condominium Documents requires the consent of all or any portion of the Institutional Mortgages.

(v) The call of any meeting of the membership. (Such party shall have the right to designate a non-Unit Owner representative who shall be privileged to attend.)

11. Severability. Invalidation of any covenant, condition, restriction or other provision of this Declaration or of the Bylaws shall not affect the validity or enforceability of the remaining portions thereof.

12. FHA/VA Approval. In the event the Declarant has arranged for and provided purchasers of Units with VA and/or FHA insured mortgage loans, then as long as Declarant owns twenty-five (25%) percent of the Units in all Phases of Devonshire Court Condominium but in no event longer than December 31, 1991, the following actions will require the prior approval of the Federal Housing Administration and/or the Veterans Administration: Annexation of additional properties, dedication of Common Area and amendment of the Declaration.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed in its corporate name and its corporate seal to be hereunto affixed as of the day and year above written.

ATTEST:

JOHN CROSLAND COMPANY

Bette J. Nazarek
Asst. Secretary

By: Paul P. Leonard
President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 24th day of June, 1985, personally came before me, Paul P. Leonard, who being by me duly sworn says that he is the President of John Crosland Company and that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said Paul P. Leonard acknowledged the said writing to be the act and deed of said corporation.

Susan M. Maxwell
Notary Public

My Commission Expires:

6-26-87

EXHIBIT A

to

Declaration of Unit Ownership for
Devonshire Court Condominium

BEGINNING at a point in the southwesterly margin of the right-of-way of Lynton Boulevard, said point being the easternmost rear corner of Lot 1 in Block 1 of Lynton Place subdivision as shown on Map Book 20 at Page 808 in the Mecklenburg Public Registry and running thence with said margin with the right-of-way of Lynton Boulevard six calls and distances as follows: (1) in a southeasterly direction with the arc of a circular curve to the left having a radius of 1,454.45 feet, an arc distance of 48.46 feet to a point; (2) S 4-43-30 E 157.70 feet to a point; (3) continuing in a southerly direction with the arc of a circular curve to the left having a radius of 655.78 feet, an arc distance of 313.38 feet to a point; (4) S 32-06-20 E 98.0 feet to a point; (5) continuing in a southerly direction with the arc of a circular curve to the right having a radius of 686.84 feet, an arc distance of 187.81 feet to a point; and (6) S 16-26-18 E 26.20 feet to a point; thence in a southerly direction with the arc of a circular curve to the right having a radius of 20.0 feet, an arc distance of 31.0 feet to a point in the westerly margin of the right-of-way of Albemarle Road; thence with said margin of the right-of-way of Albemarle Road three calls and distances as follows: (1) in a southerly direction with the arc of a circular curve to the left having a radius of 2,362.23 feet, an arc distance of 235.41 feet to a point; thence S 66-39-30 W 337.64 feet to a point; and (3) in a southerly direction with the arc of a circular curve to the left having a radius of 906.59 feet, an arc distance of 25.95 feet to a point in the line of the property of Jack N. Bulla; thence with the Bulla property two calls and distances as follows: (1) N 20-39-25 W 420.0 feet to a point and (2) S 76-33-40 W 538.21 feet to a point in the rear line of Lot 14 in Block F of the property shown in Map Book 17 at Page 346 in the Mecklenburg Public Registry; thence with the rear property lines of Lots 9 through 14 in Block F as shown on the aforesaid map two calls and distances as follows: (1) N 2-51-15 E 408.58 feet to a point and (2) N 18-44-07 W 147.20 feet to a point; thence N 68-15 E 420.42 feet to a point; thence N 55-02 E 108.0 feet to a point; thence N 77-18-47 E 94.90 feet to a point; thence S 89-23-17 E 135.19 feet to a point; thence N 81-28 E 50.0 feet to a point; thence S 82-07-20 E 84.27 feet to a point; thence S 14-45-54 E 18.55 feet to a point; thence N 83-57 E 155.99 feet to the point or place of Beginning containing 18.921 acres as shown on survey by John R. Yarbrough & Associates, Inc.

EXHIBIT B

to

Declaration of Unit Ownership

for

Devonshire Court Condominiums Phase I

BEGINNING at a point in the southerly margin of the right-of-way of Tremaine Court, said point being located two calls and distances along the easterly margin of the right-of-way of Lynton Boulevard from the northernmost corner of Lot 1 in Block 1 of Lynton Place Subdivision as shown on Map recorded in Map Book 20 at Page 808 in the Mecklenburg Public Registry as follows: (1) in a northerly direction with the arc of a circular curve to the left having a radius of 1,454.45 feet, an arc distance of 48.46 feet (chord bearing and distance N 3-32-50 W 60 feet) to a point; and (2) N 4-43-30 W 157.70 feet to the point or place of Beginning, said Beginning Point also being located 499.98 feet in a southerly direction along the easterly margin of the right-of-way of Lynton Boulevard from its intersection with the southerly margin of the right-of-way of Albemarle Road, and running thence from said Beginning point in a northerly direction with the arc of a circular curve to the left having a radius of 655.78 feet, a chord bearing of N 6-41-30 W, a chord distance of 44.99 feet to a point; thence N 78 E 50.0 feet to a point; thence N 74-30 E 50.0 feet to a point; thence N 72 E 50.0 feet to a point; thence N 64-30 E 50.0 feet to a point; thence N 53-49-20 E 59.53 feet to a point; thence S 43-30 E 105.0 feet to a point; thence S 24-10 E 135.0 feet to a point; thence S 5-42-10 W 44.41 feet to a point; thence S 48 W 90.0 feet to a point; thence N 42 W 141.0 feet to a point; thence N 48 E 115.88 feet to a point; thence N 37 W 79.96 feet to a point; thence S 44-30 W 73.73 feet to a point; thence S 72 W 50.0 feet to a point; thence S 78 W 50.0 feet to a point; thence S 56-54-20 W 84.46 feet to the point or place of Beginning as shown on survey for Phase I of Devonshire Court Condominium by James R. Harrington & Associates, dated March 26, 1985.

EXHIBIT C

BYLAWS
OF
DEVONSHIRE COURT HOMEOWNERS ASSOCIATION
AND
DEVONSHIRE COURT CONDOMINIUM

Section 1: Definitions

Any definition of a term set forth in North Carolina General Statutes Section 47A-3 which is not inconsistent with the definitions hereinafter incorporated from the Declaration of Unit Ownership under Chapter 47A of the North Carolina General Statutes for Devonshire Court Condominium ("Declaration") is incorporated herein by reference. Unless the context clearly indicates otherwise, any term not otherwise defined in these Bylaws shall have the same meaning as in the Declaration.

Section 2: Administration of the Devonshire Court Condominium

2.1. Corporation. Devonshire Court Homeowners Association ("Association") was formed solely for the purpose of administering, managing and being in charge of the operation of the Condominium Property, and these Bylaws shall govern the administration of the Condominium Property as required by Section 47A-18 of the North Carolina Unit Ownership Act (the "Act"). The Association shall not engage in any other activities and shall confine itself to the administration and government of the Condominium Property.

2.2. Authority. The Association, its Board of Directors, its officers and its members, shall at all times act in conformity with the Act, the Declaration, the Articles of Incorporation of the Association, these Bylaws and the Rules and Regulations adopted by the Board of Directors pursuant to Article VI, Section 10, of the Declaration and these Bylaws. In the administration, operation and management of the Condominium Property, the Association shall have the authority and power to enforce the provisions of these Bylaws and the Declaration, to levy and to collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such Rules and Regulations governing the use of the Units and Common Areas and Facilities as its Board of Directors may deem to be in its best interest.

Section 3: Offices - Seal - Fiscal Year

3.1. Principal Office - Registered Office. The initial registered office of the Association shall be located at 145 Scaleybark Road, Charlotte, North Carolina. The Association may change the registered office as it deems it necessary.

3.2. Other Offices. The Association may have other offices at such other places within the State of North Carolina as the Board of Directors may from time to time determine or as the affairs of the Association may require.

3.3. Seal. The seal of the Association shall contain the name of the Association, the word "Seal," year of incorporation and such other words and figures as desired by the Board of Directors. When obtained, said seal shall be impressed in the space below:

DEVONSHIRE COURT CONDOMINIUM PHASE I
Percent Interest Chart

<u>Unit Type</u>	<u>Description</u>	<u>Square Footage</u>
A	1 BR, 1B, LR/DR, K, Sun Room, FP	835
B	2 BR, 2B, LR/DR, K, FP	1023
C	2 BR, 2B, LR, DR, K, FP	975
D	3 BR, 2B, LR/DR, K, FP	1198

<u>Bldg. No.</u>	<u>Unit No. on Plans</u>	<u>Address</u>	<u>Location</u>	<u>Unit Type</u>	<u>% Interest</u>
1	A	8020-A Tremaine Ct.	1st Floor Right Front	D	12.5000
1	B	8020-B Tremaine Ct.	1st Floor Right Rear	D	12.5000
1	C	8020-C Tremaine Ct.	2nd Floor Right Front	D	12.5000
1	D	8020-D Tremaine Ct.	2nd Floor Right Rear	D	12.5000
1	E	8020-E Tremaine Ct.	1st Floor Left Front	D	12.5000
1	F	8020-F Tremaine Ct.	1st Floor Left Rear	D	12.5000
1	G	8020-G Tremaine Ct.	2nd Floor Left Front	D	12.5000
1	H	8020-H Tremaine Ct.	2nd Floor Left Rear	D	12.5000

2/14/85

3.4. Fiscal Year. The fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the Association, the fiscal year shall commence with the closing of the sale of the first Unit.

Section 4: Membership and Meetings

4.1. Qualification. Membership in the Association shall be confined to and consist of the Unit Owners. Membership shall be appurtenant to and inseparable from Unit ownership.

Membership in the Association shall inure automatically to Unit Owners upon acquisition of the fee simple title, whether encumbered or not, to any one or more Units. The date of recordation of the conveyance in the Office of the Register of Deeds of Mecklenburg County, North Carolina, of the Unit in question shall govern the date of ownership of each particular Unit. In the case of death, however, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of will in the case of testacy. Until a decedent's will is probated, the Association may rely on the presumption that a deceased owner died intestate.

4.2. Place of Meetings. All meetings of the membership shall be held at the registered office of the Association or at such other place as may be designated from time to time by the Board and included in the notice of meeting, provided that all meetings shall be held within Mecklenburg County, North Carolina.

4.3. Annual Meetings. The first annual meeting of the members shall be held at the date and hour designated by the Declarant within sixty (60) days after the conveyance of the Declarant of the Unit which leaves Declarant as the Owner of twenty-five percent (25%) or less of the Units or on December 1, 1990, whichever occurs first. Thereafter, the annual meetings of the members shall be held on the third Monday in February of each year, at 7:30 p.m., Eastern Standard Time. If the third Monday in February should be a legal holiday, the annual meeting shall be held at the same hour on the first day following which is not a legal holiday. At such meetings the Board of Directors shall be elected and the members shall transact such other business as may properly come before them.

4.4. Substitute Annual Meetings. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Sections 4.5 and 4.6. A meeting so called shall be designated and treated for all purposes as the annual meeting.

4.5. Special Meetings. Special meetings of the members may be called at any time by the President, Secretary or Board of Directors of the Association, or by any member pursuant to the written request of the holders of not less than twenty-five percent (25%) of the Percentage Interests.

4.6. Notice of Meetings - Waiver. Written or printed notice stating the time and place of the meeting shall be delivered not less than ten (10) nor more than thirty (30) days before the date of any membership meeting, either personally or by mail, by or at the direction of the President, the Secretary or other person calling the meeting, to each Member entitled to vote at such meeting. If delivered personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail, postage

prepaid and addressed to the member at his or her post office address as it appears on the records of the Association as of the date of mailing such notice.

Notice given to any one tenant-in-common or tenant-by-entirety of a Unit shall be deemed notice to all co-owners of such Unit.

In the case of a special meeting, the notice of meeting shall specifically state the purpose or purposes for which the meeting is called; but, in the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat unless the business to be transacted is an amendment of these Bylaws or such a statement is required by the provisions of Chapter 55A of the North Carolina General Statutes.

Any member may waive the necessity of formal notice to him by signing a written waiver either before or after the meeting. Upon execution of such a waiver, a member shall not be entitled thereafter to object to the holding of the meeting or matters being passed upon at said meeting because of lack of notice thereof.

4.7. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of members entitled to vote one-half (1/2) of the total Percentage Interests shall constitute a quorum at all meetings of the members. If any meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these Bylaws or the Declaration), the members who are present, either in person or by proxy, may adjourn the meeting and all Unit Owners shall be notified of the time of the adjourned meeting. If a quorum is not present at such adjourned meeting, those members present shall be deemed to constitute a quorum, provided that the number present shall be at least ten (10%) percent of the total Percentage Interests, and shall be authorized to transact business.

The members at any meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum, unless a higher percentage of votes is required.

4.8. Voting Rights. The total number of votes of all Unit Owners shall be Ten Thousand (10,000), said total number remaining unchanged in the event of the expansion of the Condominium Property and addition of Units.

The number of votes in the Association to which each Unit Owner (including any future owner of a Unit in any other Phase) is entitled shall be computed by multiplying the Percentage Interest of such Unit as set forth in Article XIV, Section 2, of the Declaration and in Exhibit D to the Declaration (as such Percentage Interest may be changed from time to time by addition of the Expansion Land or a portion or portions thereof to the Condominium Property) by 100, so that the maximum number of votes eligible to be cast by the Unit Owners as a group shall be 10,000.

The vote of the Owners of a Unit owned by more than one person or by a corporation or other entity shall be cast by the one individual named in a certificate signed by all of the Owners of the Unit and filed with the Secretary of the Association, and such certificate shall be valid until revoked by subsequent certificate. If such a certificate is not on file, the vote of such Owners shall not be considered for any purpose.

The owners of a life estate in a Unit shall be entitled to cast the vote appurtenant to such Unit as against the owners of a reversion or remainder interest. The above provisions concerning one voter shall also apply to those owning joint or multiple life estates in any particular Unit.

4.9. Proxies. Members may vote either in person or by agents duly authorized by a written proxy executed by a member or by his duly authorized attorney-in-fact. A proxy is not valid after the expiration of eleven (11) months from the date of its execution, unless the person executing it specified therein the length of time for which it is to continue in force, or limits its use to a particular meeting, but no proxy shall be valid after ten (10) years from the date of its execution. Unless a proxy otherwise provides, any proxy holder may appoint in writing a substitute to act in his place.

4.10. Majority Vote. The casting of a majority of the votes represented at a meeting at which a quorum is present, in person or by proxy, shall be binding for all purposes except where a higher percentage vote is required by the Declaration, the Articles of Incorporation of the Association, these Bylaws or by law.

4.11. Actions without Meeting. Any action which may be taken at a meeting of the membership may be taken without a meeting if a consent or ratification, in writing, setting forth the action so taken or to be taken shall be signed by persons who would be entitled to vote all of the Ten Thousand (10,000) votes upon such action at a meeting and such consent is filed with the Secretary of the Association and inserted in the minute book of the Association.

4.12. Order of Business. As far as practical, the order of business at any meeting of members shall be:

- a. calling of the roll and certifying of proxies;
- b. proof of notice of meeting or waiver of notice;
- c. reading and disposal of any unapproved minutes;
- d. election of Directors in the manner provided in Section 5.6 of these Bylaws;
- e. reports of Officers;
- f. reports of Committees;
- g. unfinished business;
- h. new business; and
- i. adjournment.

4.13. Voting by Members. Voting on all matters except election of directors shall be by voice or by a show of hands unless one tenth (1/10) of the votes represented at the meeting shall, prior to the voting on any matter, demand a ballot vote on that particular matter.

4.14. Voting Lists. At least ten (10) days before each meeting of members, the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereto, with the address of each such member. This list shall be kept on file at the registered office of the Association for a period of ten days prior to such meeting, and shall be subject to inspection by any member at any time during

the usual business hours. This list shall also be produced and kept open at the time and place of the meeting and shall be subject to inspection by any member during the whole time of the meeting.

Section 5: Board of Directors

5.1. General Powers. The business and affairs of the Association shall be managed by the Board of Directors.

5.2. Number, Term and Qualification. The initial Board of Directors will consist of five persons whose names are set forth in the Articles of Incorporation of Devonshire Court Homeowners Association. The undertakings and contracts authorized by the initial Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the membership after the Declaration had been recorded, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with all applicable Condominium Documents. From and after the date of the first annual membership meeting there shall be five directors. The initial Board shall serve until their successors are elected at the first annual membership meeting. Each director shall hold office until his death, resignation, retirement, removal, or disqualification, or until his successor is elected and qualifies. Directors need not be members of the Association or residents of North Carolina, and each director shall be at least twenty-one years of age.

5.3. Classification of Directors. Directors of the Association shall be chosen by the members (including Declarant) at annual meetings as provided in Section 5.6 of these Bylaws. So long as the Declarant has or retains the right to designate any directors as provided in Section 5.4 of these Bylaws, each director so chosen shall serve for a term of one year, or until his or her successor is duly elected and qualified at the next annual meeting.

Beginning with the first annual meeting, the Board of Directors shall be divided into three classes as nearly equal in number as may be, with the term of office of a class expiring each year. Directors of the first class shall be elected to hold office for a term expiring at the next annual meeting, directors of the second class shall be elected to hold office for a term expiring at the second succeeding annual meeting, and the directors of the third class shall be elected to hold office for a term expiring at the third succeeding annual meeting. However, all Directors appointed by Declarant shall continue to serve for a term of one year. When the number of directors is changed by amendment to these Bylaws, any newly created directorships or any decrease in directorships shall be so apportioned among the classes as to make all classes as nearly equal in number as possible. When the number of directors is increased and any newly created directorships are filled by the Board of Directors, there shall be no classification of the additional directors until the next annual meeting of stockholders.

At the first annual meeting at which directors are to be classified, the number of directorships allocated to each class shall be such as to make the first class as large as or larger than either the second class or the third class and to make the second class as large as or larger than the third class, while still making the classes as nearly equal in number as possible. The persons receiving the highest number of votes shall be placed in the third class, those receiving the second highest number of votes

shall be placed in the second class, and those receiving the third highest number of votes shall be placed in the first class.

5.4. Declarant's Right to Designate Directors. Until the first annual meeting of the members as provided in Section 4.3 hereof, the Declarant shall have the right to remove any director and designate his replacement. At the first annual meeting and at subsequent annual meetings, Declarant shall have the right to designate a majority of the directors until 120 days after the date by which seventy-five (75%) percent of the Units have been conveyed or at the end of the fifth year after the first unit has been conveyed, whichever shall occur first; provided, however, that in the event Declarant's right to designate a majority of the directors shall have ceased by reason of the expiration of one hundred twenty (120) days after conveyance of seventy-five (75%) percent of the Units, and thereafter Declarant shall add Units to the Condominium pursuant to Article XIV of the Declaration, and by reason of such addition Declarant shall own more than twenty-five (25%) percent of the Units in the Condominium, then Declarant shall again have the right to designate a majority of the directors until the earliest to occur of the above-stated events.

5.5. Nominations. Nominations for election to the Board of Directors shall be made by a Nominating Committee consisting of a Chairman, who shall be a member of the Board, and two members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the members to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Nominations may also be made from the floor at the annual meeting.

5.6. Election of Directors. Election of Directors shall be conducted in the following manner:

(a) The Declarant shall, at the beginning of the election of the Board of Directors, select that number of the members of the Board of Directors which it shall be entitled to select in accordance with the terms of these Bylaws, and upon such selection, by written instrument presented to the meeting at which such election is held, said individuals so selected by the Declarant shall be considered directors of the Association, and shall thenceforth perform the offices and duties of such Directors until their successors shall have been elected in accordance with the provisions of these Bylaws. Any directors selected by Declarant shall be directors of the first and second class and shall serve for one year terms.

(b) All members of the Board of Directors whom the Declarant shall not be entitled to select under the terms and provisions of these Bylaws shall be elected by a plurality (or excess of votes cast over those of opposing candidates) of the votes cast at the Annual Meeting of the members of the Association immediately following the selection of the members of the Board of Directors whom the Declarant shall be entitled to select and voting shall be non-cumulative as provided in subparagraph (d) hereof.

(c) Vacancies in the Board of Directors may be filled until the date of the next annual meeting by the remaining directors, except that should any vacancy in the Board of Directors be created in any directorship previously filled by any person selected by the Declarant, such vacancy shall be filled by the Declarant's selection, by written instrument delivered to any

officer of the Association, of the successor director to fill the vacated directorship for the unexpired term thereof.

(d) At each annual meeting the members shall elect the number of directors provided in these Bylaws, as classified in accordance with Section 5.3 hereof, for the terms set out in Section 5.3. Every member entitled to vote shall have the right to vote a total number of votes held by such member as set out in Section 4.8 of these Bylaws, for as many persons as there are directors to be elected (without regard to classification). Cumulative voting shall not be allowed. Persons receiving the highest number of votes shall be elected.

Notwithstanding the fact that the Declarant may be entitled to select a majority of the members of the Board of Directors, it shall still be entitled to cast the vote for each Unit owned by it in the elections of other Directors; provided, however, that the other directors elected are persons other than officers, directors, stockholders and employees of the Declarant, or wives and relatives of any said persons.

(e) In the event that the Declarant, in accordance with the rights herein established, selects any person to serve on any Board of Directors of the Association, the Declarant shall have the absolute right at any time, in its sole discretion, to replace such person with another person to serve on any Board of Directors. Replacement of any person designated by the Declarant to serve on any Board of Directors of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from the Board of Directors. The removal of any director and designation of his or her successor shall be effective immediately upon delivery of such written instrument by the Declarant to any officer of the Association.

(f) Any director (other than a director selected by the Declarant) may be removed from the Board, with or without cause, by a majority vote of the members of the Association at any special or regular meeting of the membership. "Majority vote" shall mean the vote of a Majority of Unit Owners as defined in Article I, Section 2(p) of the Declaration, voting in accordance with these Bylaws. If any Directors are so removed, new directors may be elected by the membership at the same meeting.

5.7. Vacancies. Except as otherwise provided in Section 5.6 hereof, a vacancy occurring in the Board of Directors may be filled by a majority of the remaining directors, though less than a quorum, or by the sole remaining director; but a vacancy created by an increase in the authorized number of directors shall be filled only by election at an annual or substitute annual meeting or at a special meeting of members called for the purpose or by unanimous consent of the members without meeting. The members may elect a director at any time to fill any vacancy not filled by the directors. As indicated in Section 5.6(f), the membership shall have the right to fill any vacancy created by the membership's removal of a director.

5.8. Chairman. There may be a Chairman of the Board of Directors elected by the directors from their number at any meeting of the Board. The Chairman shall preside at all meetings of the Board of Directors and perform such other duties as may be directed by the Board. In the absence of the Chairman, the President shall preside at all meetings of the Board of Directors.

5.9. Compensation. Directors' fees, if any, shall be determined by the members of the Association. Each Director shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association. Each Director, by assuming office, waives his right to institute suit against or make claim upon the Association for compensation based upon quantum meruit, if no fees are set by the members.

5.10. Loans to Directors and Officers. No loans shall be made by the Association to its directors or officers. The directors of the Association who vote for or assent to the making of a loan to a director or officer of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment thereof.

5.11. Meetings of Directors.

(a) Organizational Meetings. Immediately after each annual meeting of members of the Association, the newly elected (or selected) directors and those directors whose terms hold over shall hold an organizational meeting for the purpose of electing officers and transacting other business. Notice of such meetings need not be given.

(b) Regular Meetings. Regular meetings shall be held at least bi-monthly without notice, at such hour and place as may be fixed from time to time by resolution of the Board. Should such meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

(c) Special Meetings. Special meetings shall be held when called by the President of the Association, or by any two directors, after not less than five nor more than thirty days' written notice to each director.

(d) Notices of Special Meetings. Written notice stating the time and place of the meeting shall be delivered not less than five nor more than thirty days before the date of the meeting. The notice provided for herein may be waived by written instrument signed by those directors who do not receive said notice. Notices shall be deemed received upon the happening of any one of the following events: (1) one day following deposit of same in the United States mails with proper postage paid and addressed to the director at his last known address on file with the Association, (2) deposit of same at his door at Devonshire Court Condominium, should he reside there, or (3) delivery to the director. Attendance by a director at a meeting shall constitute a waiver of notice of such meeting unless the director gives a written statement at the meeting to the person presiding in which he objects to the transaction of any business because the meeting is not lawfully called.

(e) Quorum. A majority of the directors then holding office shall constitute a quorum for the transaction of business and every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act or decision of the Board. A majority of the Directors present at a meeting duly held, whether or not a quorum is present, may adjourn such meeting from time to time. If any meeting is adjourned for lack of a quorum or without completing the business scheduled to come before the meeting, notice of the time and place to which such meeting is adjourned need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting. If a quorum is not present at an adjourned meeting, the directors who are present shall be deemed to constitute a quorum and shall be authorized to transact business,

provided that the number present shall be at least one-third (1/3) of the directors then holding office. At each meeting of the Board at which a quorum is present, all questions and business shall be determined by a majority vote of those present, except as may be otherwise expressly provided in the Declaration, Articles of Incorporation or these Bylaws.

5.12. Action without Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors. Said written approval shall be filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

5.13. Presumption of Assent. A director of the Association who is present at a meeting of the Board of Directors, at which action on any Association matter is taken, shall be presumed to have assented to the action taken unless his contrary vote is recorded or his dissent is otherwise entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

5.14. Powers and Duties. The Board of Directors shall have all powers and duties necessary for the administration of the Condominium Property except such powers and duties as by law or by the Condominium Documents may not be delegated by the Unit Owners to the Board. The powers and duties to be exercised by the Board shall include, but shall not be limited to the following:

(a) Operation, care, upkeep and maintenance of the Common Areas and Facilities;

(b) Determination of the funds required for operation, administration, maintenance and other affairs of the Condominium Property and collection of the Common Expenses from the Unit Owners, as provided in the Declaration;

(c) Employment and dismissal of personnel necessary for the efficient operation and maintenance of the Condominium Property;

(d) Adoption of Rules and Regulations covering the details of the operation and use of the Condominium Property, which shall include the Units and the Common Areas and Facilities as provided in Article VI, Section 10, of the Declaration. This power shall include the authority to enforce by legal means or proceedings the provisions of the Condominium documents;

(e) Suspension of the voting rights and rights to use of the Common Area and Facilities as provided in Article VI, Section 11, of the Declaration;

(f) Opening of bank accounts on behalf of the Association and designating the signatories required therefor;

(g) Purchasing, leasing or otherwise acquiring in the name of the Association, or its designee, Units offered for sale or lease or surrendered by their Owners to the Association;

(h) Purchasing Units at foreclosure or other judicial sales in the name of the Association, or its designee, with the

unanimous consent of all Unit Owners except the Owner of the Unit in question;

(i) Selling, leasing, mortgaging, voting the votes appurtenant (other than for the election of directors), or otherwise dealing with Units acquired by the Association or its designee;

(j) Granting licenses for vending machines;

(k) Obtaining insurance for the Condominium Property;

(l) Authorizing the execution and delivery by officers of the Association of contracts, agreements and other documents in furtherance of the Declaration and these Bylaws;

(m) Keeping detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Areas and Facilities, specifying and identifying the maintenance and repair expenses of the Common Areas and Facilities and any other expense incurred. Both said records and the vouchers accrediting the entries thereupon shall be available for examination by all the Unit Owners, or their duly authorized agents or attorneys, at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good and accepted accounting practices and an outside audit shall be made at least once a year;

(n) Keeping a complete record of the minutes of all meetings of the directors and membership, in which minute book shall be inserted action taken by the directors or members by consent without meeting; and

(o) Supervising all officers, agents and employees of the Association and insuring that their duties are properly performed.

(p) Contracting for the management of the Condominium Property and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration or these Bylaws to have approval of the Board of Directors or membership of the Association, all in accordance with Article VI, Section 4 of the Declaration.

(q) Borrowing money on the credit of the Association and to obtain funds for any expenditure which may be made by the Association.

5.15. Attendance by Unit Owners. Unit Owners who are not members of the Board of Directors shall not have the right to receive notice of or to attend any meeting of the Board of Directors, unless the Board of Directors in its sole discretion elects to invite all Unit Owners to attend; provided, however, that the Board of Directors may request the attendance of a Unit Owner or Unit Owners who are members of advisory committees formed pursuant to these bylaws at any meeting without inviting all Unit Owners to attend. The secretary shall give Unit Owners notice, in accordance with these bylaws, of all meetings to which the Board of Directors elects to invite Unit Owners. At each such meeting which Unit Owners are entitled to attend, the attending Unit Owners shall have the right to speak, but not the right to vote.

5.16. Transactions with Members of the Board of Directors. The Board of Directors, on behalf of the Association, may enter into contracts or other transactions with members of the Board of Directors or with any entity in which a member of the Board of Directors is an officer or director or has a financial interest

(either directly or indirectly through any spouse, parent, child or sibling), and such contracts and transactions shall be valid and enforceable obligations of the Association; provided that (i) the fact that such member of the Board of Directors is such an officer or director or has such financial interest is disclosed to the Board of Directors prior to the entering into of such contract or transaction, (ii) such fact is entered into the minutes of the meeting of the Board of Directors at which such contract or transaction is approved in good faith by the requisite number of votes (counting such interested member of the Board of Directors as present for purposes of determining a quorum but not for purposes of determining approval).

5.17. Participation by Conference Telephone. Board members not able to be present at a meeting shall be able to participate and vote in the meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

Section 6: Officers

6.1. Enumeration of Officers. The officers of the Association shall consist of a President, a Secretary, a Treasurer and such Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as the Board of Directors may from time to time elect. Except for the President, no Officer need be a member of the Board of Directors.

6.2. Election and Term. The officers of the Association shall be elected annually by the Board of Directors. Such elections shall be held at the first meeting of the Board next following the annual or substitute annual meeting of the members. Each officer shall hold office until his death, resignation, removal or until his successor is elected.

6.3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board whenever in its judgment the best interest of the Association will be served thereby.

6.4. Vacancy. A vacancy in any office may be filled by the election by the Board of Directors of a successor to such office. Such election may be held at any meeting of the Board. The officer elected to such vacancy shall serve for the remainder of the term of the Officer he replaces.

6.5. Multiple Offices. The person holding the office of President shall not also hold the office of Secretary or Treasurer at the same time. Any other offices may be simultaneously held by one person.

6.6. President. The President shall be a member of the Board of Directors and shall be the chief executive officer of the Association and shall preside at all meetings of the members. In the absence of an elected chairman, he shall also preside at all meetings of the Board of Directors. He shall see that the orders and resolutions of the Board of Directors are carried out; he shall sign all written instruments regarding the Common Areas and Facilities and shall co-sign all checks drawn in excess of \$_____ and promissory notes, if any. He shall have all of the general powers and duties which are incident to the office of President of a corporation organized under Chapter 55A of the North Carolina General Statutes in the supervision and control of the management of the Association in accordance with these Bylaws.

6.7. Vice Presidents. The Vice Presidents in the order of their election, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the President, perform the duties and exercise the powers of that office. In addition, they shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

6.8. Secretary. The Secretary shall keep the minutes of all meetings of members and of the Board of Directors; he shall have charge of such books and papers as the Board of Directors may direct; he shall, in general, perform all duties incident to the office of Secretary of a corporation organized under Chapter 55A of the North Carolina General Statutes.

6.9. Treasurer. The Treasurer shall have the responsibility for the Association funds and securities and shall be responsible for keeping full and accurate financial records in books of account showing all receipts and disbursements, and for the preparation of all required financial statements. He shall co-sign all checks and promissory notes of the Association; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year showing all income and expenditures for the then ending fiscal year, to be presented to the membership at its annual meeting; and shall deliver a copy of such annual audit of each to the members. Upon designation by the Board of Directors, the manager may replace the treasurer as a co-signer of checks not in excess of \$1,500.00. He shall perform all duties incident to the office of Treasurer of a corporation organized under Chapter 55A of the North Carolina General Statutes. Notwithstanding the above, the Board of Directors may designate the property manager, if any, to sign all checks of the Association.

6.10. Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers shall, in the absence or disability of the Secretary or the Treasurer, respectively, perform the duties and exercise the powers of those officers, and they shall, in general perform such other duties as shall be assigned to them by the Secretary of the Treasurer, respectively, or by the President or the Board of Directors.

6.11. Compensation. No Officer shall receive any compensation from the Association for acting as such. Provided, however, each Officer shall be reimbursed for reasonable out-of-pocket expenses incurred and paid by him on behalf of the Association.

6.12. Indemnification of Directors and Officers. Each director and officer of the Association, and each former director and former officer of the Association, shall be indemnified by the Association against the costs and expenses reasonably incurred by him or her in connection with the defense of any pending or threatened action, suit or proceeding, criminal or civil, to which he or she is or may be made a party by reason of his or her being or having been such director or officer of the Association (whether or not he or she is a director or officer at the time of incurring such costs and expenses), except with respect to matters as to which he or she shall be adjudged in such action, suit or proceeding to be liable for willful misfeasance or malfeasance in the performance of his or her duty as such director or officer. In case of the settlement of any action, suit or proceeding to which any director or officer of the Association, or any former director or officer of the Association, is made a party or which may be threatened to be brought against him or her by reason of his or her being or having been a director or officer of the Association, he or she shall be indemnified by the Association against the costs and expenses (including the cost of settlement) reasonably incurred by him or her in connection with such action, suit or proceeding

(whether or not he or she is a director or officer at the time of incurring such costs and expenses) to the extent that such costs and expenses are not reimbursed as part of the settlement, if (a) the Association shall be advised by independent counsel that, in such counsel's opinion, such director or officer did not commit willful misfeasance or malfeasance in the performance of his or her duty as such director or officer with respect to the matters covered by such action, suit or proceeding, and the cost to the Association of indemnifying such director or officer (and all other directors and officers, if any, entitled to indemnification hereunder in such case) if such action, suit or proceeding were carried to a final adjudication in their favor could reasonably be expected to exceed the amount of costs and expenses to be reimbursed to such directors and officers as a result of such settlement, or (b) disinterested Association members entitled to exercise a majority of the voting power shall, by vote at any annual or special meeting of the Association, approve such settlement and the reimbursement to such director or officer of such costs and expenses. The phrase "disinterested members" shall mean members of the Association other than (i) any director or officer of the Association who at the time is or may be entitled to indemnification pursuant to the foregoing provisions, (ii) any corporation or organization of which any such director or officer owns of record or beneficially ten percent (10%) or more of any class of voting securities, (iii) any firm of which such director or officer is a partner, and (iv) any spouse, child, parent, brother or sister of any such director or officer. The foregoing rights of indemnification shall inure to the benefit of the heirs and legal representative of each such director or officer, and shall not be exclusive of other rights to which any director or officer may be entitled as a matter of law or under the Declaration, any vote of the Association members or any agreement. The Board may purchase and maintain such Directors' and Officers' Liability Insurance as it shall deem appropriate, and premiums for such insurance policies shall be deemed for all purposes proper expenses of the corporation.

Section 7: Amendments

7.1. Amendments. Subject to the provisions of Section 7.2 hereof, the Bylaws may be amended at any time by an instrument in writing signed and acknowledged by Unit Owners holding seventy-five percent (75%) of the Percentage Interests, which instrument shall be effective only upon recordation in the Office of the Register of Deeds of Mecklenburg County, North Carolina. Provided, however, where a unanimous vote in the Association is required for the Association to take or refrain from taking a specific action, as set forth in these Bylaws, no amendment of the subject bylaw shall be made unless and until the Owners holding one hundred percent (100%) of the vote in the Association execute said amending instrument. All persons or entities who own or hereafter acquire any interest in the Condominium Property shall be bound to abide by any amendment to these Bylaws upon the same being passed as provided herein and duly set forth in an amended Bylaws, duly recorded as provided herein.

7.2. Limitations on Amendment. Notwithstanding the foregoing, the following limitations on the right to amend these Bylaws shall apply:

(a) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the holders of Institutional Mortgages on any Unit or Units shall be made without prior written consent of ninety percent (90%) of all holders of Institutional Mortgages on Units being first had and obtained.

(b) No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of the Declarant (including any change in the number of directors so long as the Declarant retains an existing or prospective right to select any directors) shall be made without the written consent of the Declarant being first had and obtained.

(c) Until Declarant has conveyed seventy-five (75%) percent of the Units, or until December 31, 1990, whichever occurs earlier, the Federal Housing Administration and/or the Veterans Administration shall have the right to veto amendments. Provided, however, that in the event Declarant has conveyed seventy-five (75%) percent of the Units, and thereafter Declarant shall add Units to the Condominium pursuant to Article XIV of the Declaration, and by reason of such addition Declarant owns more than twenty-five (25%) percent of the Units in the Condominium, the Federal Housing Administration and/or the Veterans Administration shall again have the right to veto amendments until seventy-five (75%) percent of the Units have been conveyed by Declarant.

Section 8: Miscellaneous

8.1. Severability. Invalidation of any covenant, condition, restriction or other provision of these Bylaws shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

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

8.3. Construction. The provisions of the Condominium documents shall be liberally construed to effect their purpose of creating a uniform plan of condominium ownership. The Section headings are for convenience of reference only and shall not be considered part of the Declaration or these Bylaws.

8.4. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of the corporate proceedings, so long as the same are not in conflict with the Articles of Incorporation, the Declaration, these Bylaws or with the laws of the State of North Carolina.

8.5. Notices and Disclosures to Mortgagees. As long as any lender shall hold an Institutional Mortgage upon or shall be the Owner of any Condominium Unit as the result of foreclosure or sale in lieu of foreclosure with respect to an Institutional Mortgage, such lender shall have the following rights provided that the mortgage and the rights and obligations of the parties thereto are subject to the terms and conditions of the Act and the Condominium Documents and that the exercise of any right by persons under the Act or the Condominium Documents shall not constitute a breach of or an event of default under such mortgages;

(a) To be given not less than ten (10) days' prior written notice by the Association of any meeting of the Unit Owners, which notice shall state the purpose of such meeting unless it is an annual meeting; and to designate a representative to attend.

(b) To receive written notice of default (which has continued for thirty (30) days) by any Owner owning a Unit encumbered by a first deed of trust held by the lender, such notice to be sent to the place which it may designate in writing.

(c) To be given written notice of any loss to or taking of the Common Areas and Facilities if such loss or taking exceeds \$10,000.00 or damage to a Unit in excess of \$1,000.00.

(d) To be given written notice of any condemnation or eminent domain proceeding or proposed acquisition by a condemning authority.

Whenever any lender desires the provisions of this Section to be applicable to it, it shall give written notice of such fact to the Association, identifying the Unit upon which any such lender holds any mortgage, or identifying any Unit owned by it, together with sufficient facts to identify such mortgage and which notice shall designate the place to which notices are to be given by the Association to such lender.

8.6. Rules and Regulations. Reasonable regulations concerning the use of the Units, appurtenances thereto and Common Areas and Facilities, not in derogation of the Declaration, may be made, amended, and repealed from time to time by the Condominium Association; provided that copies of such regulations and amendments thereto shall be furnished to all Unit Owners. Such regulations shall be binding upon the Owners, their families, tenants, guests, invitees, licensees, and agents, until and unless such regulation, rule or requirement be specifically overruled and cancelled in a regular or special meeting by the vote of a Majority of the Unit Owners.

8.7. Approval of Payment Vouchers. All vouchers for payment of expenses incurred by the Condominium Association in the maintenance, repair, alteration, and replacement of the Common Areas and Facilities shall be approved in writing jointly by the President and Treasurer of the Condominium Association. In the absence or disability of the President, the Vice President may perform the duties herein of the President, and the Assistant Treasurer may perform the duties of the Treasurer herein in the absence or disability of the Treasurer. Notwithstanding the foregoing, the Board may authorize any officer, Member, committee or independent manager to approve or disapprove all vouchers for payment of routine expenses incident to the maintenance, repair, alteration or replacement of the Common Areas and Facilities, so long as the resolution granting such authority specifically limits the maximum amount which may be authorized on each occasion and so long as the subject resolution describes the items which may be so authorized.

DEVONSHIRE COURT CONDOMINIUM PHASE I
Percent Interest Chart

<u>Unit Type</u>	<u>Description</u>	<u>Square Footage</u>
A	1 BR, 1B, LR/DR, K, Sun Room, FP	835
B	2 BR, 2B, LR/DR, K, FP	1023
C	2 BR, 2B, LR, DR, K, FP	975
D	3 BR, 2B, LR/DR, K, FP	1198

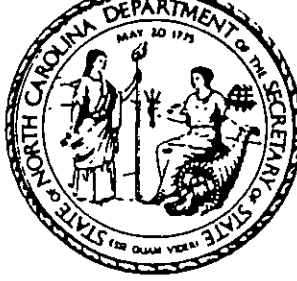
<u>Bldg. No.</u>	<u>Unit No. on Plans</u>	<u>Address</u>	<u>Location</u>	<u>Unit Type</u>	<u>% Interest</u>
1	A	8020-A Tremaine Ct.	1st Floor Right Front	D	12.5000
1	B	8020-B Tremaine Ct.	1st Floor Right Rear	D	12.5000
1	C	8020-C Tremaine Ct.	2nd Floor Right Front	D	12.5000
1	D	8020-D Tremaine Ct.	2nd Floor Right Rear	D	12.5000
1	E	8020-E Tremaine Ct.	1st Floor Left Front	D	12.5000
1	F	8020-F Tremaine Ct.	1st Floor Left Rear	D	12.5000
1	G	8020-G Tremaine Ct.	2nd Floor Left Front	D	12.5000
1	H	8020-H Tremaine Ct.	2nd Floor Left Rear	D	12.5000

2/14/85

EXHIBIT E

Copies of plans of the units and buildings which are a part of the Condominium property entitled "Devonshire Court Condominium, Phase I" are recorded in Unit Ownership File No. _____ in the Mecklenburg Public Registry.

State of North Carolina



Department of the Secretary of State

To all to whom these presents shall come, Greeting:
I, Thad Eure, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (6 sheets) to be a true copy of

ARTICLES OF INCORPORATION
OF

SHIRE COURT HOMEOWNERS ASSOCIATION

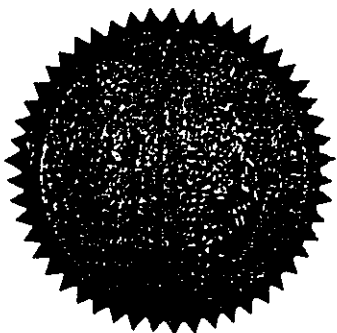
CHARLOTTE, NORTH CAROLINA 28239

PRESENTED FOR REGISTRATION
JUL 5 1 42 PM '85
CHARLES E. CROWDER
REGISTER OF DEEDS
HEMLOCKENBURG C.N.C.

and the probates thereon, the original of which was filed in this office on the 1st day of July 1985, after having been found to conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 1st day of July in the year of our Lord 1985.



8:27 #1433 000
07/05/85

Thad Eure
Secretary of State
By *[Signature]*
Deputy Secretary of State

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ARTICLES OF INCORPORATION
OF
DEVONSHIRE COURT HOMEOWNERS ASSOCIATION

DOCUMENT #360990
DATE 07/01/85 TIME 10:

In compliance with the requirements of Chapter 55A of North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

FILED
THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

ARTICLE I.

The name of the corporation is "Devonshire Court Homeowners Association", hereinafter called "the Corporation."

ARTICLE II.

The principal and registered office of the Corporation is located at 145 Scaleybark Road, Charlotte, North Carolina, Mecklenburg County, North Carolina.

ARTICLE III.

John D. Carpenter, whose address is 145 Scaleybark Road, Charlotte, North Carolina, is hereby appointed the initial Registered Agent of the Corporation.

ARTICLE IV.

The Corporation does not contemplate pecuniary gain or profit to the members thereof and no part of the Corporation's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the Corporation shall be to administer the operation and management of DEVONSHIRE COURT CONDOMINIUM (hereinafter called "the Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Mecklenburg County, North Carolina, and more particularly described in Exhibit "A" of the formal Declaration of Unit Ownership under Chapter 47A of the North Carolina General Statutes for Devonshire Court Condominium which has been or will be recorded in the Office of the Register of Deeds for Mecklenburg County, North Carolina (hereinafter called the "Declaration"), said Exhibit and Declaration being incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of said Condominium in accordance with the terms, provisions, conditions and authorization contained in these Articles of Incorporation and the Declaration; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said Condominium.

ARTICLE V.

The Corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to Non-Profit Corporations under the laws of the State of North Carolina, and all of the powers and privileges which may be granted unto said Corporation under any other applicable laws of the State of North Carolina, including Chapter 47A of the General Statutes of North Carolina, as the same may be hereafter amended.

2. The Corporation shall have all the powers reasonably necessary to implement and accomplish the aforesaid purposes, including but not limited to the following:

(a) To make and establish reasonable rules and regulations governing the use of Units and the Common Areas and Facilities of the Condominium as said terms may be defined in the Declaration.

(b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Condominium as may be provided in said Declaration and in the By-Laws of this Corporation, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with the Condominium Property, whether real or personal, and in accomplishing the purposes set forth in the Declaration.

(c) To maintain, repair, replace, operate and manage the Condominium and the property comprising same, including the right to reconstruct improvements after casualty and to make further improvement of the Condominium property, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of the Condominium and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration to have approval of the Board of Directors or membership of the Corporation.

(e) To enforce the provisions of the Declaration, these Articles of Incorporation, the By-Laws of the Corporation which may be hereafter adopted, and the rules and regulations governing the use of the Condominium as the same may be hereafter established.

(f) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Corporation pursuant to the Declaration aforementioned.

ARTICLE VI.

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The Owners of all Units in the Condominium shall be members of the Corporation, and no other person or entities shall be entitled to membership, except as provided in item (5) of this Article VI.

2. Membership shall be established by the acquisition of fee title to a Unit in the Condominium, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Units or who may own a fee ownership interest in two or more Units, so long as such party shall retain title to or a fee ownership interest in any Unit.

3. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Unit. The funds and assets of the Corporation shall belong solely to the Corporation

0142 0736

subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Declaration and in the By-Laws of the Corporation.

4. On all matters which the membership shall be entitled to vote, each Unit shall have a vote equal to the Percentage Interest in the Common Area and Facilities as set forth in Exhibit D of the Declaration, or as set forth in any Supplementary Declarations as authorized in Article XIV of the Declaration. The vote of each Unit may be cast or exercised by the Owner or Owners of each Unit in such manner as may be provided in the By-Laws hereafter adopted by the Corporation. Should any member own more than one Unit, such member shall be entitled to exercise or cast the votes associated with each Unit owned in the manner provided by said By-Laws.

5. Until such time as the property described as Phase I on Exhibit B of the Declaration and the improvements constructed thereon, are recorded in the Register of Deeds of Mecklenburg County, the membership of the Corporation shall be comprised of the five (5) individuals named in Article XI hereof as the initial Board of Directors of the Corporation, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

ARTICLE VII.

The Corporation shall have perpetual existence.

ARTICLE VIII.

The affairs of the Corporation shall be managed by the President of the Corporation, assisted by the Vice President, Secretary and Treasurer, subject to the directions of the Board of Directors. The Board of Directors, or the President with the approval of the Board of Directors, may employ a Managing Agent and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of the Condominium, and the affairs of the Corporation, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Corporation or a Director or Officer of the Corporation, as the case may be.

ARTICLE IX.

The number of members of the first Board of Directors of the Corporation shall be five (5). The number of members of succeeding Boards of Directors shall be as provided from time to time by the By-Laws of the Corporation. The members of the Board of Directors shall be elected by the members of the Corporation at the Annual Meeting of the membership as provided by the By-Laws of the Corporation.

ARTICLE X.

The Board of Directors shall elect a President, Vice President, Secretary and Treasurer and such other officers as the Board deems necessary or appropriate. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Secretary and the office of President and Treasurer shall not be held by the same person at the same time.

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ARTICLE XI.

The names and post office addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the By-Laws and the laws of the State of North Carolina, shall hold office until the first Annual Meeting of the Membership (or until their successors are elected and qualified) are as follows:

1. Robert E. Gugenheim, Jr. 145 Scaleybark Road
Charlotte, North Carolina 28209
2. Susan M. Majual 145 Scaleybark Road
Charlotte, North Carolina 28209
3. John D. Carpenter 145 Scaleybark Road
Charlotte, North Carolina 28209
4. Daniel L. Evans 145 Scaleybark Road
Charlotte, North Carolina 28209
5. Linda Dymond 145 Scaleybark Road
Charlotte, North Carolina 28209

ARTICLE XII.

The original By-Laws of the Corporation shall be adopted by a majority vote of the members of the Corporation present at a meeting of members at which a majority of the membership is present, and thereafter, such By-Laws may be altered or rescinded only in such manner as said By-Laws provide.

ARTICLE XIII.

Every Director and every officer of the Corporation shall be indemnified by the Corporation 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 of the Corporation, whether or not he is a Director or Officer at the time 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 any claim for reimbursement or indemnification hereunder based upon a settlement by the Director or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

ARTICLE XIV.

An amendment or amendments to these Articles of Incorporation shall require the assent of seventy-five (75%) percent of the members of the Corporation.

No amendment to these Articles of Incorporation which shall abridge, amend or alter the right of Declarant to designate and select members of each Board of Directors of the Corporation, as provided in the Bylaws of the Corporation, may be adopted or become effective without the prior written consent of Declarant.

ARTICLE XV

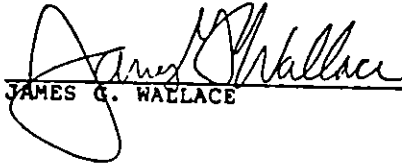
The name and address of the incorporator is as follows:

James G. Wallace
Perry, Patrick, Farmer & Michaux, P.A.
Post Office Box 35566
900 Baxter Street
Charlotte, North Carolina 28235

ARTICLE XVI

As long as Declarant controls the Association, the following actions will require the prior approval of the Federal Housing Administration and/or the Veterans Administration: annexation of additional properties, mergers and consolidations, mortgaging of Common Area, dedication of Common Area, dissolution and amendment of these Articles.

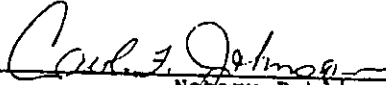
IN TESTIMONY WHEREOF, I, being the incorporator, have hereunto set my hand and seal, this the 25th day of June, 1985.


JAMES G. WALLACE (SEAL)

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, the undersigned Notary Public hereby certify that JAMES G. WALLACE personally appeared before me, and being by me first duly sworn, declares that he signed the foregoing document in the capacity indicated and that the statements therein contained are true.

 WITNESS my hand and notarial seal, this the 25th day of _____, 1985.


Notary Public

My Commission Expires:
8/28/87

EXHIBIT A

to

Declaration of Unit Ownership for
Devonshire Court Condominium

BEGINNING at a point in the southwesterly margin of the right-of-way of Lynton Boulevard, said point being the easternmost rear corner of Lot 1 in Block 1 of Lynton Place subdivision as shown on Map Book 20 at Page 808 in the Mecklenburg Public Registry and running thence with said margin with the right-of-way of Lynton Boulevard six calls and distances as follows: (1) in a southeasterly direction with the arc of a circular curve to the left having a radius of 1,454.45 feet, an arc distance of 48.46 feet to a point; (2) S 4-43-30 E 157.70 feet to a point; (3) continuing in a southerly direction with the arc of a circular curve to the left having a radius of 655.78 feet, an arc distance of 313.38 feet to a point; (4) S 32-06-20 E 98.0 feet to a point; (5) continuing in a southerly direction with the arc of a circular curve to the right having a radius of 686.84 feet, an arc distance of 187.81 feet to a point; and (6) S 16-26-18 E 26.20 feet to a point; thence in a southerly direction with the arc of a circular curve to the right having a radius of 20.0 feet, an arc distance of 31.0 feet to a point in the westerly margin of the right-of-way of Albemarle Road; thence with said margin of the right-of-way of Albemarle Road three calls and distances as follows: (1) in a southerly direction with the arc of a circular curve to the left having a radius of 2,362.23 feet, an arc distance of 235.41 feet to a point; thence S 66-39-30 W 337.64 feet to a point; and (3) in a southerly direction with the arc of a circular curve to the left having a radius of 906.59 feet, an arc distance of 25.95 feet to a point in the line of the property of Jack N. Bulla; thence with the Bulla property two calls and distances as follows: (1) N 20-39-25 W 420.0 feet to a point and (2) S 76-33-40 W 538.21 feet to a point in the rear line of Lot 14 in Block F of the property shown in Map Book 17 at Page 346 in the Mecklenburg Public Registry; thence with the rear property lines of Lots 9 through 14 in Block F as shown on the aforesaid map two calls and distances as follows: (1) N 2-51-15 E 408.58 feet to a point and (2) N 18-44-07 W 147.20 feet to a point; thence N 68-15 E 420.42 feet to a point; thence N 55-02 E 108.0 feet to a point; thence N 77-18-47 E 94.90 feet to a point; thence S 89-23-17 E 135.19 feet to a point; thence N 81-28 E 50.0 feet to a point; thence S 82-07-20 E 84.27 feet to a point; thence S 14-45-54 E 18.55 feet to a point; thence N 83-57 E 155.99 feet to the point or place of Beginning containing 18.921 acres as shown on survey by John R. Yarbrough & Associates, Inc.

5683 906

FOR
REGISTRATION
JAN 29 4 38 PM '88

COPY

CHARLES E. CROWDER
REGISTER OF DEEDS
MECKLENBURG CO. N.C.

NORTH CAROLINA

SUPPLEMENTARY DECLARATION OF UNIT
OWNERSHIP FOR DEVONSHIRE COURT
CONDOMINIUMS PHASE VIII
(Building 8)

COUNTY OF MECKLENBURG

THIS SUPPLEMENTARY DECLARATION OF UNIT OWNERSHIP FOR DEVONSHIRE COURT CONDOMINIUM (Phase VII) (the "Supplementary Declaration") is made this 27th day of January, 1988, by JOHN CROSLAND COMPANY, A NORTH CAROLINA LIMITED PARTNERSHIP, by CROSLAND HOMES, INC., General Partner, in accordance with and pursuant to that certain Declaration of Unit Ownership under Chapter 47A of the North Carolina General Statutes for Devonshire Court Condominium (the "Declaration"), dated June 26, 1985, and recorded in Book 5039 at Page 622 of the Mecklenburg Public Registry. The terms of the Declaration are incorporated herein by reference, and all terms given express definition in Article I of the Declaration, or elsewhere in the Declaration, when used herein, shall have the same meaning given to them in the Declaration.

W I T N E S S E T H:

WHEREAS, Declarant is permitted, under and subject to the provisions of Article XIV of the Declaration, to add, from time to time, any portion or portions of the Expansion Land, and improvements constructed thereon, to the Condominium Property; and

WHEREAS, Declarant has constructed upon that portion of the Expansion Land described on Exhibit A attached hereto and incorporated herein by reference (hereinafter referred to as "Phase VIII") one building of the same architectural style as the buildings located on Phase I containing a total of ten (10) units, which building and units are constructed in the same manner and of substantially the same materials as the units located in Phase I and which units have substantially the same value per square foot of heated floor area as the units located in Phase I; and

WHEREAS, Declarant desires to subject Phase VIII and all improvements located thereon to the terms and provisions of the Declaration and of Chapter 47A of the North Carolina General Statutes (the Unit Ownership Act);

NOW, THEREFORE, Declarant does hereby publish and declare the following:

1. The property identified as Phase VIII on the attached Exhibit A is held, and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the restrictions, covenants, conditions, uses, limitations, and obligations set forth in the Declaration and in this Supplementary Declaration, all of which are declared and agreed to be in furtherance of the plan for the division of such property into condominium units, and shall be deemed to run with the Phase VIII land and shall be a burden and benefit to the Declarant, its successors and assigns, and any person acquiring or owning an interest in the Phase VIII land and improvements located thereon, their grantees, successors, heirs, administrators, devisees and assigns. Every grantee of any interest in the Phase VIII land, by the acceptance of a deed or other conveyance of such interest, whether or not such person shall otherwise consent in writing, shall take subject to the provisions of the Act, the Declaration, this Supplementary Declaration, and any subsequent supplementary declaration, and shall be deemed to have assented to the same.

2. Phase VIII of Devonshire Court Condominium contains one building (s) designated as building (s) eight on the site plan of Phase VIII attached, the plans of which site plan shall be or have been filed in Unit Ownership File Number 278 in the Office of the Register of Deeds of Mecklenburg County, North Carolina.

The plans and site plan show graphically each of the buildings; the particulars of each building, including the location, layout, number of rooms, dimensions, ceiling and floor elevations, approximate area, building designations and unit numbers; and the location of the common area and facilities affording access to each unit. The Phase VIII units are located respectively, at the addresses and are at disparate size constructed according to the basic floor plans all as set forth in the Exhibit D attached hereto, Each unit is designated by a number in the plans.

3. Declarant hereby designates that Phase VIII is comprised of ten (10) units, common areas, and limited common areas, and that those portions of the Phase VIII property and improvements located thereon, which are units, common areas, and limited common areas are as described and set forth in the Declaration and as shown on the plans filed in Unit Ownership File No. 278.

4. Effective as of this date of this Supplementary Declaration, the Percentage Interest for each unit heretofore and hereby made a part of the condominium property is as set forth on Exhibit D attached hereto and incorporated herein by reference. Said Exhibit D shall supplement Exhibit D attached to the Declaration and Exhibits D on any previously recorded Supplementary Declarations and the Percentage Interests appurtenant to the units in Phases I to VII shall be reduced to those amounts shown on Exhibit D attached hereto effective as of this date of this Supplementary Declaration.

IN WITNESS WHEREOF, Declarant has executed and sealed this Supplementary Declaration this day and year first above written.

JOHN CROSLAND COMPANY, A NORTH CAROLINA LIMITED PARTNERSHIP

BY: CROSLAND HOMES, INC.
GENERAL PARTNER

ATTEST

Secretary

VICE President

(SEAL)

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

This 28 day of January, 1988, personally came before me, Daniel L. Evans, who being by me duly sworn says that he is the vice President of Crosland Homes, Inc., General Partner of JOHN CROSLAND COMPANY, A NORTH CAROLINA LIMITED PARTNERSHIP, and that the seal affixed to the foregoing instrument in writing is the corporate seal of Crosland Homes, Inc., and that said writing was signed and sealed by him on behalf of said corporation as General Partner of John Crosland Company, a North Carolina Limited Partnership, by its authority duly given. And the said vice President acknowledged the said writing to be the act and deed of said corporation as General Partner.

My Commission Expires:

NOTARY PUBLIC

12-17-91

(SEAL)

EXHIBIT A

DEVONSHIRE COURT AT LYNTON PLACE
PHASE VIII

BEGINNING at a point in the westerly line of the property shown as Block F on map recorded in Map Book 17 at page 346, said point also being the northeast corner of Devonshire Court Phase VI, as shown on site plan filed in Unit Ownership File 278 in the Mecklenburg Public Registry and running thence with the Phase VI property S. 65-00 W. 209.97 feet to a point in the easternmost corner of Phase VII of Devonshire Court, thence with the Phase VII property 2 calls and distances as follows: (1) N. 58-04-50 W. 157.26 feet to a point, and (2) N. 81-00 W. 23 feet to a point; thence N. 27-03-21 E. 197.71 feet to a point, thence N. 76-33-40 E. 276 feet to a point, thence with the westerly line of Block F of the aforesaid map S. 2-51-15 W. 238.52 feet to the Point or Place of BEGINNING as shown on site plan for Devonshire Court Phase VIII by James R. Harrington & Associates dated May 18, 1987.

JGW/jbt258

DEVONSHIRE COURT CONDOMINIUM PHASES I - VIII

Percent Interest Chart

UNIT TYPE	DESCRIPTION	BASE VALUE
A	1 bedrm, 1 bth, LR/DR/Kit, Sun Room, FL	42,700
B	2 bedrm, 2 bth, LR/DR/Kit, FP	51,900
C	2 bedrm, 2 bth, LR/DR/Kit, FP	51,900
D	3 bedrm, 2 bth, LR/DR/Kit, FP	55,450
E	2 bedrm, 2 bth, LR/DR/Kit, FP	45,300

BLDG #	UNIT # ON PLANS	ADDRESS	LOCATION	UNIT TYPE	INTEREST PERCENT
ONE	A	8020-A Tremaine Court	FF,RF	D	1.40772
	B	8020-B Tremaine Court	FF, RR	D	1.40772
	C	8020-C Tremaine Court	SF, RF	D	1.40772
	D	8020-D Tremaine Court	SF,RR	D	1.40772
	E	8020-E Tremaine Court	FF, LF	D	1.40772
	F	8020-F Tremaine Court	FF, LR	D	1.40772
	G	8020-G Tremaine Court	SF,LF	D	1.40772
	H	8020-H Tremaine Court	SF,LR	D	1.40772
TWO	A	8022-A Tremaine Court	FF,RF	A	1.08404
	B	8022-B Tremaine Court	FF, RR	A	1.08404
	C	8022-C Tremaine Court	SF, RF	A	1.08404
	D	8022-D Tremaine Court	SF,RR	A	1.08404
	E	8022-E Tremaine Court	FF, LF	A	1.08403
	F	8022-F Tremaine Court	FF, LR	A	1.08403
	G	8022-G Tremaine Court	SF,LF	A	1.08403
	H	8022-H Tremaine Court	SF, LR	A	1.08403
THREE	A	8024-A Tremaine Court	T, Right	B	1.31759
	B	8024-B Tremaine Court	FF,RF	B	1.31759
	C	8024-C Tremaine Court	FF, RR	B	1.31759
	D	8024-D Tremaine court	SF, RF	B	1.31759
	E	8024-E Tremaine Court	SF, RR	B	1.31759
	F	8024-F Tremaine Court	T, Left	B	1.31759
	G	8024-G Tremaine Court	FF, LF	B	1.31759
	H	8024-H Tremaine Court	FF, LR	B	1.31759
	I	8024-I Tremaine Court	SF, LF	B	1.31759
	J	8024-J Tremaine Court	SF, LR	B	1.31759
TEN	A	8032-A Tremaine Court	FF, RF	C	1.31759
	B	8032-B Tremaine Court	FF, RR	C	1.31759
	C	8032-C Tremaine Court	SF, RF	C	1.31759
	D	8032-D Tremaine Court	SF, RR	C	1.31759
	E	8032-E Tremaine Court	FF, LF	C	1.31759
	F	8032-F Tremaine Court	FF, LR	C	1.31759
	G	8032-G Tremaine Court	SF, LF	C	1.31759
	H	8032-H Tremaine Court	SF, LR	C	1.31759
Four	A	8124-A Tremaine Court	FF, RF	A	1.08403
	B	8124-B Tremaine Court	FF, RR	A	1.08403
	C	8124-C Tremaine Court	SF, RF	A	1.08403
	D	8124-D Tremaine Court	SF, RR	A	1.08403
	E	8124-E Tremaine Court	FF, LF	A	1.08403
	F	8124-F Tremaine Court	FF,LR	A	1.08403
	G	8124-G Tremaine Court	SF, LF	A	1.08403
	H	8124-H Tremaine Court	SF, LR	A	1.08403
Five	A	8123-A Tremaine Court	T, Right	B	1.31759
	B	8123-B Tremaine Court	FF, RF	B	1.31759
	C	8123-C Tremaine Court	FF, RR	B	1.31759
	D	8123-D Tremaine Court	SF, RF	B	1.31759
	E	8123-E Tremaine Court	SF, RR	B	1.31759
	F	8123-F Tremaine Court	T, Left	B	1.31759
	G	8123-G Tremaine Court	FF, LF	B	1.31759
	H	8123-H Tremaine Court	FF, LR	B	1.31759
	I	8123-I Tremaine court	SF, LF	B	1.31759
	J	8123-J Tremaine Court	SF, LR	B	1.31759

FF= First Floor
SF= Second Floor
T = Terrace

RF = Right Front
RR = Right Rear
LF = Left Front
LR = Left Rear

DEVONSHIRE COURT CONDOMINIUM PHASES - VIII

Percent Interest Chart

UNIT TYPE	DESCRIPTION	BASE VALUE
A	1 bedrm, 1 bth, LR/DR/Kit, Sun Room, FL	42,700
B	2 bedrm, 2 bth, LR/DR/Kit, FP	51,900
C	2 bedrm, 2 bth, LR/DR/Kit, FP	51,900
D	3 bedrm, 2 bth, LR/DR/Kit, FP	55,450
E	2 bedrm, 2 bth, LR/DR/Kit, FP	45,300

BLDG #	UNIT # ON PLANS	ADDRESS	LOCATION	UNIT TYPE	INTEREST PERCENT
Six	A	8121-A Tremaine Court	T, Right	E	1.15004
	B	8121-B Tremaine Court	FF, RF	E	1.15004
	C	8121-C Tremaine Court	FF, RR	E	1.15004
	D	8121-D Tremaine Court	SF, RF	E	1.15004
	E	8121-E Tremaine Court	SF, RR	E	1.15004
	F	8121-F Tremaine Court	T, Left	E	1.15004
	G	8121-G Tremaine Court	FF, LF	E	1.15004
	H	8121-H Tremaine Court	FF, LR	E	1.15004
	I	8121-I Tremaine Court	SF, LF	E	1.15004
	J	8121-J Tremaine Court	SF, LR	E	1.15004
Seven	A	8119-A Tremaine Court	T, Right	E	1.15004
	B	8119-B Tremaine Court	FF, RF	E	1.15004
	C	8119-C Tremaine Court	FF, RR	E	1.15004
	D	8119-D Tremaine Court	SF, RF	E	1.15004
	E	8119-E Tremaine Court	SF, RR	E	1.15004
	F	8119-F Tremaine Court	T, Left	E	1.15004
	G	8119-G Tremaine Court	FF, LF	E	1.15004
	H	8119-H Tremaine Court	FF, LR	E	1.15004
	I	8119-I Tremaine Court	SF, LF	E	1.15004
	J	8119-J Tremaine Court	SF, LR	E	1.15004
Eight	A	8117-A Tremaine Court	T, Right	E	1.15004
	B	8117-B Tremaine Court	FF, RF	E	1.15004
	C	8117-C Tremaine Court	FF, RR	E	1.15004
	D	8117-D Tremaine Court	SF, RF	E	1.15004
	E	8117-E Tremaine Court	SF, RR	E	1.15004
	F	8117-F Tremaine Court	T, Left	E	1.15004
	G	8117-G Tremaine Court	FF, LF	E	1.15004
	H	8117-H Tremaine Court	FF, LR	E	1.15004
	I	8117-I Tremaine Court	SF, LF	E	1.15004
	J	8117-J Tremaine Court	SF, LR	E	1.15004

FF= First Floor
SF= Second Floor
T = Terrace

RF = Right Front
RR = Right Rear
LF = Left Front
LR = Left Rear

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

PRESENTED FOR REGISTRATION
JAN 18 2 28 PM '85
CHARLES E. CROWDER
REGISTER OF DEEDS
MECKLENBURG CO. N.C.

123

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THIS DECLARATION, made on the date hereinafter set forth by John Crosland Company, a North Carolina corporation, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Section 1 of Article II of this Declaration, which real property is a portion of a Planned Unit Development known as Lynton Place; and

WHEREAS, Declarant desires to insure the attractiveness of the individual lots and community facilities within this portion of Lynton Place and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of the said property and to provide for the maintenance of the open spaces, walkways, recreational facilities and other community facilities located within Lynton Place; and, in order to accomplish these objectives, deems it advisable to subject the real property described in Section 1 of Article II, together with such additions as may hereafter be made thereto (as provided in Article II) to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth; and

WHEREAS, Declarant deems it desirable in order to insure the efficient preservation, protection and enhancement of the values and amenities in Lynton Place and the residents' enjoyment of the specific rights, privileges and easements in the community properties and facilities, that an organization be created to which will be delegated and assigned the powers of owning, maintaining, administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter imposed; and

WHEREAS, Developer has caused to be created for the purposes aforesaid, a North Carolina non-profit corporation under the name and style of Lynton Place Homeowners Association.

NOW, THEREFORE, the Declarant declares that the real property described in Section 1 of Article II, and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens which shall run with the real property (except as provided in Article V, Section 9 hereafter) and be binding upon and inure to the benefit of all owners thereof, their heirs, personal representatives, successors and assigns.

ARTICLE I	FEE	23.00
	<>	23.00
DEFINITIONS	CASH	23.00

16:46 #9037 000

Section 1. "Association" shall mean and refer to Lynton Place Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

FEE	21.50
<>	21.50
CASH	21.50

15:20 #0714 000
01/18/85

Drawn By: Freely, Patrick, Farmer, & Michaux

John Crosland Co
PO Box 11231
Charlotte, NC 28220

1/14/85

PRESENTED FOR REGISTRATION
JUN 25 12 02 PM '85
CHARLES E. CROWDER
REGISTER OF DEEDS
MECKLENBURG CO. N.C.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having such interest in a lot solely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof and any additions thereto, as are or shall become subject to this Declaration and any Supplementary Declaration under the provisions of Article II hereof.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and designated as "Common Open Space," or "Common Area" or "Green Space" or "Association Owned Streets" or "Association Owned Lakes" "Community Recreational Facility," including, but not limited to, tennis courts, swimming pool, clubhouse and playground areas on any plat of the property described on Schedule A attached hereto and duly recorded in the Mecklenburg County Public Registry in accordance with the provisions of this Declaration. The Common Area to be owned by the Association at the time of conveyance of the first lot is described as follows:

Being all of the property designated Common Area on the map of Lynton Place recorded in Map Book 20 at Page 808 in the Mecklenburg Public Registry.

Section 5. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown upon any recorded subdivision map of the Properties and any condominium unit located in buildings upon the Properties which is shown on the plans and specifications of a condominium recorded in the office of the Register of Deeds for Mecklenburg County, with the exception of (1) any Common Area, Common Open Space, Green Space, Community Recreational Facilities, Playground Areas, streets or lakes shown on any recorded map, and (2) land reserved and specifically designated for the exclusive common use of the Owners of condominiums. In the event any lot is increased or decreased in size by resubdivisions, through recordation of new subdivision plats, any such newly platted lot shall thereafter constitute a lot for the purposes of this Declaration. Land reserved and designated for the construction of multi-family buildings shall be deemed a lot within the meaning of this Declaration, and if any subdivision or resubdivision of that area shall be effected by conveyance (including conveyance by deed of trust), recordation of plat(s) or by construction of a condominium thereon and organization of the same under the provisions of the North Carolina Unit Ownership Act; each lot derived from each subdivision and each resubdivision and creation of condominium units shall be a lot if the same shall be of sufficient size and otherwise meets the definition of a lot and private dwelling unit under this section and under applicable zoning ordinances.

Section 6. "Declarant" shall mean and refer to John Crosland Company and shall also mean and refer to any person, firm or corporation which shall hereafter become vested, at any given time, with title to two or more undeveloped lots for the purpose of causing residence building(s) to be constructed thereon, and any such successor in title to John Crosland Company shall be a Declarant during such period of time as said party is vested with title to two or more such lots so long as said lots are undeveloped, developed but un conveyed, or improvements constructed thereon are unoccupied, but only during such period.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Single-Family Detached Home" shall mean a single-family residence which is not attached to any other single-family residence.

Section 9. "Condominium" shall mean a dwelling unit in a residential building constructed in the area reserved and designated for multi-family buildings and designed to contain under one roof more than one private dwelling unit irrespective of whether title to all of the units shall be vested in one owner or shall be vested in diverse owners and which multi-family building has been subjected to the North Carolina Unit Ownership Act.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

ADDITIONS THERETO

Section 1. Existing Property. The real property which is, and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, irrespective of whether there may be additions thereto as hereinafter provided, is located in Mecklenburg County, North Carolina and is shown on map recorded in Map Book 20 at page 308 in the Office of the Register of Deeds for Mecklenburg County.

This property shall be herein referred to as "Existing Property".

Section 2. Additions to Existing Property. Additional property may be brought within the scheme of this Declaration and the jurisdiction of the Association in the following ways:

(a) Additional land within the area described in the metes and bounds description attached hereto as Schedule A and incorporated herein by reference may be annexed to the Properties by Declarant and brought within the scheme of this Declaration and within the jurisdiction of the Association, in future stages of development, without the consent of the Association or its members; provided, however, that said annexations, if any, must occur within ten (10) years after the date of this instrument.

(b) Additional residential property (and common area), outside of the area described in the aforementioned SCHEDULE A may be annexed to the Properties and brought within the scheme of this Declaration and the jurisdiction of the Association with the consent of the members entitled to at least two-thirds (2/3) of the votes appurtenant to all Class A lots and at least two-thirds (2/3) of the votes appurtenant to all Class B lots, if any, as hereinafter defined in Article III, Section 2. The Association may participate in mergers or consolidations with other non-profit corporations organized for the same or similar purposes as the Association, thereby adding to the Association, or to a surviving homes association, the properties, rights and obligations of the non-profit corporation with which it merges or consolidates. Any such merger or consolidation shall have the assent of the members as provided above in this subsection (b), and no such merger or consolidation shall revoke, change or add to any of the provisions of this Declaration except as herein provided.

(c) The additions authorized under Subsection (a) and (b) shall be made by filing of record Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the additional properties which shall extend the scheme of this Declaration and the jurisdiction of the Association to such properties and thereby subject such additions to assessment for their just share

of the Association's expenses. Said Supplementary Declarations may contain such complementary additions and modification of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect only the different character of the added properties and as are not inconsistent with the provisions of this Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the lots. There shall be two classes of lots with respect to voting rights:

(a) Class A Lots. Class A lots shall be all lots except Class B lots as the same are hereinafter defined. The voting rights appurtenant to the Class A lots shall be as follows:

(1) Single-Family Detached Homes. The owner of each lot designated as a lot on which a single-family detached home is or may be constructed shall be entitled to one (1) vote.

(2) Condominium. The owner of each completed condominium unit designated as a Lot as hereinabove provided shall be entitled to one (1) vote. To qualify as "completed", the condominium unit within a multi-family building must either be occupied, available for immediate occupancy, or temporarily unavailable for immediate occupancy on account of repairs, maintenance work or restoration. A lot reserved and designated for development of condominiums but not containing at least two completed private dwelling units shall be allotted one (1) vote. In the event Declarant owns any condominium lot, completed or otherwise, it shall be entitled at all times to vote as herein provided.

(3) When more than one person owns an interest (other than a leasehold or security interest) in any lot, all such persons shall be members and the voting rights appurtenant to said lot shall be exercised as they, among themselves, determine.

b. Class B Lots. Class B lots shall be all lots owned by Declarant which have not been converted to Class A lots as provided in paragraphs (1) or (2) below. The Declarant shall be entitled to three (3) votes for each Class B lot owned by Declarant.

The Class B lots shall cease to exist and shall be converted to Class A lots:

(1) When the total number of votes appurtenant to the Class A lots equals the total number of votes appurtenant to the Class B lots; provided, that the Class B Lots shall be reinstated with all rights privileges and responsibilities, if after conversion of the Class B Lots to Class A Lots hereunder, additional land containing lots is annexed to the existing property pursuant to Article II, Section 2 hereof; or

(2) On December 31, 1992,
whichever event shall first occur.

When the Class B lots cease to exist and are converted to Class A lots, Declarant shall have the same voting rights as other owners of Class A lots.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Except as limited by Section 2 of this Article IV, every Owner shall have a right and easement of enjoyment in and to the Common Area established initially and in all future Stages or Sections of the development, which right and easement shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area and to limit the use of said recreational facilities to Owners who occupy a residence on the Properties, and to their families, tenants, and guests as provided in Section 2 of this Article IV;

(b) the right of the Association to suspend the voting rights and rights of an Owner to the use of the recreational facilities for any period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless the members entitled to at least three-fourths (3/4) of the votes appurtenant to all Class A lots and at least three-fourths (3/4) of the votes appurtenant to all Class B lots agree to such dedication or transfer and signify their agreement by a signed and recorded written document, provided that this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewerage, utilities, including CATV, and drainage facilities upon, over, under and across the Common Area without the assent of the membership when such easements, in the opinion of said Board, are requisite for the convenient use and enjoyment of the Properties.

(d) the right of the Association, with the assent of members entitled to at least two-thirds (2/3) of the votes appurtenant to each class of lot (Class A and B), to mortgage, pledge, deed in trust, or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Mecklenburg County, North Carolina.

(b) Tenants. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers who occupy a residence

within the Properties, or a portion of said residence, as their principal residence in Mecklenburg County, North Carolina.

(c) Guests. Recreational facilities located on common areas situated upon the Properties may be utilized by guests of Owners, tenants or contract purchasers subject to such rules and regulations governing said use of the Association as may be established by the Board of Directors.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each lot owned within the Properties, hereby covenants, and each Owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements; such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs and reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney fees, shall also be the personal or corporate obligation of the person(s), firm(s), or corporation(s) owning such property at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owners' successors in title unless expressly assumed by them. Although unpaid assessment charges are not the personal obligation upon such Owner's successors in title unless expressly assumed by the successors in title, the unpaid assessment charges continue to be a lien upon the property against which the assessment has been made.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement, and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed against the Common Area, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, payments of principal and interest on funds borrowed for Association purposes, and such other needs as may arise.

Without limiting the generality of the above-described purposes, the assessments levied by the Association may be used for the acquisition, construction, improvement (including landscaping and planting) and maintenance of the following common recreational facilities located or to be located in the Common Area: swimming pool, together with a clubhouse having dressing and shower facilities, tennis courts, playground areas, entrance-ways and road medians. Additionally, the assessments may be used to landscape, plant and maintain any planting sign or entrance-way easements reserved by Declarant on any Lots. The assessments may also be used to maintain parking spaces located within the rights-of-way of any dedicated public streets which are not maintained by the City, County or other governmental body.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first lot to an

Owner, the maximum annual assessment shall be \$110.00 per Class A lot (\$9.17 per month) and \$37.00 per Class B lot (\$3.08 per month).

(a) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased by the Board of Directors effective January 1 of each year, without a vote of the membership, but subject to the limitation that the percentage of any such increase shall not exceed 12% of the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, the maximum annual assessment may be increased without limitation if such increase is approved by no less than two-thirds (2/3) of the votes appurtenant to each class of lots (Class A and Class B), cast in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum; provided, however, that the ratio of the assessment established for such Class A lot in any category to the assessment established for each Class B lot in that category shall always be three (3) to one (1); with the assessment with respect to any Class B lot converted to Class A or reconverted from Class A to Class B to be prorated and charged according to its Class as of the date of each conversion and reconversion.

(d) Any annual assessment established by the Board of Directors shall continue thereafter from year to year as the annual assessment until changed by said Board.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessment(s) for the purpose of defraying, in whole or in part, the cost of any construction, repair, or replacement of a capital improvement upon the Common Area, repayment of indebtedness and interest thereon, borrowing of funds to make property comply with zoning ordinance(s), borrowing of money for capital improvement and pledging or mortgaging of Association property as security for loans, including fixtures and personal property, related thereto, provided that any such assessment shall have the same assent of the members as provided in Section 3(b) of this Article and shall be in the ratio of four (4) to one (1) for Class A and Class B lots as provided in Section 3(c) of this Article.

Section 5. Assessment Rate. The annual and special assessment for the Lots within the Properties shall be fixed at the following rates:

(a) Single-Family Detached Homes. Each lot designated as a lot on which a single-family detached homes is or may be constructed shall be assessed at a rate of one hundred (100%) percent of any annual or special assessment fixed or levied pursuant to Section 3 or Section 4 of this Article (said annual or special assessment being referred to in this Section as "the assessment").

(b) Condominium. Each lot used for the development thereon of condominiums shall, upon the completion of two or more private dwelling units in said condominium, be assessed for each completed private dwelling unit, and each unit shall be assessed at a rate of one hundred (100%) percent of "the assessment". To qualify as "completed", the private dwelling unit within the condominium must be occupied, available for immediate occupancy, or temporarily unavailable for immediate occupancy on account of

repairs, maintenance work or restoration. Prior to the completion upon a lot of two (2) private dwelling units within a condominium and the submission of the property to the North Carolina Unit Ownership Act, said lot shall be assessed at a rate of one hundred (100%) percent of "the assessment".

Section 6. Notice of Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast fifty (50%) percent of all the votes appurtenant to each Class A lot and Class B lot shall constitute a quorum. If the required quorum is not present, another meeting may be called subject of the same notice or requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 7. Date of Commencement of Annual Assessments: Due Date: Certificate of Payment. The annual assessment provided for herein shall commence as to all lots on the first day of the month following the conveyance of any part of the Common Area to the Association. The first annual assessment shall be "maximum annual assessment" set forth in Section 3 of this Article and shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each lot and at least fifteen (15) days before January 1 of each year shall send written notice of each assessment to every Owner subject thereto. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall incur a late charge in the amount of \$10.00 and if not paid within thirty (30) days after the due date shall bear interest from the due date at a maximum rate of eight (8%) percent per annum or at the rate established by the Board of Directors at the beginning of the fiscal year of the Association, whichever is less. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a lot. Sale or transfer of any lot shall not affect any assessment lien. However, the sale or transfer of any lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 10. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VI

ARCHITECTURAL CONTROL

No building, fence, wall or other structure or improvement shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, including the erection of antennas, aerials, awnings, the replacement of roofs, and the painting of exterior surfaces until the plans and specifications showing the nature, kind, color, shape, heights, materials, and locations of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural control committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with. Refusal or approval of plans, specifications and plot plans or any other items may be based on any grounds, including purely aesthetic grounds in the sole discretion of the Architectural Reveiw Board. The Association shall have the right to charge a reasonable fee for receiving each application in an amount not to exceed \$50.00. It is provided, however, that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant in accordance with its general plan of development. Any permission granted by Association for construction pursuant to this covenant shall not constitute or be construed as an approval by Association of the structural stability, design or quality of any building or lot improvement.

ARTICLE VII

EXTERIOR MAINTENANCE

The Owner shall maintain the grounds and the improvements situated on each Lot, including, but not limited to plantings, landscaping, and lawns, at all times in a neat and attractive manner satisfactory to the Board of Directors of the Association. Upon the Owner's failure to do so, the Association may, at its option, after approval by a majority vote of the Board of Directors and after giving the Owner ten (10) days' written notice sent to his last known address, or to the address of the subject premises, have the grass, weeds, shrubs and vegetation cut when and as often as the same is necessary in its judgment, and have dead trees, shrubs and plants removed from such Lot, and replaced, and may have any portion of the Lot resodded or landscaped, and all expenses of the Association under this sentence shall be a lien and charge against the Lot on which the work was done and the personal obligation of the then Owner of such Lot. Upon the Owner's failure to maintain the exterior of any structure, including the roof, in good repair and appearance, the Association may, at its option, after approval by a majority vote of the Board of Directors and after giving the Owner thirty (30) days' written notice sent to his last known address, make repairs and improve the appearance in a

reasonable and workmanlike manner. The cost of any of the work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the Owner of the Lot and shall constitute an assessment against the Lot on which the work was performed, collectible in a lump sum and secured by the lien against the Lot as herein provided.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Land Use. All lots shall be used for residential purposes only, except that Declarant may maintain sales offices, models and construction offices on the Properties.

Section 2. Nuisance. No noxious or offensive activity shall be conducted upon any lot or in any dwelling nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided they are not kept or maintained for commercial purposes and provided further that the number of pets does not exceed three. All dogs must be kept contained, tied, or on leaders when within the Properties or on any Lot.

Section 4. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any lot or any other unenclosed area within the Properties, except in such areas within the Properties or on Lots which are approved for such purposes by the Board of Directors.

ARTICLE IX

EASEMENTS

Easements for installation and maintenance of driveway, walkway, parking area, water line, gas line, cable television, telephone, electric power line, sanitary sewer and storm drainage facilities and for other utility installations are reserved as shown on the recorded plat. Further, easements ten feet in width for such purposes are reserved over, under and through and along the rear lot lines of all lots shown on recorded plats, and easements five feet in width for such purposes are reserved over, under and through and along all side lot lines of all lots shown on recorded plats, as well as temporary easements five feet in width along the front lot lines for construction, maintenance and repair purposes. In the event it is determined that other and further easements are required over any lot or lots in locations not shown on the recorded plat and not along rear or side lot lines, such easements may be established by the Declarant, except that if any such easements are reserved or established after the conveyance of a lot or lots to be affected thereby, the written assent of the Owner or Owners of such lot or lots and of the trustees and mortgagees in deeds of trust constituting a lien thereon shall be required. The Association may reserve and grant easements for the installation and maintenance of sewerage, utility, including CATV, and drainage facilities over, under and through the Common Areas as provided in Article IV, Section 1(c). Within any such easements above provided for, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow or drainage channels in the

easements or which may obstruct or retard the flow of water through drainage channels in the easements.

ARTICLE X

FINANCING

Section 1. Approval of Owners and Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the owners and holders of the first deeds of trust on Lots located within the Properties, have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sale or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner.

(c) By act or omission change, waive or abandon any plan of regulation, or enforcement thereof pertaining to the architectural design or the exterior appearance of residences located on Lots, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings in the subdivision.

(d) Fail to maintain fire and extended coverage insurance on insurable improvements in the Common Area on a current replacement cost basis in an amount not less than one hundred (100%) percent of the insurable value.

(e) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for other than the repair, replacement or reconstruction of the damaged improvements.

Section 2. Books and Records. Any owner and holder of a first deed of trust on a Lot will have the right to examine the books and records of the Association during any reasonable business hours.

Section 3. Payment of Taxes and Insurance Premiums. The owners and holders of first deeds of trust on Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against any of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Association and the persons, firms or corporations making such payments shall be owed immediate reimbursement therefor from the Association.

ARTICLE XI

GENERAL PROVISIONS

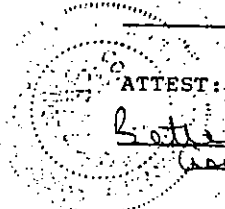
Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of seventy-five (75%) percent of a vote of the Owners after the expiration of said twenty-five (25) year period. This Declaration may be amended during the first twenty-five year period by an instrument signed by the Owners of not less than ninety (90%) percent of the lots, and thereafter by an instrument signed by the Owners of not less than seventy-five (75%) percent of the lots. Any amendment must be properly recorded. For the purpose of this section, additions to existing property as provided in Article II, Section 2 hereof shall not constitute an "amendment".

Section 4. FHA/VA Approval. In the event the Declarant has arranged for and provided purchasers of Lots with FHA insured mortgage loans, then as long as any Class B lot exists, as provided in Article III hereof, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, other than as provided in Article II, Section 2 hereof, deeding of common area to persons other than the Homeowners Association and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned Robert W. Donaldson, Jr has caused this instrument to be executed this 18th day of JAN, 1985.

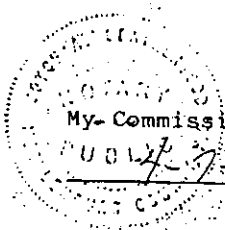


ATTEST:
Robert J. Marshall
Asst. Secretary

JOHN CROSLAND COMPANY
By: Robert W. Donaldson, Jr
AV President

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

This 18th day of JANUARY, 1985, personally came before me Robert W. Donaldson, Jr, who, being by me duly sworn, says that he is the Asst Vice President of John Crosland Company, that the seal affixed to the foregoing instrument in writing is the corporate seal of the said corporation, and that said writing was signed and sealed by him in behalf of said corporation by its authority duly given. And the said Robert W. Donaldson, Jr acknowledged the said writing to be the act and deed of said corporation.



Joyce A. Leatherwood
Notary Public

My Commission Expires:
NOV 7-87

State of North Carolina, County of Mecklenburg
The foregoing certificate(s) of Joyce A. Leatherwood

-12-
a Notary ~~Public~~ Public of said County and State
is ~~also~~ certified to be correct, this 18 day of January, 19 85
Charles E. Crowder, Registrar of Deeds, By: Mary C. Rice
DEPUTY

Lying and being in the City of Charlotte, County of Mecklenburg, State of North Carolina, and being more particularly described as follows:

BEGINNING at an iron marking the intersection of the southerly margin of the right-of-way of Albemarle Road (N.C. Highway #27), said right-of-way being 60 feet in width with the easterly margin of the right-of-way of Mallard Drive South, said right-of-way being 60 feet in width, and running thence from said BEGINNING point with the southerly margin of the right-of-way of Albemarle Road N 77-12-00 E 591.80 feet to an iron, a corner of the property conveyed to Lester Herlockers and Associates, Inc. by deed recorded in Book 4066 at Page 549 in the Mecklenburg County Public Registry and running thence with the said property of Lester Herlockers and Associates, Inc. four calls and distances as follows: (1) S 12-48 E 178.75 feet to an iron; (2) N 75-28 E 216.74 feet to an iron; (3) with the arc of a circular curve to the right, said arc having a radius of 1034.85 feet, an arc distance of 40.00 feet (chord N 15-55-16 W 40.00 feet) to an iron; and (4) N 14-48-50 W 132.82 feet to an iron located in the southerly margin of the right-of-way of Albemarle Road; thence with the southerly margin of the right-of-way of Albemarle Road three calls and distances as follows: (1) with the arc of a circular curve to the left, said arc having a radius of 2362.23 feet, an arc distance of 386.82 feet (chord N 71-20-50 E 386.19 feet) to an iron; (2) N 66-39-30 E 337.64 feet to an iron; and (3) with the arc of a circular curve to the right, said arc having a radius of 906.59 feet, an arc distance of 25.95 feet (chord N 67-28-42 E 25.95 feet) to an iron located in the westerly property line of the property of Jack Bulla as described in deed recorded in Book 4563 at Page 147 in said Registry; thence with the westerly property line of the said Jack Bulla property two calls and distances as follows: (1) S 20-39-25 E 1700.81 feet to an old iron located in a branch (passing an old iron on line at 17.70 feet); and (2) S 16-41-00 W 398.48 feet to an iron located in the northerly property line of that certain property shown on map recorded in Map Book 7 at Page 223 in said Registry and running thence with the northerly property line of said property shown in Map Book 7, Page 223 and with the northerly property lines of Lots 10, 9, 8, 7, 6, and a portion of Lot 5 of Block A as shown on map recorded in Map Book 7, Page 43 in said Registry five calls and distances as follows: (1) S 68-42-33 W 379.64 feet to an old iron; (2) S 68-47-50 W 250.19 feet to an old iron; (3) S 68-21-52 W 124.25 feet to an old iron; (4) S 68-32-14 W 263.69 feet to an old iron; and (5) S 68-27-48 W 137.83 feet to an old iron, said old iron marking the southeasterly corner of Lot 11, Block B as shown on map thereof recorded in Map Book 15 at Page 171 in said Registry; thence with the rear or easterly property lines of Lots 11, 12, 13, and 14 of Block B, the easterly terminus of the right-of-way of Quail Field Drive (said right-of-way being 60 feet in width), the rear or westerly property lines of Lots 35, 36, 37 and 38 of Block B, the easterly terminus of the right-of-way of East Legade Drive, said right-of-way being 60 feet in width, and the rear or easterly property lines of Lots 8, 7, 6, 5, 4, 3, 2 and 1 of Block C, all of the aforesaid Lots in Blocks B and C and the rights-of-way being shown on a map thereof recorded in Map Book 15, Page 171 of said Registry four calls and distances as follows: (1) N 20-42-15 W 511.22 feet to an iron; (2) N 30-04-07 W 62.81 feet to an iron; (3) N 15-33-35 W 112.28 feet to an iron; and (4) N 20-42-15 W 1195.98 feet to an old iron, passing an old iron on line at 1080.16 feet; thence with the northerly property line of Lot 1, Block C as shown on the aforesaid map recorded in Map Book 15, Page 171 in said Registry, S 70-37-15 W 199.21 feet to an old iron located in the easterly margin of the right-of-way of Mallard Drive South; thence with the easterly margin of the right-of-way of Mallard Drive South two calls and distances as follows: (1) with the arc of a circular curve to the right, said arc having a radius of 676.96 feet, an arc distance of 145.96 feet (chord N 11-07-37 W 145.68 feet) to an iron and (2) N 4-57 W 113.20 feet to an iron marking the point or place of BEGINNING and containing 64.635 acres, all as shown on boundary survey for John Crosland Company dated June 17, 1983, by P. A. Brotherton, N.C.R.L.S., reference to which survey is hereby made.



State of North Carolina

Department of the Secretary of State

149

To all to whom these presents shall come, Greeting:

I, Thad Eure, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (4 sheets) to be a true copy of

PRESENTED FOR REGISTRATION
MAY 6 3 32 PM '85
CHARLES E. CROWDER
REGISTER OF DEEDS
MECKLENBURG CO.

ARTICLES OF INCORPORATION

OF

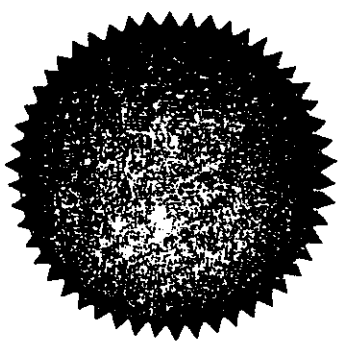
LYNTON PLACE HOMEOWNERS ASSOCIATION, INC.

and the probates thereon, the original of which was filed in this office on the 29th day of April 1985, after having been found to conform to law.

CHARLOTTE, N. C. 28248

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 29th day of April in the year of our Lord 1985.



8:43 49687 000
05/06/85

FEE
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CHSH
10.
10
10.

Thad Eure
Secretary of State
By *[Signature]*
Deputy Secretary of State

ARTICLES OF INCORPORATION
OF
LYNTON PLACE HOMEOWNERS ASSOCIATION, INC.DOCUMENT #356984
DATE 04-23-85 TIME 11:10
FILED
THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purpose of forming a non-profit corporation and hereby certifies:

ARTICLE I

NAME

The name of the corporation is Lynton Place Homeowners Association, Inc., hereinafter called the "Association".

ARTICLE II

REGISTERED OFFICE AND INITIAL AGENT

The registered office of the Association is located at 145 Scaleybark Road, Charlotte, North Carolina, 28209. The location of the registered office may be changed by a majority vote of the Board of Directors. The name of the initial registered agent at the above address is Paul R. Leonard, Jr. *Mecklenburg County*

ARTICLE III

PURPOSE AND POWERS OF THE ASSOCIATION

This Association does not contemplate a pecuniary gain or profit to the members thereof, and the specific purposes for which it is formed are to provide for maintenance, preservation and architectural control of the residence Lots and Common Area within that certain tract of property described as:

Being all of that certain parcel of land lying and being in the Charlotte Township, Mecklenburg County, North Carolina, and being more particularly described in the metes and bounds description attached hereto as SCHEDULE A and incorporated herein by reference.

and to promote the health, safety and welfare of the residents within the above described property and any additions thereto as may hereafter be brought within the jurisdiction of this Association, and for this purpose to:

(a) exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in that certain Declaration of Covenants, Conditions and Restrictions recorded in or to be recorded in the Mecklenburg Public Registry, and as set forth in any Supplementary Declaration filed pursuant to Article II, Section 2 of said Declaration, applicable to the above described property, as the same may be amended from time to time, said Declaration and any such Supplementary Declaration (hereinafter jointly and individually referred to as "Declaration") being incorporated herein as if set forth at length;

(b) fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office

and other expenses incident to the conduct of the business of the Association, including all licenses, taxes or governmental charges levied or imposed against the property of the Association;

(c) acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association;

(d) borrow money, and with the assent of members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class A Lot and Class B Lot, mortgage, pledge, deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the property rights of the members of the Association as provided in Article IV of the Declaration;

(e) dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless an instrument has been signed by members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class A Lot and Class B Lot, agreeing to such dedication, sale or transfer;

(f) participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area, provided that any such merger, consolidation or annexation shall have the consent of the members as provided in paragraph (d) above;

(g) annex additional residential property and Common Area pursuant to the provisions of Article II, Section 2, of the Declaration; and

(h) have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

ARTICLE IV

FINANCE

This corporation is a non-stock corporation and no part of the profits (if any) of the corporation shall inure to the pecuniary benefit of its members or to any other person.

ARTICLE V

MEMBERSHIP AND VOTING RIGHTS

Every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association.

The voting rights of the membership shall be provided in the Declaration and By-Laws of the Corporation.

ARTICLE VI

BOARD OF DIRECTORS

The affairs of this Association shall be managed by an initial Board of three (3) Directors, who need not be members of the Association. The number of Directors may be changed by amendment of the By-Laws of the Association. At the first annual meeting the number of Directors shall be increased to five (5). The names and addresses of the persons who are to act in the capacity of Directors until the selection of their successors are:

<u>Name</u>	<u>Address</u>
Douglas L. Boone	145 Scaleybark Road Charlotte, N. C. 28209
John Carpenter	145 Scaleybark Road Charlotte, N. C. 28209
Charles Graham	145 Scaleybark Road Charlotte, N. C. 28209

At the first annual meeting, the members shall elect one (1) director for a term of one year, two directors for a term of two (2) years, and two (2) directors for a term of three (3) years; and at each annual meeting thereafter, the members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) are expiring to serve for a term of three (3) years.

ARTICLE VII

DISSOLUTION

The Association may be dissolved only upon the signed written assent of the members entitled to not less than three-fourths (3/4) of the votes appurtenant to each Class A and Class B Lot. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust, or other organization to be devoted to such similar purposes.

ARTICLE VIII

DURATION

The period of existence of this corporation is unlimited.

ARTICLE IX

AMENDMENTS

Amendment to these Articles shall require the assent of the members entitled to at least three-fourths (3/4) of the entire vote of the membership.

ARTICLE X

FHA/VA APPROVAL

As long as there is Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, other than as provided in Article II, Section 2 of the Declaration, mergers and consolidations, mortgaging of Common Area, deeding of Common Area to persons other than the Homeowners Association, dissolution and amendment of these Articles.

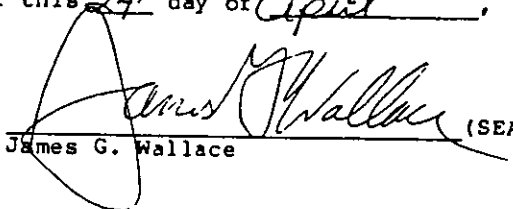
ARTICLE XI

INCORPORATOR

The name and address of the incorporator is as follows:

James G. Wallace 900 Baxter Street, Suite 300
Charlotte, North Carolina

IN WITNESS WHEREOF, I, the undersigned incorporator have hereunto set my hand and seal this 24th day of April, 1985.

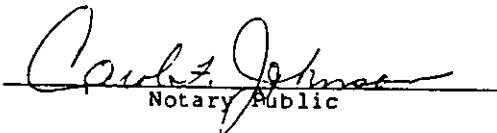

James G. Wallace (SEAL)

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Carol Johnson, a Notary Public for said County and State do hereby certify that James G. Wallace, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this 24th day of April, 1985.


Notary Public

My Commission Expires:

8/28/87

BY-LAWS
OF
LYNTON PLACE HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Lynton Place Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 145 Scaleybark Road, Charlotte, North Carolina 28209, but meetings of members and directors may be held at such places within Mecklenburg County, North Carolina, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to Lynton Place Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having such interest in a lot solely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof and any additions thereto, as are or shall become subject to this Declaration and any Supplementary Declaration under the provisions of Article II hereof.

Section 4. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and designated as "Common Open Space," or "Common Area" or "Green Space" or "Association Owned Streets" or "Association Owned Lakes" "Community Recreational Facility," including, but not limited to, tennis courts, swimming pool, clubhouse and playground areas on any plat of the property described on Schedule A attached hereto and duly recorded in the Mecklenburg County Public Registry in accordance with the provisions of this Declaration. The Common Area to be owned by the Association at the time of conveyance of the first lot is described as follows:

Being all of the property designated Common Area on the map of Lynton Place recorded in Map Book _____ at Page _____ in the Mecklenburg Public Registry.

Section 5. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown upon any recorded subdivision map of the Properties and any condominium unit located in buildings upon the Properties which is shown on the plans and specifications of a condominium recorded in the office of the Register of Deeds for Mecklenburg County, with the exception of (1) any Common Area, Common Open Space, Green Space, Community Recreational Facilities, Playground Areas, streets or lakes shown on any recorded map, and (2) land reserved and specifically designated for the exclusive common use of the Owners of condominiums. In the event any lot is increased or decreased in size by resubdivisions, through recordation of new subdivision plats, any such newly platted lot shall thereafter constitute a lot for the purposes of this Declaration. Land reserved and designated for the construction of multi-family buildings shall be deemed a lot within the meaning of this Declaration, and if any subdivision or resubdivision of that area shall be effected by conveyance (including conveyance by deed of trust), recordation of plat(s) or by construction of a condominium thereon and organization of the same under the provisions of the North Carolina Unit Ownership Act; each lot derived from each subdivision and each resubdivision and creation of condominium units shall be a lot if the same shall be of sufficient size and otherwise meets the definition of a lot and private dwelling unit under this section and under applicable zoning ordinances.

Section 6. "Declarant" shall mean and refer to John Crosland Company and shall also mean and refer to any person, firm or corporation which shall hereafter become vested, at any given time, with title to two or more undeveloped lots for the purpose of causing residence building(s) to be constructed thereon, and any such successor in title to John Crosland Company shall be a Declarant during such period of time as said party is vested with title to two or more such lots so long as said lots are undeveloped, developed but un conveyed, or improvements constructed thereon are unoccupied, but only during such period.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Single-Family Detached Home" shall mean a single-family residence which is not attached to any other single-family residence.

Section 9. "Condominium" shall mean a dwelling unit in a residential building constructed in the area reserved and designated for multi-family buildings and designed to contain under one roof more than one private dwelling unit irrespective of whether title to all of the units shall be vested in one owner or shall be

vested in diverse owners and which multi-family building has been subjected to the North Carolina Unit Ownership Act.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot which is subject to assessment.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the lots. There shall be two classes of lots with respect to voting rights:

(a) Class A Lots. Class A lots shall be all lots except Class B lots as the same are hereinafter defined. The voting rights appurtenant to the Class A lots shall be as follows:

(1) Single-Family Detached Homes. The owner of each lot designated as a lot on which a single-family detached home is or may be constructed shall be entitled to one (1) vote.

(2) Condominium. The owner of each completed condominium unit designated as a Lot as hereinabove provided shall be entitled to one (1) vote. To qualify as "completed", the condominium unit within a multi-family building must either be occupied, available for immediate occupancy, or temporarily unavailable for immediate occupancy on account of repairs, maintenance work or restoration. A lot reserved and designated for development of condominiums but not containing at least two completed private dwelling units shall be allotted one (1) vote. In the event Declarant owns any condominium lot, completed or otherwise, it shall be entitled at all times to vote as herein provided.

(3) When more than one person owns an interest (other than a leasehold or security interest) in any lot, all such persons shall be members and the voting rights appurtenant to said lot shall be exercised as they, among themselves, determine.

b. Class B Lots. Class B lots shall be all lots owned by Declarant which have not been converted to Class A lots as provided in paragraphs (1) or (2) below. The Declarant shall be entitled to three (3) votes for each Class B lot owned by Declarant.

The Class B lots shall cease to exist and shall be converted to Class A lots:

(1) When the total number of votes appurtenant to the Class A lots equals the total number of votes appurtenant to the Class B lots; provided, that the Class B Lots shall be reinstated

with all rights privileges and responsibilities, if after conversion of the Class B Lots to Class A Lots hereunder, additional land containing lots is annexed to the existing property pursuant to Article II, Section 2 hereof; or

(2) On December 31, 1992,

whichever event shall first occur.

When the Class B lots cease to exist and are converted to Class A lots, Declarant shall have the same voting rights as other owners of Class A lots.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Except as limited by Section 2 of this Article IV, every Owner shall have a right and easement of enjoyment in and to the Common Area established initially and in all future Stages or Sections of the development, which right and easement shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions:

(a) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area and to limit the use of said recreational facilities to Owners who occupy a residence on the Properties, and to their families, tenants, and guests as provided in Section 2 of this Article IV;

(b) the right of the Association to suspend the voting rights and rights of an Owner to the use of the recreational facilities for any period during which any assessment against his lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless the members entitled to at least three-fourths (3/4) of the votes appurtenant to all Class A lots and at least three-fourths (3/4) of the votes appurtenant to all Class B lots agree to such dedication or transfer and signify their agreement by a signed and recorded written document, provided that this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewerage, utilities, including CATV, and drainage facilities upon,

over, under and across the Common Area without the assent of the membership when such easements, in the opinion of said Board, are requisite for the convenient use and enjoyment of the Properties.

(d) the right of the Association, with the assent of members entitled to at least two-thirds (2/3) of the votes appurtenant to each class of lot (Class A and B), to mortgage, pledge, deed in trust, or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Mecklenburg County, North Carolina.

(b) Tenants. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers who occupy a residence within the Properties, or a portion of said residence, as their principal residence in Mecklenburg County, North Carolina.

(c) Guests. Recreational facilities located on common areas situated upon the Properties may be utilized by guests of Owners, tenants or contract purchasers subject to such rules and regulations governing said use of the Association as may be established by the Board of Directors.

ARTICLE V

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter, at the hour of 8:00 p.m. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President, Secretary or majority of the members of the Board of Directors, or upon written request of the members entitled to one-fourth (1/4) of the votes appurtenant to Class A Lots.

Section 3. Place of Meetings. All meetings of the members shall be held at such place, within Mecklenburg County, North

Carolina, as shall be determined by the Board of Directors of the Association.

Section 4. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or by hand delivery, not less than 15 days nor more than 50 days before the date of the meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the exact purposes of the meeting, including the text of any proposals to be voted on at such special meeting. Waiver by a member in writing of the notice required herein, signed by him before or after such meeting, shall be equivalent to the giving of such notice.

Section 5. The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes appurtenant to each Class of Lots (Class A and Class B) shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 6. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

Section 7. Informal Action by Members. Any action which may be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting forth the action so taken shall be signed by all of the persons who would be entitled to vote upon such action at a meeting, and filed with the Secretary of the Association to be kept in the Association minute book.

ARTICLE VI

BOARD OF DIRECTORS

Section 1. General Powers. The business and affairs of the Association shall be managed by a Board of Directors.

Section 2. Number, Term and Qualification. The number of directors of the Association shall be three until the first annual meeting of the Association at which time the number of Directors shall be increased to five. At the first annual meeting the

members shall elect one director to serve for a term of one year, two directors to serve for a term of two years and two directors to serve for a term of three years. At each annual meeting thereafter the members shall elect the number of directors needed to fill the vacancy or vacancies created by the director or directors whose term(s) are expiring to serve for a term of three years. Each director shall hold office until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. Directors need not be members of the Association.

Section 3. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 4. Election. Except as provided in Section 6 of this Article, the directors shall be elected at the annual meeting of the members, by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled under the provisions of Article III of these By-Laws. The persons receiving the highest number of votes shall be elected. Cumulative voting is not permitted.

Section 5. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association.

Section 6. Vacancies. A vacancy occurring in the Board of Directors may be filled by the selection by the remaining directors of a successor who shall serve for the unexpired term of his predecessor. The members may elect a director at any time to fill any vacancy not filled by the directors.

Section 7. Compensation. No director shall receive compensation for any service he may render to the Association in the capacity of director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and

hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Informal Action by Directors. Action taken by a majority of the directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all the directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

Section 5. Chairman. A Chairman of the Board of Directors shall be elected by the directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President shall serve as Chairman. In the event there is a vacancy in the office of the Presidency, a Chairman shall be elected by the Board of Directors to serve until a new President is elected.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association pursuant to the provisions of the Declaration. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not

reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and contract with a management company to manage the operation of the Association, and in the event a contract is entered into with a management company, such contract must be terminable by the Board of Directors without cause or penalty on thirty (30) days or less notice and any management contract made with the Declarant shall be for a period not to exceed three years;

(f) employ attorneys to represent Association when deemed necessary;

(g) grant easements for the installation and maintenance of sewerage, utilities or drainage facilities upon, over, under and across the Common Area without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the Properties; and

(h) appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members, or at any special meeting when such statement is requested in writing by members entitled to at least one-fourth (1/4) of the votes appurtenant to Class A Lots.

(b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Unit at least thirty (30) days before January 1 of each year.

(2) send written notice of each assessment to every Owner subject thereto at least fifteen (15) days and before January 1 of each year;

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificates shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability insurance covering the Townhouse Association in an amount not less than \$1,000,000.00 and adequate hazard insurance on the real and personal property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area and all facilities erected thereon to be maintained; and

(h) cause the exterior of the dwellings to be maintained.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or be otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the

president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall sign all promissory notes and in the absence of the Treasurer shall sign all checks.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income

and expenditures to be represented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE X

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XII

ASSESSMENTS

As more fully provided in Article V of the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of Eight (8%) percent per annum, plus such late charge as may be established by the Board of Directors, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Unit.

ARTICLE XIII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Lynton Place Homeowners Association, Inc., Charlotte, North Carolina, 1985.

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of members present at a meeting duly called for such purpose in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B membership.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XV

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Lynton Place Homeowners Association, Inc., a North Carolina corporation, and,

THAT the foregoing By-Laws constitute the original By-Laws of said Lynton Place Homeowners Association, Inc., as duly adopted at a meeting of the Board of Directors thereof, held on the ____ day of _____, 1985.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this ____ day of _____, 1985.

Secretary