

Prepared by and return to: Kenneth R. Embree, Attorney at Law  
6110 Falconbridge Road, Suite 200  
Chapel Hill, NC 27514

BOOK 1711 PAGE 79

DECLARATION  
OF  
PROVIDENCE PLACE  
ONE  
OFFICE CONDOMINIUM

9890-81-0552.001 7.26A..15  
9890-81-0552.002 7.26A..15A  
9890-81-0552.003 7.26A..15B ABC

FILED  
03 APR 1998, at 02:44:23pm  
Book 1711, Page 79 - 125  
Betty June Hayes,  
Register of Deeds,  
Orange County, N. C.

---

DECLARATION  
OF  
PROVIDENCE PLACE ONE OFFICE CONDOMINIUM

BOOK 1711 PAGE 80

TABLE OF CONTENTS

Article 1. Submission: Definitions

- Section 1.1. Submission of Property
- Section 1.2. Definitions

Article 2. Maximum Number of Units; Boundaries

- Section 2.1. Maximum Number of Units
- Section 2.2. Boundaries
- Section 2.3. Increase in Number of Units by Subdivision of Unit A

Article 3. Limited Common Elements

Article 4. Maintenance, Repair and Replacement

- Section 4.1. Common Elements
- Section 4.2. Units
- Section 4.3. Limited Common Elements
- Section 4.4. Access
- Section 4.5. Repairs Resulting from Negligence

Article 5. Subsequently Allocated Limited Common Elements

Article 6. Development Rights and Other Special Declarant Rights

- Section 6.1. Reservation of Development Rights
- Section 6.2. Limitations on Development Rights
- Section 6.3. Phasing of Development Rights
- Section 6.4. Special Declarant Rights
- Section 6.5. Models, Sales Offices and Management Offices
- Section 6.6. Construction; Declarant's Easements
- Section 6.7. Signs and Marketing
- Section 6.8. Declarant's Personal Property
- Section 6.9. Declarant Control of the Association
- Section 6.10. Limitations on Special Declarant Rights
- Section 6.11. Interference With Special Declarant Rights

Article 7. Allocated Interests

- Section 7.1. Allocation of Interests
- Section 7.2. Formulas for the Allocation of Interests
- Section 7.3. Assignment of Allocated Interests Upon Creation of Units Pursuant to  
Exercise of Development Rights

---

Article 8. Restrictions on Use, Alienation and Occupancy

BOOK 1711 PAGE 81

Section 8.1. Use and Occupancy Restrictions  
Section 8.2. Restrictions on Alienation

Article 9. Easements and Licenses

Article 10. Allocation and Reallocation of Limited Common Elements

Article 11. Additions, Alterations and Improvements

Section 11.1. Additions, Alterations and Improvements by Unit Owners  
Section 11.2. Additions, Alterations and Improvements by Executive Board

Article 12. Relocation of Boundaries Between Adjoining Units

Section 12.1. Application and Amendments  
Section 12.2. Recording Amendments

Article 13. Amendments to Declaration

Section 13.1. General  
Section 13.2. Limitation of Actions  
Section 13.3. Recordation of Amendments  
Section 13.4. When Unanimous Consent Required  
Section 13.5. Execution of Amendments  
Section 13.6. Special Declarant Rights  
Section 13.7. Consent of Holders of Security Interests  
Section 13.8. Amendments to Create Units or Add Real Estate

Article 14. Amendments to Bylaws

Article 15. Termination

Article 16. Assessment and Collection of Common Expenses

Section 16.1. Apportionment of Common Expenses  
Section 16.2. Common Expenses Attributable to Fewer Than All Units  
Section 16.3. Lien  
Section 16.4. Budget Adoption and Ratification  
Section 16.5. Ratification of Non-Budgeted Common Expense Assessments  
Section 16.6. Certificate of Payment of Common Expense Assessments  
Section 16.7. Monthly Payment of Common Expenses  
Section 16.8. Acceleration of Common Expense Assessments  
Section 16.9. Commencement of Common Expense Assessments  
Section 16.10. No Waiver of Liability for Common Expenses  
Section 16.11. Personal Liability of Unit Owners

Article 17. Right to Assign Future Income

---

Article 18. Persons and Units Subject to Condominium Documents

- Section 18.1. Compliance With Condominium Documents
- Section 18.2. Adoption of Rules and Regulations

Article 19. Insurance

- Section 19.1. Coverage
- Section 19.2. Property Insurance
- Section 19.3. Liability Insurance
- Section 19.4. Fidelity Bonds
- Section 19.5. Unit Owner Policies
- Section 19.6. Workers' Compensation Insurance
- Section 19.7. Directors' and Officers' Liability Insurance
- Section 19.8. Other Insurance
- Section 19.9. Premiums

Article 20. Damage to or Destruction of Property

- Section 20.1. Duty to Restore
- Section 20.2. Cost
- Section 20.3. Plans
- Section 20.4. Replacement of Less Than Entire Property
- Section 20.5. Insurance Proceeds
- Section 20.6. Certificates by the Executive Board

Article 21. Right to Notice and Hearing

- Section 21.1. Right to Notice and Hearing
- Section 21.2. Appeals

Article 22. Executive Board

- Section 22.1. Minutes of Executive Board Meetings
- Section 22.2. Powers and Duties
- Section 22.3. Executive Board Limitations

Article 23. Condemnation

Article 24. Miscellaneous

- Section 24.1. Captions
- Section 24.2. Gender
- Section 24.3. Waiver
- Section 24.4. Invalidity
- Section 24.5. Conflict

## DECLARATION OF PROVIDENCE PLACE ONE OFFICE CONDOMINIUM

## ARTICLE I.

## SUBMISSION: DEFINITIONS

Section 1.1. Submission of Property. Providence Associates, LLC, ("Declarant") owner in fee simple of the real estate described in Exhibit A, located within Orange County, North Carolina, hereby submits such real estate, including all Improvements, easements, rights and appurtenances thereunto belonging to the provisions of Chapter 47C of the General Statutes of North Carolina, known as the North Carolina Condominium Act ("Condominium Act"), and hereby creates with respect to said real estate a condominium to be known as "Providence Place One Office Condominium" ("Condominium").

Section 1.2. Definitions. As used in the Condominium Documents, the following words and phrases shall have the following meanings:

a. "Allocated Interests" means the undivided interest in the Common Elements and Common Expense liability and votes in the Association, allocated to Units in the Condominium. The Allocated Interests are described in Article 7 of this Declaration and shown on Exhibit B.

b. "Association" means the Providence Place One Office Condominium Owners' Association, Inc., a nonprofit corporation organized under Chapter 55A of the General Statutes of North Carolina. It is the Association of the Unit Owners pursuant to Section 47C-3-101 of the Condominium Act. A copy of the initial articles of incorporation are attached hereto as Exhibit D.

c. "Bylaws" means the Bylaws of the Association, as they may be amended from time to time. A copy of the initial Bylaws are attached hereto as Exhibit E.

d. "Common Elements" means all portions of the Condominium other than the Units.

e. "Common Expenses" means the expenses or financial liabilities for the operation of the Condominium. These include:

(i) expenses of administration, maintenance, repair or replacement of the Common Elements, including utility charges attributable to Common Elements;

(ii) expenses declared to be Common Expenses by the Condominium Documents or by the Condominium Act;

(iii) expenses agreed upon as Common Expenses by the Association; and

(iv) such reasonable reserves as may be established by the Association, whether held in trust or by the Association, for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association.

f. "Condominium" means the real property described in Exhibit A subject to the Declaration of Providence Place One Office Condominium, a Condominium.

g. "Condominium Documents" means this Declaration, the Plats and Plans recorded and filed pursuant to the provisions of the Condominium Act, the Bylaws, and the Rules and Regulations as they may be amended from time to time. Any exhibit, schedule, or certification accompanying a Condominium Document is a part of that Condominium Document.

h. "Declarant" means PROVIDENCE ASSOCIATES, LLC, or its successor as defined in Section 47C-1-103(9) of the Condominium Act.

i. "Development Rights" means the rights reserved by the Declarant under Article 6 of this Declaration to create Units, Common Elements and Limited Common Elements within the Condominium and subdivide units or convert into Common Elements and to add real estate to the Condominium.

j. "Declarant Control Period" means the period prior to the earlier of thirty (days) after the conveyance of all of the Units which may be created to Unit Owners other than the Declarant or two (2) years after the recording of the initial Declaration.

k. "Director" means a member of the Executive Board.

l. "Executive Board" means the board of directors of the Association.

i. "Improvements" means any construction, structure, fixture or facilities existing or to be constructed on the land included in the Condominium, including, but not limited to, buildings, trees and shrubbery planted by the Declarant or the Association, paving, utility lines, pipes, light poles and trash receptacles.

n. "Limited Common Elements" means the portion of the Common Elements allocated for the exclusive use of one or more but fewer than all of the Units by the Declaration or by operation of Section 47C-2-1-2(2) and (4) of the Condominium Act. The Limited Common Elements in the Condominium are described in Article 3 of this Declaration.

o. "Majority or Majority of Unit Owners" means the owners of more than fifty percent (50%) of the votes in the Association.

p. "Manager" means a person, firm or corporation employed or engaged to perform management services for the Condominium and the Association.

q. "Notice and Hearing" means the right of a Unit Owner to receive notice of an action proposed to be taken by the Association, and the right to be heard thereon. The procedures for Notice and Hearing are set forth in Section 21.1 of this Declaration.

r. "Person" means an individual, corporation, business trust, estate, trust, partnership, association, joint venture, limited liability company, government, government subdivision or agency, or other legal or commercial entity.

s. "Plats and Plans" means the Plats and Plans recorded simultaneously with this Declaration in Plat Book \_\_\_, Pages \_\_\_ through \_\_\_, Orange County Registry, and constituting a part hereof, as the same may be amended from time to time.

t. "Property" means the land, all Improvements, easements, rights and appurtenances, which have been submitted to the provisions of the Condominium Act by this Declaration.

u. "Public Offering Statement" means the current document prepared pursuant to 47C-4-103 of the Condominium Act as it may be amended from time to time, and provided to purchasers prior to the time of execution of a purchase agreement.

v. "Rules and Regulations" means Rules and Regulations for the use of the Units and Common Elements and for the conduct of persons within the Condominium, adopted by the Executive Board pursuant to this Declaration.

w. "Security interest" means an interest in real estate or personal property, created by contract or conveyance which secures payment or performance of an obligation. The term includes a lien created by a mortgage, deed of trust, contract for deed, land sales contract, lease intended as security, assignment of lease or rents intended as security, pledge of an ownership interest in an Association, and any other consensual lien or title retention contract intended as security, pledge of an ownership interest in an Association, and any other consensual lien or title retention contract intended as security for an obligation.

x. "Special Declarant Rights" means the rights reserved for the benefit of a Declarant to:

(i) complete Improvements indicated on the Plats and Plans filed with the Declaration;

(ii) exercise any Development Rights;

(iii) maintain sales offices, management offices, signs advertising the Condominium, and models;

(iv) use easements through the Common Elements for the purpose of making Improvements within the Condominium or within real estate that may be added to the Condominium; or

(v) appoint or remove any officer of the Association or any Executive Board member during the Declarant Control Period.

y. "Trustee" means the entity which may be designated by the Executive Board as the Trustee for the receipt, administration, and disbursement of funds derived from insured losses, condemnation awards, special assessments for uninsured losses, and other like sources as defined in the Bylaws. If no Trustee has been designated, the Trustee will be the Executive Board from time to time constituted, acting by majority vote, as executed by the president and attested by the secretary.

z. "Unit" means a physical portion of the Condominium designated for separate ownership or occupancy, the boundaries of which are described in Section 2.2 of this Declaration.

a.a. "Unit Owner" means the Declarant or other Person who owns a Unit. Unit Owner does not include a Person having an interest in a Unit solely as security for an obligation. The Declarant is the initial owner of any Unit created by this Declaration.

## ARTICLE 2. MAXIMUM NUMBER OF UNITS; BOUNDARIES

Section 2.1. Maximum Number of Units. The Condominium upon creation contains two (2) Units. As additional Units are added or subdivided, it contains the number of Units listed in the most current Exhibit B or Amendment. Declarant has reserved the right to increase the number of units by subdividing the portion of the Condominium designated as Unit A. The Declarant reserves the right to create up to a total of four Units. The Condominium contains initially two (2), the Identifying Numbers of which are set out on the Schedule of Unit Information and are shown in the Plat and Plans. Each Condominium Unit consists of the Unit together with its undivided interest in the Common Elements and Facilities. The interior layout of Units shall be designed in accordance with the desires and need of each Unit Owner in terms of interior design, arrangement, configuration and finish. The sole constraint imposed as to the configuration of the interior of any Unit shall be fixed by the perimeter floor plan which is set forth for each Unit in the Plans. At the time the Submitted Property is made subject to the Declaration certain of the Condominium Units may not yet be fashioned into finished Condominium Units, but when finished, each Condominium Unit shall have a perimeter floor plan as shown on the Plans, with the interior layout varying depending on the particular Unit. Due to differences in needs and styles, the interior walls located in each Condominium Unit shall differ in accordance with the desires of the Owner thereof. Declarant, so long as it is the Owner of a particular Unit, and each successor Owner thereof, shall have the right and option to change the initial interior design and arrangement of such Unit, so long as no portion of any load bearing wall or column is materially weakened or removed and no portion of any Limited Common Elements and Facilities is damaged, destroyed or endangered. The schedule of Unit Information sets forth for each Condominium Unit its Identifying Number, Size, model type and undivided interest in the Common Elements and Facilities, Votes in the Association, and share of liability for Common Expenses. Each Condominium Unit shall constitute for all purposes a separate parcel of real property which may be owned in fee simple and which, subject to the provisions of the Act and the Condominium Documents, may be conveyed and encumbered like any other property. The undivided interest in the Common Elements and Facilities for each Condominium Unit shall not be altered except as expressly provided by the Act and this Declaration. Such undivided interest shall not be separated from the Unit to which it appertains and shall be deemed to be conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the conveyance or other instrument. Each Unit Owner shall

---

automatically be a member of the Association, which membership shall continue during the period of ownership of the Condominium Unit by such Unit Owner.

Section 2.2. Boundaries. Boundaries of each Unit created by this Declaration are shown on the Plats and Plans as numbered Units with their identifying number and are described as follows:

a. Upper Boundary: The horizontal or sloping plane or planes of the unfinished lower surfaces of the ceiling bearing structure surfaces, beams and rafters, extended to an intersection with the vertical perimeter boundaries.

b. Lower Boundary: The horizontal plane or planes of the undecorated or unfinished upper surfaces of the floors extended to an intersection with the vertical perimeter boundaries and open, horizontal, unfinished surfaces of trim, sills and structural components.

c. Vertical Perimeter Boundary: the planes defined by measuring from the outside of the outside walls to the centerline of the common corridor, if any, and from the outside of the outside walls to the centerline of a demising partition.

d. Inclusions: Each Unit will include the spaces and Improvements lying within the boundaries described in Subsections 2.2 a, b and c above, and will also include the spaces containing any space heating, water heating and air conditioning apparatus, smoke detector systems and all electrical switches, wiring (to its connection with the individual meter serving a Unit), pipes (to the connectors with the main service line), ducts, conduits, smoke detector systems, telephone, and electrical receptacles and light fixtures and boxes or meters serving that Unit exclusively, the surface of the foregoing being the boundaries of such Unit, whether or not such spaces are contiguous. All doors, windows, lath, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint and other materials constituting any part of the finished surfaces thereof, shall be a part of the Unit.

e. Exclusions: Except when specifically included by other provisions of Section 2.2, the following are excluded from each Unit: The spaces and Improvements lying outside of the boundaries described in Subsections 2.2 a, b, and c above; and all chutes, pipes, flues, ducts, wires, conduits, skylights and other facilities running through or within any interior wall or partition for the purpose of furnishing utility and similar services to other Units and Common Elements or both.

f. Non-Contiguous Portions: Certain Units may include special portions, pieces or equipment such as heating and air conditioning apparatus, meter boxes, utility connection structures and storage portions situated in buildings or structures that are detached or semidetached from the buildings containing the principal occupied portion of the Units. Such special equipment and storage portions are a part of the Unit notwithstanding their non contiguity with such occupied portions.

g. Inconsistency with Plats and Plans: If this definition is inconsistent with the Plats and Plans, then this definition will control. However, in interpreting the Plans, the existing physical boundaries of a Unit as originally constructed or of a Unit reconstructed in substantial accordance with the original Plans thereof shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in any Plat or Plans, regardless of settling or lateral movement of the building and regardless of minor variance between the boundaries shown on the Plans or in a deed and those of the Unit. If an Owner acquires an adjoining Unit, thereby becoming the common Owner of adjoining Units, such Owner shall have the right (subject to the prior written approval of the Mortgagees of the Units involved) to remove all or any part of any intervening partition or to create doorways or other apertures therein, notwithstanding the fact that such partition may, in whole or in part, be part of the Limited Common Elements and Facilities, so long as no portion of any load bearing wall or column is materially weakened or removed and no portion of any Common Elements and Facilities, other than that partition and any chutes, flues,



ducts, conduits, wires or other apparatus contained therein which shall be relocated by such Owner if such facilities serve any other part of the Condominium, is damaged, destroyed, or endangered. The alterations permitted by the preceding sentence shall not be deemed an alteration or relocation of boundaries between adjoining Units. The foregoing definition of the boundaries of a Unit shall not pertain to Unit A, but shall pertain to the portions thereof which are subdivided pursuant to Section 2.3 of this Declaration and created into specific Units.

Section 2.3. Increase in Number of Units by Subdivision of Unit A. As of the recordation of this Declaration, the Condominium includes two (2) Units. Declarant reserves the option to expand by adding additional Units to the Condominium by subdividing Unit A on one or more occasions. There are no limitations on this option except that no more than four units may be created from Unit A, and the consent of any Unit Owners or Mortgagees, other than a Mortgagee of Unit A, shall not be required. Except for zoning and other governmental requirements, there are no limitations as to the size of Units so added. The interior layout of the Units so added shall be designed in accordance with the desires and needs of each Unit Owner in terms of interior design, arrangement, configuration and finish. The sole constraints imposed as to the configuration of the interior of any Unit shall be fixed by the perimeter floor plan of the building which is set forth in the Plans. This right and option of Declarant to expand by adding additional units to the Condominium by subdividing Unit A shall be transferable and appurtenant to the ownership of Unit A, or any portion thereof remaining after subdivision and specifically, but without limiting the generality of the foregoing, shall be transferable to any party obtaining title thereof as a result of foreclosure or upon receipt of a deed in lieu of foreclosure. The boundaries of the Units which may be added pursuant hereto are not fixed, except by the constraints imposed by the perimeter floor plan of such building, and no other limitations are imposed on how they shall be fixed. This option shall expire seven (7) years from the date of recording this Declaration. The Units so added shall be subject to the use restrictions set forth herein when they are added to the Condominium. All such Units shall be restricted to office/business use as set forth in Article 8. The Units created by subdividing Unit A shall be compatible with the other Units in terms of the general quality of construction. The Declarant shall have the right to assign Limited Common Elements and Facilities to such Units in accordance with the provisions of Article 3. hereof. The undivided interest in the Common Elements and Facilities, Limited Common Elements and Facilities, Votes in the Association and liability for Common Expenses shall be allocated among the Condominium Units added pursuant hereto in the same manner as set forth in Articles 6. and 7. hereof. In the event Declarant exercises the option to subdivide Unit A reserved herein, Declarant does not intend to duplicate any portions of the Common Elements and Facilities currently in existence. All real estate taxes then due and payable on the Units so added must be paid and prorated. Any increase in the number of Units under this Section shall be effected by Declarant's executing and recording the amendments to this declaration and the Plans required by the Act, at Declarant's sole expense. Any such amendment shall be effective against all Owners and Mortgagees as of the time of its recording, notwithstanding when such Owners and Mortgagees acquired their interest in any Condominium Unit. The Condominium Units thereby created shall be owned by Declarant, but the Limited Common Elements and Facilities thereby created, if any, shall be allocated among the Unit Owners located within the Submitted Property in accordance with the amendment adding same. Except as expressly set forth herein, the Declarant's option to add Units which shall be created by subdividing Unit A shall not be limited in any other respect. Liability for Common Expenses, undivided interests in the Common Elements and Facilities and undivided interests in the Limited Common Elements and Facilities shall be allocated to Unit A in accordance with the provisions hereof, assuming that Unit A initially contains 5,574.87 square feet, less any portions thereof which may be designated as Limited Common Elements and Facilities on the

Plans and, as additional Units are created by subdivision as aforesaid, such shall be reallocated among the Units then in existence on the same basis.

### ARTICLE 3. LIMITED COMMON ELEMENTS

The following portions of the Common Elements are Limited Common Elements assigned to the Units as stated:

a. If a chase, chute, flue, pipe, duct, wire, conduit, bearing wall, bearing column, or other fixture lies partially within and partially outside the designated boundaries of a Unit, the portion serving only the Unit is a Limited Common Element, allocated solely to the Unit, the use of which is limited to that Unit, and any portion thereof serving more than one Unit or a portion of the Common Elements is a part of the Common Elements.

b. Any exterior door or window or other fixture designed to serve a single Unit that is located outside of the boundaries of the Unit, is a Limited Common Element allocated exclusively to the Unit and its use is limited to that Unit.

c. Stairways, landings, hallways, and entranceways, restrooms and kitchen facilities the use of which is limited to certain Units as shown on the Plats and Plans.

d. Utility areas, the use of which is limited to the Unit or Units as shown on the Plats and Plans.

e. Mailboxes, nameplates, and exterior lighting affixed to the building will be Limited Common Elements allocated to the Unit served.

f. HVAC systems shall be Limited Common Elements allocated to the units served. If the HVAC serves more than one Unit, the cost, maintenance and utility charges shall be borne by the respective Unit Owners in the proportionate interest as between the Unit Owners who are serviced by the HVAC system, calculated pursuant to Section 7.2 herein.

g. Attic space directly above a Unit shall be a Limited Common Element with respect to such Unit.

### ARTICLE 4. MAINTENANCE, REPAIR AND REPLACEMENT

Section 4.1. Common Elements. The Association will maintain, repair and replace all of the Common Elements, except the portions of the Limited Common Elements which are required by this Declaration to be maintained, repaired or replaced by the Unit Owners.

Section 4.2. Units. Each Unit Owner shall maintain, repair and replace, at such Unit Owner's own expense, all portions of such Unit Owner's Unit, except the portions thereof to be maintained, repaired or replaced by the Association.

Section 4.3. Limited Common Elements. Any Common Expenses associated with the maintenance, repair or replacement of heat exchanger, heat outlet, enclosures and mechanical attachments, plumbing fixtures in restrooms and in kitchen facilities will be assessed against the Unit or Units to which the Limited Common Element is assigned.

Common Expenses associated with the maintenance, repair or replacement of components and elements attached to or a part of stairways, landings, hallways, and entranceways, exterior doors and windows will be assessed against the Unit or Units to which the Limited Common element is assigned. No additional component or element may be attached without consent of the Executive Board upon approval by the covenants control committee, if any. In the event such additional component or element becomes deteriorated or unsightly or is inconsistent with conditions of installation it may be removed or repaired at the Unit Owner's expense as a Common Expense assessment under this Section, after Notice and Hearing.

If any such Limited Common Element is assigned to more than one Unit, the Common Expenses attributable to the Limited Common Element will be assessed equally among the Units to which it is assigned in proportion to their relative allocated liability for Common Expenses.

Common Expenses associated with the cleaning, maintenance, repair or replacement of all other limited Common Elements will be assessed against all Units in accordance with their Allocated Interests in the Common Expenses.

Section 4.4. Access. Any Person authorized by the Executive Board shall have the right of access to all portions of the Property for the purpose of correcting any condition threatening a Unit or the Common Elements, and for the purpose of performing installations, alterations or repairs, and for the purpose of reading, repairing, replacing utility meters and related pipes, valves, wires and equipment, provided that such requests for entry are made in advance and that any such entry is at a time reasonably convenient to the affected Unit Owner. In case of an emergency, no such request or notice is required and such right of entry shall be immediate, whether or not the Unit Owner is present at the time.

Section 4.5. Repairs Resulting from Negligence. Each Unit Owner will reimburse the Association for any damages to any other Unit or to the Common Elements caused intentionally, negligently or by such Unit Owner's failure to properly maintain, repair or make replacements to such Unit Owner's Unit. The Association will be responsible for damage to Units caused intentionally, negligently or by such Unit Owner's failure to properly maintain, repair or make replacements to such Unit Owner's Unit. The Association will be responsible for damage to Units caused intentionally, negligently or by its failure to maintain, repair or make replacements to the Common Elements. If such expense is caused by misconduct, it will be assessed following Notice and Hearing.

#### ARTICLE 5.

#### SUBSEQUENTLY ALLOCATED LIMITED COMMON ELEMENTS

Those portions of the Common Elements now or hereafter improved as parking spaces may be subsequently allocated as Limited Common Elements in accordance with Subsection 6.1 .c. and Article 10 of this Declaration, or may be assigned by Rules and Regulations of the Executive Board, or may be limited by Rules and Regulations to visitors only.

#### ARTICLE 6.

#### DEVELOPMENT RIGHTS AND OTHER SPECIAL DECLARANT RIGHTS

Section 6.1. Reservation of Development Rights. The Declarant reserves the following Development Rights:

- a. The right by amendment, to add any or all portions of the real estate described in Exhibit C attached hereto ("Additional Land") to the Condominium.
- b. The right by amendment, to add subdivide and create Units, Common Elements, and Limited Common Elements within the Condominium, including the Additional Land.
- c. The right by amendment, to allocate as Limited Common Elements parking spaces per net usable square feet per unit as shown on the Plats and Plans and assign them to particular Units. No assurance is given that such spaces will be allocated however.
- d. The right to construct underground utility lines, pipes, wires, ducts, conduits and other facilities across the land anywhere in the Condominium for the purpose of furnishing utility and other services to buildings and Improvements to be constructed on the Additional Land. The Declarant also reserves the right to grant easements to public utility companies and to convey Improvements within those easements anywhere in the Condominium for the above-mentioned

purposes. If the Declarant grants any such easements, Exhibit A will be amended to include reference to the recorded easement.

e. The right to withdraw unimproved real estate from the condominium.

Section 6.2 Limitations on Development Rights. The Development Rights reserved in Section 6.1 are limited as follows:

a. The Development Rights may be exercised at any time but not more than twenty-five (25) years after the recording of the initial Declaration;

b. Not more than three (3) additional units may be created under the Development Rights;

c. All Units and Common Elements created pursuant to the Development Rights will be restricted to medical/professional/office uses, as more fully described in Section 8.1 below, as are incidental to the maintenance of such offices. The Units created pursuant to the Development Rights may be inconsistent with the Units created under this Declaration as initially recorded.

Section 6.3. Phasing or Development Rights. No assurances are made by the Declarant regarding the addition or creation of additional Units, Common Elements, or Limited Common Elements within the Condominium. No assurances are made by the Declarant regarding the Additional Land as to the portions of the Additional Land in which the Declarant will exercise its Development Rights or the order in which such portions, or all of the Additional Land, will be added. The exercise of Development Rights as to some portions will not obligate the Declarant to exercise them as to other portions.

Section 6.4. Special Declarant Rights. The Declarant reserves the following Special Declarant Rights, to the maximum extent permitted by law, which may be exercised, where applicable, anywhere within the Condominium:

a. To complete Improvements indicated on the Plats and Plans filed with the Declaration;

b. To exercise a Development Right reserved in the Declaration;

c. To maintain sales offices, management offices, signs advertising the Condominium, and models;

d. To use easements through the Common Elements for the purpose of making Improvements within the Condominium;

e. To appoint or remove an officer of the Association or an Executive Board member during the Declarant Control Period subject to the provisions of Section 6.9 of this Declaration.

Section 6.5. Models, Sales Offices and Management Offices. As long as the Declarant is a Unit Owner, the Declarant and its duly authorized agents, representatives and employees may maintain any Unit owned by the Declarant or any portion of the Common Elements as a model unit or sales office or management office.

Section 6.6. Construction: Declarant's Easements. The Declarant reserves the right to perform repairs and construction work, and to store materials in secure areas, in Units and Common Elements, and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work may be performed by the Declarant without the consent or approval of the Executive Board. The Declarant has such an easement through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations for exercising special Declarant rights, whether arising under the Condominium Act or reserved in the Declaration. Such easement includes the right to convey utility and drainage easements to public utilities, municipalities, the State of North Carolina, riparian owners or upland owners to fulfill the plan of development.

Section 6.7. Signs and Marketing. The Declarant reserves the right to post signs and displays in the Common Elements to promote sales of Units, and to conduct general sales activities, in a manner as will not unreasonably disturb the rights of Unit Owners.

Section 6.8. Declarant's Personal Property. The Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction and maintenance of the premises that has not been represented as Property of the Association. The Declarant reserves

the right to remove from the Property, any and all of the goods and Improvements used in development, marketing and construction, whether or not they have become fixtures.

Section 6.9. Declarant Control of the Association.

a. Subject to Subsection 6.9(b), during the Declarant Control Period, a Declarant or persons designated by the Declarant may appoint and remove the officers and members of the Executive Board. Declarant may voluntarily surrender the right to appoint and remove officers and members of the Executive Board before the termination of the Declarant Control Period, but in that event the Declarant may require, for the duration of the Declarant Control Period, that specified actions of the Association or Executive Board, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.

b. Not later than the termination of the Declarant Control Period, the Unit Owners shall elect an Executive Board of at least three (3) members, at least a majority of whom shall be Unit Owners. The Executive Board shall elect the officers. The Executive Board members and officers shall take office upon election.

c. Notwithstanding any provision of this Declaration or the Bylaws to the contrary, following notice under Section 47C-3-108 of the Condominium Act, the unit Owners, by a sixty-seven percent (67%) vote of all persons present and entitled to vote at a meeting of the Unit Owners at which a quorum is present may remove a member of the Executive Board with or without cause, other than a member appointed by the Declarant.

Section 6.10. Limitations on Special Declarant Rights. Unless sooner terminated by an amendment to the Declaration executed by the Declarant, any Special Declarant Right may be exercised by the Declarant until the earlier of the following:

- (i) so long as the Declarant holds a Development Right to create additional Units or Common Elements or to add real estate to the Condominium; or
- (ii) seven (7) years after recording this Declaration.

Section 6.11. Interference with Special Declarant Rights. Neither the Association nor the Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of the Declarant.

## ARTICLE 7. ALLOCATED INTERESTS

Section 7.1. Allocation of Interests. The table showing Unit numbers and their Allocated Interests is attached as Exhibit B. These interests have been allocated in accordance with the formulas set out in this Article 7. These formulas are to be used in reallocating interests if Units are added to the Condominium.

Section 7.2 Formulas for the Allocation of Interests. The interests allocated to each Unit have been calculated on the following formulas:

a. Undivided interest in the Common Elements. The percentage of the undivided interest in the Common Elements allocated to each Unit is based on the relative floor area of each Unit as compared to the floor area of all of the Units in the Condominium.

b. Liability for the Common Expenses. The percentage of liability for Common Expenses allocated to each Unit Based on the relative floor area of each unit as compared to the floor area of all of the units in the Condominium. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units under Article 16 of this Declaration.

c. Votes. The vote in the Association allocated to each Unit is based on the relative floor area of each unit as compared to the floor area of all units in the Condominium. Any specified percentage portion or fraction of Unit Owners, unless otherwise stated in the Condominium

Documents, means the specified percentage, portion, or fraction of all the votes as allocated in Exhibit B.

Section 7.3. Assignment of Allocated Interests Upon Creation of Units Pursuant to Exercise of Development Rights. The effective date for assigning Allocated Interests to Units created pursuant to Section 6.1 of this Declaration shall be the date on which the amendment creating the Units is recorded in the Office of the Register of Deeds of Orange County, North Carolina.

#### **ARTICLE 8. RESTRICTIONS ON USE, ALIENATION AND OCCUPANCY**

Section 8.1. Use and Occupancy Restrictions. Subject to the Special Declarant Rights reserved under Article 6, the following use restrictions apply to all Units and to the Common Elements:

a. Each Unit is restricted to business and professional office uses and such other uses as are identical to the maintenance of business and professional offices. There shall be permitted no clinics (as that term is defined in the Chapel Hill Zoning Ordinance) allowed, unless approved by a 67% vote of the Unit Owner's Association.

b. The use of Units and Common Elements is subject to the Bylaws and the Rules and Regulations of the Association.

Section 8.2. Restrictions on Alienation. All leases and rental agreements shall be in writing and subject to the requirements of the Condominium Documents and the Association. All leases of a Unit shall be deemed to include a provision that the tenant will recognize and attorn to the Association as landlord, solely for the purpose of having the power to enforce a violation of the provisions of the Condominium Documents against the tenant, provided the Association gives the landlord notice of its intent to so enforce, and a reasonable opportunity to cure the violation directly, prior to the commencement of an enforcement action.

#### **ARTICLE 9. EASEMENTS AND LICENSES**

All easements or licenses to which the Condominium is presently subject are recited in Exhibit A to this Declaration. In addition, the Condominium may be subject to other easements or licenses granted by the Declarant pursuant to its powers under Article 6 of this Declaration.

#### **ARTICLE 10. ALLOCATION AND REALLOCATION OF LIMITED COMMON ELEMENTS**

A Common Element not previously allocated as a Limited Common Element may be so allocated only pursuant to provisions of Article 5 of the Declaration. The allocations will be made by amendments to the Declaration, specifying to which Unit or Units the Limited Common Element is allocated.

The Declarant has reserved the right, under Subsection 6.1.c. of this Declaration, to allocate as Limited Common Elements parking spaces per usable square feet or per unit. If any such parking spaces are so allocated, they shall be assigned to particular Units by amendment to this Declaration. Any parking spaces which are not allocated as Limited Common Elements at the termination of the Development Rights period may be so allocated by the Association by amendment to this Declaration. All amendments shall specify to which Unit or Units the Limited Common Element is allocated.

No limited Common Element depicted on the Plats and Plans may be reallocated by an amendment to this Declaration pursuant to this Article 10 except as part of a relocation of boundaries of Units pursuant to Article 12 of this Declaration or except as part of the subdivision of Unit A and the creation of additional units pursuant to Section 2.3 hereof. Such amendment shall require the approval of all holders of Security Interests in the affected Units, which approval shall be endorsed thereon. The person executing the amendment shall provide an executed copy thereof to the Association which, if the amendment complies with the provisions of this Declaration and the Condominium Act, shall record it. The amendment shall contain words of conveyance and must be recorded and indexed in the names of the parties and the Condominium. The parties executing the amendment shall be responsible for the preparation of the amendment and shall reimburse the Association for its reasonable attorney's fees in connection with the review of the amendment and for the recording costs.

**ARTICLE 11.**  
**ADDITIONS, ALTERATIONS AND IMPROVEMENTS**

Section 11.1. Additions, Alterations and Improvements by Unit Owners

a. No Unit Owner will make any structural addition, structural alteration, or structural Improvement in or to the Condominium without the prior written consent thereto of the Executive Board in accordance with Subsection 11.1c

b. Subject to Subsection 11.1a, a Unit Owner:

(i) may make any other Improvements or alterations to the interior of such Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium, except to the extent such improvement or alteration changes the exterior appearance of the Unit;

(ii) may not change the appearance of the Common Elements, or the exterior appearance of a Unit or any other portion of the Condominium without permission of the Association;

(iii) after acquiring an adjoining Unit or an adjoining part of an adjoining Unit, may remove or alter any intervening partition or create apertures therein, even if the partition in whole or in part is a Common Element, if those acts do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this Subsection is not an alteration of boundaries.

c. A Unit Owner may submit a written request to the Executive Board for approval to do anything that such Unit Owner is forbidden to do under Subsection 11.1a or 11.1b(ii). The Executive Board shall answer any written request for such approval, after Notice and Hearing, within sixty (60) days after the request thereof. Failure to do so within such time shall not constitute a consent by the Executive Board to the proposed action. The Executive Board shall review requests in accordance with the provisions of its Rules and Regulations.

d. Any applications to any department or to any governmental authority for a permit to make any addition, alteration or improvement in or to any Unit shall be executed by the Association only. Such execution will not, however, create any liability on the part of the Association or any of its members to any contractor, subcontractor or materialman on account of such addition, alteration or improvement or to any person having any claim for injury to persons or damage to property arising therefrom.

e. All additions, alterations and Improvements to the Units and Common Elements shall not, except pursuant to prior approval by the Executive Board, cause any increase in the premium of any insurance policies carried by the Association or by the owners of any Units other than those affected by such change.

f. The Declarant specifically reserves the right of approval over any Improvements or alterations that alter the exterior appearance of the Condominium including, without limitation, interior window treatments, which shall conform to standards regarding size, color and orientation to be determined in the discretion of the Declarant. Furthermore, the Declarant specifically reserves the right of approval over all nameplates and signage attached to the exterior of the Condominium.

The provisions of this Section shall not apply to the Declarant in the exercise of any Special Declarant Right, including, but not limited to, the right to subdivide Unit A.  
Section 11.2. Additions, Alterations and Improvements by Executive Board

Subject to the limitations of Sections 16.4 and 16.5 of this Declaration, the Executive Board may make any additions, alterations or improvements to the Common Elements which, in its judgment, it deems necessary.

## ARTICLE 12. RELOCATION OF BOUNDARIES BETWEEN ADJOINING UNITS

Section 12.1. Application and Amendment. Subject to approval of any structural changes and required permits pursuant to Article 11, the boundaries between adjoining Units may be relocated by an amendment to the Declaration upon application to the Association by the owners of the Units affected by the relocation. If the owners of the adjoining Units have specified a reallocation between their units of their Allocated Interests, the application shall state the proposed reallocations. Unless the Executive Board determines, within thirty (30) days after receipt of the application, that the reallocations are unreasonable, the Association shall consent to the reallocation and prepare an amendment that identifies the Units involved, states the reallocations and indicates the Association's consent. The amendment must be executed by those Unit Owners and contain words of conveyance between them, and the approval of all holders of Security Interests in the affected Units shall be endorsed thereon. On recordation, the amendment shall be indexed by the name of the grantor and the grantee, and in the grantee's index in the name of the Association.

Section 12.2. Recording Amendments. The Association shall prepare and record plats or plans necessary, to show the altered boundaries between adjoining Units, and their dimensions and identifying numbers.

The applicants will pay for the costs of preparation of the amendment and its recording, and the reasonable consultant fees of the Association if it is deemed necessary to employ a consultant by the Executive Board.

## ARTICLE 13. AMENDMENTS TO DECLARATION

Section 13.1. General. Except in cases of amendments that may be executed by the Declarant in the exercise of its Development Rights or by the Association under Article 2 and Article 10 of this Declaration and Section 47C-1-107 of the Condominium Act, or by certain Unit Owners under Article 2 and Article 10 and Section 12.1 of this Declaration and Section 47C-2-118 of the Condominium Act, and except as limited by Section 13.4 of this Declaration, this Declaration, including the Plats and Plans, may be amended only by vote or agreement of Unit Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

Section 13.2. Limitation of Actions. An action to challenge the validity of an amendment adopted by the Association pursuant to the validity of an amendment adopted by the Association pursuant to this Article may not be brought more than one year after the amendment is recorded.



Section 13.3. Recording Required. Each amendment to the Declaration must be recorded in every county in which a portion of the Condominium is located and the amendment is effective only upon recording. An amendment, except an amendment pursuant to Article 12 of this Declaration, must be indexed in the grantee's index in the name of the Condominium and the Association and in the grantor's index in the name of the parties executing the amendment.

Section 13.4. Unanimous Consent Required. Except to the extent expressly permitted hereby or required by other provisions of the Condominium Act, an amendment may not create or increase Special Declarant Rights, increase the number of Units, change the boundaries of a Unit, the Allocated Interest of a Unit, or the uses to which a Unit is restricted, in the absence of the unanimous consent of the Unit Owners.

Section 13.5. Execution of Amendments. An amendment to the Declaration required by the Condominium Act, must be prepared, executed, recorded and certified on behalf of the Association by an officer of the Association designated for the purpose, or in the absence of designation, by the president of the Association.

Section 13.6. Special Declarant Rights. Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of the Declarant.

Section 13.7. Consent of Holders of Security Interests. Amendments are subject to the consent requirements of Article 16 of this Declaration.

Section 13.8. Amendments to Create Units or Add Real Estate. To exercise any Development Rights reserved under Section 6.1 or under Section 2.3 of this Declaration, the Declarant shall prepare, execute and record an amendment to the Declaration. The Declarant shall also record either new Plats and Plans necessary to conform to the requirements of Section 47C2-109(a), (b), and (c) of the Condominium Act or new certifications of the Plats and Plans previously recorded if those Plats and Plans otherwise conform to the requirements of those Sections.

The amendment to the Declaration shall assign an identifying number to each new Unit created and reallocate the Allocated Interests among all Units. The amendment shall describe any Common Elements and any Limited Common Elements created thereby and designate the Unit to which each Limited Common Element is allocated to the extent required by Section 47C-2-108 of the Condominium Act.

#### **ARTICLE 14. AMENDMENTS TO BYLAWS**

The Bylaws may be amended only by a vote of two-thirds (2/3) of the members of the Executive Board at any meeting duly called for such purpose.

#### **ARTICLE 15. TERMINATION**

Termination of the Condominium may be accomplished only in accordance with section 47C-2-118 of the Condominium Act.

#### **ARTICLE 16. ASSESSMENT AND COLLECTION OF COMMON EXPENSES**

Section 16.1. Apportionment of Common Expenses.

a. Except as provided in Section 16.2, all Common Expenses shall be assessed against all Units in accordance with their stated liability for Common Expenses as shown on Exhibit B-1 to this Declaration.

b. Water shall be a Common Expense for all Units that are not separately metered for water. Should the Executive Board or Declarant determine that a particular Unit is a high-volume user of water, the Board or Declarant may require that Unit to be separately metered for water. Any Unit separately metered for water shall not be liable for assessment of a Common expense for water.

Section 16.2. Common Expenses Attributable to Fewer Than All Units.

a. Any Common Expense associated with the maintenance, repair or replacement of a Limited Common Element shall be assessed against the Unit or Units to which the Limited Common Element is assigned. If any such Limited Common Element is assigned to more than one Unit, the Common expenses attributable to the Limited Common Element shall be assessed among the Units to which it is assigned in proportion to their relative allocated liability for Common Expenses.

b. Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against the Unit which benefits from the service.

c. Any insurance premium increase attributable to a particular Unit by virtue of activities in or construction of the Unit shall be assessed against that Unit.

d. An assessment to pay a judgment against the Association may be made only against the Units in the Condominium at the time the judgment was entered, in proportion to their Common Expense liabilities.

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

f. Fees, charges, late charges, fines, collection costs, and interest charged against a Unit Owner pursuant to the Condominium Documents and the Condominium Act are enforceable as Common Expense assessments.

g. Any charge for a utility service, including water, provided solely to a particular Unit or Units shall be assessed against that Unit or Units.

Section 16.3. Lien.

a. The Association has a lien on a Unit for an assessment levied against the unit which remains unpaid for a period of Thirty (30) days or longer from the time it is filed of record in the Office of the Clerk of Superior Court of Orange County, North Carolina. Fees, charges, late charges, fines and interest charged pursuant to the Condominium Act and the Condominium Documents are enforceable as assessments under this Section. If an assessment is payable in installments, the full amount of the assessment becomes immediately due and payable when the first installment thereof remains unpaid in such manner, and the full amount of the assessment shall constitute a lien from the time of such filing.

b. A lien under this section is prior to all other liens and encumbrances on a Unit except:

(i) liens and encumbrances (including, but not limited to, a mortgage or deed of trust on the on the Unit) recorded before the docketing of the lien in the Office of the Clerk of Superior Court; and

(ii) liens for real estate taxes and other governmental assessments or charges against the Unit. This Subsection does not affect the priority of mechanics' or materialmen's liens.

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

d. This section does not prohibit an action to recover sums for which Subsection 16.3(a) of this section creates a lien or prohibit the Association from taking a deed in lieu of foreclosure.

e. A judgment, decree or order in any action brought under this Section shall include costs and reasonable attorneys' fees for the prevailing property.

f. The Association's lien may be foreclosed as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes of North Carolina.

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

h. Any payments received by the Association in the discharge of a Unit Owner's obligation may be applied to the oldest balance due.

Section 16.4. Budget Adoption and Ratification. Within Thirty (30) days after adoption of a proposed budget for the Condominium, the Executive Board shall provide a summary of the budget to each Unit Owner, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) nor more than Thirty (30) days after mailing of the summary. Unless at that meeting eighty percent (80%) of all Unit Owners reject the budget, the budget is ratified, whether or not a quorum is present. If the proposed budget is rejected, the periodic budget last ratified by the Unit Owners continues until the Unit Owners ratify a budget proposed by the Executive Board.

Section 16.5. Ratification of Non-Budgeted Common Expense Assessments. If the Executive Board votes to levy a Common Expense assessment not included in the current budget, other than one enumerated in Section 16.2 of this Declaration, in an amount greater than fifteen (15) percent of the current annual operating budget, the Executive Board shall submit such Common Expense to the Unit Owners for ratification in the same manner as a budget under Section 16.4.

Section 16.6. Certificate of Payment of Common Expense Assessments. The Association upon written request shall furnish to a Unit Owner a statement setting out the amount of unpaid assessments against the Unit. The statement must be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board and each Unit Owner.

Section 16.7. Monthly Payment of Common Expenses. All Common Expenses assessed under Sections 16.1 and 16.2 shall be due and payable monthly.

Section 16.8. Acceleration of Common Expense Assessments. In the event of default for a period of thirty (30) days by any Unit Owner in the payment of any Common Expense assessment levied against such Unit Owner's Unit, the Executive Board shall have the right, after Notice and hearing, to declare all unpaid assessments for the pertinent fiscal year to be immediately due and payable.

Section 16.9. Commencement of Common Expense Assessments. Common Expense assessments shall begin on the first day of the month on which conveyance of the first Unit to a Unit Owner other than the Declarant occurs or on such earlier date as the Executive Board determines.

Section 16.10. No Waiver of Liability for Common Expenses. No Unit Owner may obtain exemption from liability for payment of the Common Expenses by waiver of the use of enjoyment of the Common Elements or by abandonment of the Unit against which the assessments are made.

Section 16.11. Personal Liability of Unit Owners. The owner of a Unit at the time a Common Expense assessment or portion thereof is due and payable is personally liable for the assessment. Personal liability for the assessment shall not pass to a successor in title to the Unit unless such successor in title agrees to assume the obligation.

## ARTICLE 17.

**RIGHT TO ASSIGN FUTURE INCOME**

The Association may assign its future income, including its right to receive Common Expense assessments, only by the affirmative vote of Unit Owners of Units to which at least fifty-one percent (51%) of the votes in the Association are allocated, at a meeting called for that purpose.

**ARTICLE 18.****PERSONS AND UNITS SUBJECT TO THE CONDOMINIUM DOCUMENTS**

Section 18.1. Compliance with Condominium Documents. All Unit Owners, tenants, mortgagees and occupants of Units shall comply with the Condominium Documents. The acceptance of a deed or the exercise of any incident of ownership or the entering into of a lease or the entering into occupancy of a Unit constitutes agreement that the provisions of the Condominium Documents are accepted and ratified by such Unit Owner, tenant, mortgagee or occupant, and all such provisions recorded in the Office of the Register of Deeds of Orange County, North Carolina are covenants running with the land and shall bind any persons having, at any time any interest or estate in such Unit.

Section 18.2. Adoption of Rules and Regulations. The Executive Board may adopt Rules and Regulations regarding the use and occupancy of Units affecting, the Common Elements, Limited Common Elements and the activities of occupants, subject to Notice and Consent.

**ARTICLE 19.****INSURANCE**

Section 19.1. Coverage. To the extent reasonably available, the Executive Board determines that any insurance described herein will not be maintained, the Executive Board shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners at their last know addresses.

Section 19.2. Property Insurance.

a. Property insurance coverage:

(i) the Common Elements, all structural portions of the Condominium and all HVAC, electrical and plumbing facilities, including all portions of the Condominium extending outward from the unfinished interior surface of the sheetrock outward to the outside surface of the floor covering to the foundation, but excluding improvements and betterment's installed by Unit Owners and further excluding land, excavations, portions of foundations below the under surfaces of the lowest floors, underground pilings, pipes, flues and drains and other items Normally excluded from property policies; and

(ii) all personal property owned by the Association.

b. Amount. An amount (after application of any deductions) equal to eighty percent (80%) of replacement cost at the time the insurance is purchased and at each renewal date.

The Executive Board is authorized to obtain appraisals periodically for the purpose of establishing said replacement cost, and the cost of such appraisals shall be a Common Expense.

c. Risks Insured Against. The insurance shall afford protection against "all risks" of direct physical loss commonly insured against.

d. Other Provisions. Insurance policies required by this Section shall provide that:

(i) the insurer waives the right to subrogation under the policy against a unit Owner.

(ii) an act or omission by a unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy.

(iii) if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy for that purpose, and in the absence of such designation to the Association, in either case to be held in trust for each Unit Owner and such Unit Owner's mortgagee.

(iv) loss must be adjusted with the Association.

(v) insurance proceeds shall be paid to an insurance trustee designated in the policy for that purpose, and in the absence of such designation to the Association, in either case to be held in trust for each Unit owner and such Unit Owner's mortgagee.

(vi) the insurer may not cancel or refuse to renew the policy until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued, at their respective last known addresses.

(vii) the name of the insured shall be substantially as follows: "Providence Place One Office Condominium Owners' Association, Inc. for the use and benefit of the individual owners."

Section 19.3. Liability insurance. Liability insurance, including medical payment insurance, in an amount determined by the Executive Board but in no event less than \$1,000,000.00 covering all occurrences commonly insured against for death, bodily injury and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements, and the activities of the Association.

a. Other Provisions. Insurance policies carried pursuant to this section shall provide that:

(i) each Unit Owner is an insured person under the policy with respect to liability arising out of interest of the Unit Owner in the Common Elements or membership in the Association.

(ii) the insurer waives the right to subrogation under the policy against a Unit Owner.

(iii) an act or omission by a unit Owner, unless acting within the scope of the Unit Owner's authority on behalf of the Association, will not void the policy or be a condition to recovery under the policy.

(iv) if, at the time of a loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the policy of the Association provides primary insurance.

(v) the insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or non-renewal has been mailed to the Association, each Unit Owner and each holder of a Security Interest to whom a certificate or memorandum of insurance has been issued at their last known addresses.

Section 19.4. Fidelity Bonds. A blanket fidelity bond may be provided for anyone who either handles or is responsible for funds held or administered by the Association, whether or not they receive compensation for their services.

Section 19.5. Unit Owner Policies. Each Unit Owner shall obtain insurance coverage, on such Unit Owner's personal property and, in addition, shall obtain comprehensive personal liability insurance covering liability for damage to persons or property of others located within such Unit Owner's Unit, or in another Unit, or upon the Common Elements, resulting from the negligence of the insured Unit Owner, in such amounts as shall from time to time be determined by the Executive Board, but in no event less than \$100,000.00 in respect to damages to property and \$1,000,000.00 in respect to personal injury for each occurrence. Provided, no Unit owner shall acquire or maintain insurance coverage so as to decrease the amount which the Association may realize under any insurance policy, or to cause any insurance coverage so as to decrease the amount which the Association may realize under any insurance policy, or to cause any insurance

coverage in favor of the Association to be brought into contribution with insurance coverage obtained by a Unit Owner. All policies obtained by Unit Owners individually shall contain waivers of subrogation.

Section 19.6. Workers' Compensation Insurance. The Executive Board shall obtain and maintain workers' compensation insurance to meet the requirements of the laws of the State of North Carolina.

Section 19.7. Directors' and Officers' Liability Insurance. The Executive Board shall obtain and maintain directors' and officers' liability insurance, if available, covering all of the Directors and officers of the Association in such limits as the Executive Board may, from time to time, determine.

Section 19.8. Other Insurance. The Association may carry other insurance which the Executive Board considers appropriate to protect the Association or the Unit Owners.

Section 19.9. Premiums. Insurance premiums (excluding premiums for Unit Owners policies) shall be a Common Expense.

## ARTICLE 20. DAMAGE TO OR DESTRUCTION OF PROPERTY

Section 20.1. Duty to Restore. A portion of the Condominium for which insurance is required under Section 19.2 hereof or for insurance carried by the Association is in effect, whichever is more extensive, that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

- a. the Condominium is terminated;
- b. repair or replacement would be illegal under a state statute or municipal ordinance governing health or safety; or
- c. eighty percent (80%) of the Unit Owners, including each owner of a Unit or assigned Limited Common Element that will not be rebuilt, vote not to rebuild.

Section 20.2. Cost. The cost of repair or replacement in excess of insurance proceeds and reserves is a Common Expense.

Section 20.3. Plans. The Property must be repaired and restored in accordance with either the original plans and specifications or other plans and specifications which have been approved by the Executive Board and a majority of Unit Owners.

Section 20.4. Replacement of Less than Entire Property.

a. The insurance proceeds attributable to the damaged Common Elements and other portions of the Condominium shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium.

b. Except to the extent that other persons will be distributes:

(i) the insurance proceeds attributable to a Unit and Limited Common Elements that is not rebuilt must be distributed to the owner of the unit and the owner of the Unit to which the Limited Common Elements were allocated, or to lienholders, as their interests may appear; and

(ii) the remainder of the proceeds must be distributed to each Unit owner or lienholder, as their interests may appear, in proportion to the Common Element interests of all the Units.

c. If the Unit Owners vote not to rebuild a Unit, the allocated interests of the Unit are reallocated upon the vote as if the Unit had been condemned under Section 47C-1-107(a) of the Condominium Act, and the Association promptly shall prepare, execute and record an amendment to the Declaration reflecting the reallocations.

Section 20.5. Insurance Proceeds. The Trustee, or if there is no Trustee, then the Executive Board of the Association, acting by the President, shall hold any insurance proceeds in

trust for the Association, Unit Owners and lienholders as their interests may appear. Subject to the provisions of Subsection 20. l(a) through Subsection 20. l(c), the proceeds shall be disbursed first for the repair or restoration of the damaged property, and the Association, Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the Condominium is terminated.

Section 20.6. Certificates by the Executive Board. The Trustee, if any may rely on the following certifications in writing made by the Executive Board:

- a. whether or not damaged or destroyed property is to be repaired or restored;
- b. the amount or amounts to be paid for repairs or restoration and the names and addresses of the parties to whom such amounts are to be paid.

## ARTICLE 21. RIGHT TO NOTICE AND HEARING

Section 21.1. Right to Notice and Hearing. Whenever the Condominium Documents require that an action be taken after "Notice and Hearing", the following procedures shall be observed: the party proposing to take the action (e.g., the Executive Board, a committee, an officer, the manager, etc.) shall give written notice of the proposed action to all Unit Owners or occupants of Units whose interest would be significantly affected by the proposed action. The notice shall include a general statement of the hearing, the affected person shall have the right, personally or by a representative, to give testimony orally, in writing or both (as specified in the notice), subject to reasonable rules of procedure established by the party conducting the meeting to insure a prompt and orderly resolution of the issues. Such evidence shall be considered in making the decision but shall not bind the decision makers. The affected person shall be notified of the decision in the manner in which notice of the meeting was given.

Section 21.2. Appeals. Any person having a right to Notice and Hearing shall have the right to appeal to the Executive Board from a decision of persons other than the Executive Board by filing a written notice of appeal with the Executive Board within ten (10) days after being notified of the decision. The Executive Board shall conduct a hearing within thirty (30) days, giving the same notice and observing the same procedures as were required for the original meeting.

## ARTICLE 22. EXECUTIVE BOARD

Section 22.1. Minutes of Executive Board Meetings. The Executive Board shall permit any Unit Owner to inspect the minutes of Executive Board meetings during Normal business hours. The minutes shall be available for inspection within fifteen (15) days after any such meeting.

Section 22.2. Powers and Duties. The Executive Board may act in all instances on behalf of the Association, except as provided in this Declaration, the Bylaws or the Condominium Act. The Executive Board shall have, subject to the limitations contained in this Declaration and the Condominium act, the powers and duties necessary for the administration of the affairs of the Association and of the Condominium which shall include, but not be limited to, the following:

- a. adopt and amend Bylaws, Rules and Regulations;
- b. adopt and amend budgets for revenues, expenditures and reserves;
- c. collect assessments for Common Expenses from Unit Owners;
- d. hire and discharge managing agents;

- e. hire and discharge employees and agents, other than managing agents, and independent contractors;
- f. institute, defend or intervene in litigation or administrative proceedings or seek injunctive relief for violation of the Declaration, Bylaws or Rules and Regulations in the Association's name on behalf of the Association or two or more Unit Owners on matters affecting the Condominium;
- g. make contracts and incur liabilities;
- h. regulate the use, maintenance, repair, replacement and modification of the Common Elements;
- i. cause additional Improvements to be made as a part of the Common Elements;
- j. acquire, hold, encumber and convey in the Association's name any right, title or interest to real property or personal property, but Common Elements may be conveyed or subjected to a Security Interest only pursuant to Section 47C-3-112 of the Condominium Act;
- k. grant easements for any period of time including permanent easements, and leases, licenses and concessions for no more than one year, through or over the Common Elements;
- l. impose and receive a payment, fee or charge for the use, rental or operation of the Common Elements, other than Limited Common Elements described in Section 47C-2-102(2) and (4) of the Condominium Act, and for services provided to Unit Owners.
- in. impose a reasonable charge for late payment of assessments and, after Notice and Hearing, levy reasonable fines for violations of this Declaration, Bylaws, and the Rules and Regulations of the Association;
- n. impose a reasonable charge for the preparation and recordation of amendments to this Declaration, and resale certificates required by Section 47C 4-109 of the Condominium Act or a statement of unpaid assessments;
- o. provide for the indemnification of the Association's officers and the Executive Board and maintain directors' and officers' liability insurance;
- p. assign the Association's right to future income, including the right to receive Common Expense assessments;
- q. exercise any other powers conferred by this Declaration or the Bylaws.
- r. exercise any other power that may be exercised in this state by legal entities of the same type as the Association;
- s. exercise any other power necessary and proper for the governance and operation of the Association; and
- t. by resolution, establish committees of Directors, permanent and standing, to perform any of the above functions under specifically delegated administrative standards, as designated in the resolution establishing the committee. All committees must maintain and publish notice of their actions to Unit Owners and the Executive Board. However, actions taken by a committee may be appealed to the Executive Board by any Unit Owner within forty-five (45) days of publication of such notice, and such committee action must be ratified, modified or rejected by the Executive Board at its next regular meeting.

Section 22.3. Executive Board Limitations. The Executive Board may not act on behalf of the Association to amend this Declaration, to terminate the Condominium or to elect members of the Executive Board or determine the qualifications, powers and duties, or terms of office of Executive Board members, but the Executive Board may fill vacancies in its membership for the unexpired portion of any term.

## ARTICLE 23. CONDEMNATION



If part or all of the Condominium is taken by any power having the authority of eminent domain, all compensation and damages for and on account of the taking shall be payable in accordance with Section 47C-1-107 of the Condominium Act.

**ARTICLE 24.  
MISCELLANEOUS**

Section 24.1. Captions. The captions contained in the Condominium Documents inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of the Condominium Documents nor the intent of any provision thereof.

Section 24.2. Gender. The use of the masculine gender refers to the feminine and neuter genders and the use of the singular includes plural, and vice versa, whenever the context of the Condominium Documents so require.

Section 24.3. Waiver. No provision contained in the Condominium Documents is abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

Section 24.4. Invalidity. The invalidity of any provision of the Condominium Documents does not impair or affect in any manner the validity enforceability, or effect of the remainder, and in such event, all of the other provisions of the Condominium Documents shall continue in full force and effect.

Section 24.5. Conflict. The Condominium Documents are intended to comply with the requirements of the Condominium Act. In the event of any conflict between the Condominium Documents and the provisions of the Condominium Act, the provisions of the Condominium Act shall control. In the event of any conflict between this Declaration and any other Condominium Document, this Declaration shall control.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed under seal this 18<sup>th</sup> of MARCH, 1998.

PROVIDENCE ASSOCIATES, LLC (SEAL)

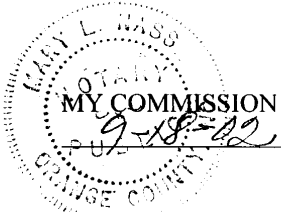
By:  (SEAL)  
Manager

By:  (SEAL)  
Manager

STATE OF NORTH CAROLINA  
COUNTY OF ORANGE

I, MARY L. NASS, a Notary Public of the above County and State aforesaid, certify that GREGORY L. ISENHOUR, a Manager of PROVIDENCE ASSOCIATES, LLC personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial seal, this, the 18<sup>th</sup> day of MARCH 1998.



Mary L. Nass  
Notary Public

MY COMMISSION EXPIRES:

STATE OF NORTH CAROLINA  
COUNTY OF ORANGE

I, MARY L. NASS, A Notary Public of the above County and State, aforesaid, certify that JOHN B. MORRIS III a Manager of PROVIDENCE ASSOCIATES, LLC personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial seal, this, the 18<sup>th</sup> day of MARCH 1998.



Mary L. Nass  
NOTARY PUBLIC

MY COMMISSION EXPIRES:

**NORTH CAROLINA - ORANGE COUNTY**

The foregoing certificate(s) of \_\_\_\_\_

Mary L. Nass

A Notary (or Notaries) Public of the designated Governmental units ~~is~~ (are) certified to be correct. Filed for registration

this the 3<sup>d</sup> day of April 1998, at 2:44:23 o'clock P.M.

in Record Book 1711 Page 79

Return: \_\_\_\_\_

Betty June Hayes, Register of Deeds  
By: [Signature]  
Assistant Deputy  
Register of Deeds

DESCRIPTION OF LAND AND RECORDED EASEMENTS  
AND LICENSES APPURTENANT THERETO

LYING AND BEING located in the County of Orange, State of North Carolina and being more particularly described as:

BEING all of Lot 15, Eastowne Hills Subdivision as shown in Plat Book 33, Page 113 and in Plat Book 37, Page 163, Orange County Registry.

The Plat of the Condominium is recorded in Condominium Drawer 80 Page 84, Orange County Registry.

## 1. Recorded Easements and Licenses Appurtenant Hereto:

- a. All easements shown on the Plats and Plans defined in the foregoing Declarations.
  - b. The lien of all taxes for the year 1998 and thereafter which are not yet due and payable.
  - c. The Restrictive Covenants, Conditions and Restrictions recorded in Book 711, Page 79, Orange County Registry.
  - d. The following matters that are shown by survey dated March 13, 1998, By Freehold Land Surveys, Inc Registered Land Surveyor:
  - e. General Telephone Company easement recorded in Book 410, Page 486, Orange County Registry.
  - f. Duke Power Company easement recorded in Book 245, Page 422 and Book 241, Page 1155, Orange County Registry.
  - g. State Highway Commission right of way recorded in Book 241, Page 1445, Orange County Registry.
-

EXHIBIT B

TABLE OF INTERESTS

<u>Unit No.</u>	<u>Percentage Share of Common Elements</u>
A.	64.641
200	27.209
201	8.150

EXHIBIT C  
DESCRIPTION OF REAL ESTATE SUBJECT TO DEVELOPMENT RIGHTS

A tract or parcel of land lying in Orange County, North Carolina, and more particularly described as follows:

BEING all of Lot 15, Eastowne Hills Subdivision, as shown on map prepared by Al Prince & Associates, P.A., dated March, 1981, recorded in Book of Maps 33, page 113. Orange County Registry, North Carolina, also as shown in Book 37, page 163, Orange County Registry, North Carolina.

---

EXHIBIT D

BOOK 1711 PAGE 108 C-0452702  
FILED

980689032

ARTICLES OF INCORPORATION  
OF

PROVIDENCE PLACE ONE OFFICE CONDOMINIUM OWNERS' ASSOCIATION, INC.  
(a Non-Profit Corporation)

3:48pm  
MAR 9 9 1998  
EFFECTIVE  
ELAINE F. MARSHALL  
SECRETARY OF STATE  
NORTH CAROLINA

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

ARTICLE I

The name of the corporation ("Association" or "corporation" herein) is Providence Place One Office Condominium Owners' Association, Inc.

ARTICLE II

The registered office of the corporation is located at 1516 East Franklin Street, Suite 202, Chapel Hill, Orange County, North Carolina 27514. The principal office of the corporation is located at 1516 East Franklin Street, Suite 202, Chapel Hill, NC 27514, Orange County.

ARTICLE III

John B. Morris III, whose mailing address is 1516 East Franklin Street, Suite 202, Chapel Hill, Orange County, North Carolina 27514, is hereby appointed the initial registered agent of this corporation.

ARTICLE IV

The purposes for which the corporation is formed are as follows:

(a) To operate, maintain and administer the affairs of the Condominium known as Providence Place One Office Condominium, located in the County of Orange, North Carolina in accordance with the requirements for an association of unit owners charged with the administration of property under Chapter 47C of the General Statutes of North Carolina known as the North Carolina Condominium Act as amended.

(b) To enter into and perform any contract and to exercise all powers that may be necessary or convenient to the operation, management, maintenance and administration of the affairs of Providence Place One Office Condominium, in accordance with the Declaration and Bylaws of the Condominium recorded or to be recorded in the Office of the Register of Deeds of Orange County, as amended from time to time.

(c) To retain counsel, auditors, accountants, appraisers and other persons or services that may be necessary for or incidental to any of the activities herein described.

(d) To do and perform or cause to be performed all such other acts and services that may be necessary, suitable or incidental to any of the foregoing purposes and objects to the fullest extent permitted by law and to acquire, sell, mortgage, lease or encumber any real or personal property for the purposes aforesaid.

(e) To do any and all acts and things permitted to be done by, and to have and to exercise any and all powers, rights and privileges which are granted to an Association under the North Carolina Condominium Act, the Declaration, the Bylaws, and to a nonprofit corporation under the laws of the State of North Carolina.

The foregoing statement of purpose shall be construed as a statement both of purposes and of powers, and purposes and powers in each clause shall not be limited or restricted by reference to or inference from the terms or provisions of any other clause, but shall be broadly construed as independent purposes and powers, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

#### ARTICLE V

The duration of the Association shall be perpetual.

#### ARTICLE VI

The Association shall be a non-profit corporation, without shares of stock.

#### ARTICLE VII

The Association shall have members. The authorized number and qualifications of members of the Association, the different classes of membership, if any, the property, voting and other rights and privileges of members, and their liability for dues and assessments and the method of collection thereof, shall be as set forth in the Bylaws and Declaration.

#### ARTICLE VIII

The initial Board of Directors shall consist of three (3) persons, and said number may be changed by a duly adopted amendment to the Bylaws, except and in no event may the number of Directors be less than three (3). The names and addresses of the persons who shall serve as Directors until their successors shall be elected and qualified are as follows:

Gregory L. Isenhour  
1506 East Franklin Street, Suite 200  
Chapel Hill, NC 27514

John B. Morris III  
1516 East Franklin Street, Suite 202  
Chapel Hill, North Carolina 27514

BOOK 1711 PAGE 110

Marlene Spritzer  
1516 East Franklin Street, Suite 202  
Chapel Hill, North Carolina 27514

#### ARTICLE IX

The class, rights and qualifications and the manner of election or appointment of members are as follows: Any person who holds title to a Unit in the Condominium shall be a member of the corporation. There shall be one membership for each Unit owned within the Condominium. Such membership shall be automatically transferred upon the conveyance of such Unit. Voting shall be on a pro-rata basis according to the percentage share of common expenses set forth on Exhibit B to the Declaration as it may be modified or amended from time to time of the Unit Owner within the Condominium and the vote to which each membership is entitled is the vote assigned to each Unit in the Declaration of Condominium. If a Unit is owned by more than one person, such persons shall agree among themselves how a vote for such Unit's membership is to be cast. Individual co-owners may not cast fractional votes. a vote by a co-owner for the entire Unit's membership interest shall be deemed to be pursuant to a valid proxy, unless another co-owner of the same Unit objects at the time the vote is cast, in which case such membership's vote shall not be counted.

The members shall be of one class: Unit Owners who shall own such Units as defined in the Declaration. These Unit Owners shall elect all members of the Board of Directors, following the Declarant Control Period defined below.

Notwithstanding the foregoing, the Declarant of the Condominium shall have shall such additional rights and qualifications as may be provided under the North Carolina Condominium Act and the Declaration, including the right to appoint members of the board of directors as follows: The Declaration provides that during the Declarant Control Period, the Declarant or persons designated by him, subject to certain limitations contained in the Declaration, may appoint and remove the officers and Directors. The Declarant Control Period means the period prior to the earlier of:

- (I) thirty (30) days after conveyance of all of the Units which may be created to Unit Owners other than the Declarant; or
- (ii) two (2) years after the recording of the initial Declaration.

A Declarant may voluntarily surrender the right to appoint and remove officers and Directors of the Board of Directors before termination of the Declarant Control Period, but in that event the Declarant may require, for the duration of the Declarant Control Period, time specified actions of the Association or Board of Directors, as described in a recorded instrument executed by the Declarant, be approved by the Declarant before they become effective.



Not later than sixty (60) days after the conveyance of all of the Units that may be created to Unit Owners other than a Declarant, the number of Directors shall be three (3) and at least one (1) member of the Board of Directors shall be elected by Unit Owners other than the Declarant.

Except as otherwise provided above, not later than the termination of the Declarant Control Period, the Unit Owners shall select a board of directors of at least three (3) members, at least a majority of whom shall be Unit Owners. The Board of Directors shall elect the officers. The Board of Directors and officers shall take office upon election.

Notwithstanding any provision of the Declaration or Bylaws to the contrary, following notice under Section 47C-3-108 of the North Carolina Condominium Act, the Unit Owners, by a sixty-seven percent (67%) vote of all persons present and entitled to vote at a meeting of the Unit Owners at which a quorum is present, may remove a member of the board of directors with or without cause, other than a member appointed by the Declarant.

#### ARTICLE X

No director of the corporation shall have personal liability arising out of an action whether by or in the right of the corporation or otherwise for monetary damages for breach of any duty as a director, provided, however, that the foregoing shall not limit or eliminate the personal liability of a director with respect to (i) acts or omissions that such director at the time of such breach knew or believed were clearly in conflict with the best interests of the corporation, (ii) any liability under Section 55A-8-32 or 55A-9-33 of the North Carolina General Statutes or any successor provision, (iii) any transaction from which such director derived an improper personal benefit, or (iv) acts or omissions occurring prior to the date of the effectiveness of this Article. As used in this Article, the term "improper personal benefit" does not include a director's reasonable compensation or other reasonable incidental benefit for or on account of this or her services as a director, officer, employee, independent contractor, attorney of consultant of the corporation.

Furthermore, notwithstanding the foregoing provision, in the event that Section 55A-2-02 or any other provision of the North Carolina General Statutes is amended or enacted to permit further limitation or elimination of the personal liability of the director, the personal liability of the director, the personal liability of the corporation's directors shall be limited or eliminated to the fullest extent permitted by the applicable law.

This Article shall not affect a provision permitted under the North Carolina General Statutes in the articles of incorporation, bylaws or contract or resolution of the corporation indemnifying or agreeing to indemnify a director against personal liability. Any repeal or modification of this Article shall not adversely affect any limitation hereunder on the personal liability of the director with respect to acts or omissions occurring prior to such repeal or modification.

#### ARTICLE XI

The Association may be dissolved only upon the termination of the plan of unit ownership and with the assent of the unit owners owning not less than eighty percent (80%) of the common elements. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association and proceeds of sales made pursuant to Section 47C-2-118 of the North Carolina General Statutes shall be distributed to the unit owners and lienholders as their interests may appear, in proportion to the respective interests of unit owners as provided in Section 47C-2-118 (h).

ARTICLE XII

BOOK 1711 PAGE 112

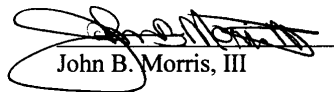
Amendment of these Articles shall require the assent of at least sixty-seven percent (67%) of the Unit Owners of all Condominium Units in the project as shown in the Declaration.

ARTICLE XIII

The name and address of the incorporator is as follows:

John B. Morris, III  
1516 East Franklin Street, Suite 202  
Chapel Hill, North Carolina 27514

IN WITNESS WHEREOF, the undersigned incorporator has hereunto set this hand and seal  
this 2nd day of MARCH 1998.

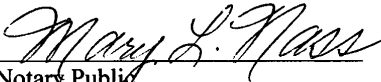
 (SEAL)  
John B. Morris, III

NORTH CAROLINA )  
 )  
DURHAM COUNTY )

BOOK 1711 PAGE 113

This is to certify that on this 2nd day of MARCH, 1998, before me, the undersigned, a Notary Public of said county and state, personally appeared John B. Morris, III whom I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of Providence Place One Office Condominium Owners' Association, Inc. and I have first made known to him the contents thereof, and he did acknowledge that he signed, sealed and delivered the same as this voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 2nd day of MARCH 1998.

  
Notary Public

My Commission Expires:

9-18-02

EXHIBIT E

**BY-LAWS  
OF  
PROVIDENCE PLACE ONE OFFICE CONDOMINIUM  
OWNERS' ASSOCIATION, INC.**

BOOK 1711 PAGE 114

ARTICLE I.

The name of the corporation is PROVIDENCE PLACE ONE OFFICE CONDOMINIUM OWNERS' ASSOCIATION, INC. hereinafter referred to as the "Association". The principal office the corporation shall be located at 1516 East Franklin Street, Suite 202 in the City of Chapel Hill, Orange County, North Carolina, but meetings of members and directors may be held at such places within the State of North Carolina, Orange or Durham County, as may be designated by the Board of Directors.

ARTICLE II

Section 1. "Association" shall mean and refer to Providence Place One Office Condominium Owners' Association, Inc., 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 Unit which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions for Providence Place One Office Condominium and such additions thereto as may hereafter be brought within jurisdiction of the Association.

Section 4. "Common Area" shall mean all property owned by the Association for the common use and enjoyment of the Owners.

Section 5. "Unit" shall mean a physical portion of the Condominium designated for separate ownership or occupancy as described in the Declaration.

Section 6. "Declarant" shall mean and refer to Providence Associates, LLC, its successors or assigns if such should acquire any of the Properties from the Declarant for the purpose of development or if such successors or assigns should acquire more than one Unit, whether developed or undeveloped, pursuant to foreclosure or a deed in lieu of foreclosure

Section 7. "Declaration" shall mean and refer to the Declaration of Providence Place One Office Condominium, applicable to the Properties recorded in the Office of the Register of Deeds of Orange County, North Carolina.

Section 8. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

---

Section 9. "Board" shall mean and refer to those persons elected or appointed to act collectively as the directors of the Association.

### ARTICLE III.

Section 1. Annual Meetings: The first annual meeting of the Members shall be held at a place to be designated by the Board within one (1) 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. If the day for the annual meeting of the Members is a legal holiday or weekend, the meeting will be held at the same hour on the first day of the following week which is not a legal holiday or weekend.

Section 2. Special Meetings: Special meetings of the Members may be called at any time by the President or by the Board or upon written request of the Members who are entitled to vote twenty percent (20%) of all votes of the Members. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in said notice.

Section 3. Notice of Meetings: Written notice of each meeting of the Members shall be given by, or at the direction of, the Declarant, the President or the Secretary of the Association, or person authorized to call the meeting, by hand carrying or mailing a copy of such notice, postage prepaid, at least fourteen (14) days before, but not more than Thirty (30) days before, such 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 purpose of the meeting. Notice by either method shall be deemed given when said notice is deposited in the United States mail, addressed to the Member at this address as it appears on the records of the Association, with postage thereon prepaid, or delivered by hand to such address. Attendance by a Member at any meeting of Members shall be a waiver of notice to him as to the time and place and purpose thereof. Attendance at a meeting or a waiver of notice signed by one Owner in the event of multiple ownership of a Unit shall be considered a waiver of notice as to the Owners of that Unit. Notice to one of two or more co-owners of a Unit shall constitute notice to all co-owners. It shall be the obligation of every Member to immediately notify the Association in writing of any change in address and it shall be the responsibility of any new Member to immediately notify the Association of the fact of the transfer of ownership.

Section 4. Quorum: The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, sixty-seven (67%) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. 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. Another meeting may be called subject to the notice requirement set forth above. The required quorum at such subsequent meeting shall be fifty percent (50%) of the required quorum of the preceding meeting. No such subsequent meeting shall be held more than twenty (20) days following the preceding meeting.

Section 5. 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 this Unit or upon written notice of revocation filed with the Secretary or upon the lapse of eleven (11) months from the date of execution unless otherwise provided in the proxy.

Section 6. Voting: At every meeting of Members, each Member shall have the right to cast on each question the number or percentage of votes as provided in the Declaration for the Units owned by such member. Fifty-one percent (51%) of the eligible votes entitled to be cast by Members present at the meeting, in person or by proxy, shall be a majority unless the question is one upon which, by express provision of statute or of the Articles of Incorporation of the Association, or of the Declaration or of these Bylaws, a different vote is required, in which case such express provision shall govern. If more than one person or entity is an owner of such Unit the vote shall be exercised as such Owners among themselves shall determine; provided, however, that no fraction of one vote may be cast by any Member. In the event and so long as such co-owners of a Unit are unable to agree on the manner in which the vote appurtenant to such Unit shall be cast, then such vote shall not be regarded and shall not be counted. The vote of any Owner who is a corporation, trust or partnership may be cast by any officer, trustee, or partner, as the case may be, and unless objection by any other such officer, trustee or partner of such Owner is noted at the meeting, the Chairman of such meeting shall have no duty to inquire as the authority of the person casting such vote.

Section 7. Loss of Right to Vote: The vote of any Member who is shown on the books or records of the Association to be more than Thirty (30) days delinquent in any payment due the Association shall not be an eligible vote and shall not be counted for purposes of deciding any question so long as such delinquency is not cured; nor shall such Member be eligible to be elected to the Board of Directors.

Section 8. Action without a Meeting: Any action required to be taken at a meeting of 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 Members entitled to vote with respect to the subject matter thereof and filed with the Secretary of the Association as part of the corporate records, whether done before or after the action so taken.

#### ARTICLE IV.

##### BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number: The affairs of the Association shall be managed by a Board of no less than three (3) and no more than five (5) directors, who need not be Members of the Association. The initial Board of Directors shall consist of three (3) directors. At each annual meeting of the Association, the Members shall determine by resolution the number of directors to serve on the Board of Directors until the next Annual Meeting. The initial three (3) Directors shall be selected by the Declarant and need not be Members. The names of the Directors who shall act as such until the Third Annual Meeting are provided in the Articles of Incorporation of the Association. Vacancies on the Board not filled by the Members shall be treated as vacancies to be filled by and in the discretion of the Board.

Section 2. Term of Office: Directors elected at an Annual Meeting or appointed by the Declarant shall serve until resignation, removal or death.

Section 3. Removal: Until the end of the Declarant Control Period, but in no event for a period of less than two (2) years from the effective date hereof, any director may be removed from the Board with or without cause, by Declarant. After the termination of the Declarant Control Period, but in no event earlier than one (1) year from effective date hereof, any director may be removed, with or without cause, by a majority vote of the Membership.

Section 4. Compensation: No director shall receive compensation for any services he may render to the Association. However, any director may be reimbursed for this actual expense incurred in the performance of this duties.

Section 5. Action Taken without A Meeting: The directors or a committee thereof 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 directors or Members of the committee. Any action so approved shall have the same effect as though taken at a meeting of the directors or the committee.

Section 6. Participation in Meetings by Means of Conference Telephone: Members of the Board of Directors, or any committee of the Board, may participate in a meeting of the Board or of such committee by means of a conference telephone or similar communications device by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

Section 7. Vacancies: Any vacancies occurring on the Board of Directors and any directorship to be filled by reason of any increase in the number of directors, not otherwise filled by the Members, shall be filled by the Board of Directors.

Section 8. Right of Declarant to Representation on Board of Directors of the Association: Notwithstanding anything contained herein to the contrary, during the Declarant Control Period, but in no event for a period of less than three (3) years from the effective date hereof, Declarant shall have the right to appoint all the Directors of the Association. Declarant shall have the right to remove any person or persons selected by it to act and serve on said Board of Directors and replace such person or persons with another person or other persons to act and serve in the place of any director or directors so removed. Any director designated and selected by Declarant serving on the Board of Directors of the Association shall not be required to disqualify himself from any vote upon any contract or matter between Declarant and the Association where Declarant may have pecuniary interest or other interest.

#### ARTICLE V.

#### NOMINATION AND ELECTION OF DIRECTORS

Section 1. 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 (2) or more members of the Association who may or may not be Members of the Board. 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 elections 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 2. Election: Election to the Board of Directors shall be secret written ballot if request is made by twenty percent (20%) of the Members. At the direction of the Board, such election may be conducted by mail. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

#### ARTICLE VI.

##### MEETING OF DIRECTORS

Section 1. Regular Meetings: Regular meetings of the Board shall be held at least quarterly 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 or weekend, then that meeting shall be held at the same time on the next day which is not a legal holiday or weekend.

Section 2. Special Meetings: Special meetings of the Board shall be held when called by the President of the Association, or by any two (2) directors, after not less than ten (10) days notice to each director.

Section 3. Quorum: A majority of the number of directors fixed by the Articles of Incorporation or the Bylaws 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, unless a greater number is required by law, the Articles of Incorporation or the Bylaws of the Association. If at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such meeting any resumption of business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 4. Notice: Neither the business to be transacted at, nor the purpose of, any regular or special meetings of the Board need be specified in the notice or written notice or waiver of such meeting.

#### ARTICLE VII.

##### POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers: The Board of Directors shall have the 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. Such rights may also be suspended after notice and hearing, for a period not to exceed Thirty (30) 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 the provisions of these Bylaws, 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 or engage a manager, an independent contractor, attorney or accountant or such other employees and agents as they deem necessary, and to prescribe to them their duties; and

(f) Adopt and publish rules and regulations regarding the use of Common Area parking spaces.

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 twenty percent (20%) Members who are entitled to vote;

(b) Supervise all officers, agents and employees of the 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 or special assessment against each Unit at least sixty (60) days in advance of each annual or special assessment period, provided that during the first year of operation or part thereof, the Board may fix the annual assessment for a pro rata part of an assessment period.

(2) Send written notice of each assessment to every Owner subject thereto, at least Thirty (30) days in advance of each annual assessment period;

(3) Foreclose the lien against any property for which assessments are not paid within sixty (60) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) Issue, or 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 certificate shall be conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) Cause the Common Area to be maintained in a manner consistent with the provisions of these Bylaws and the Declaration;

---

(g) Prepare and have available to each Member an annual report which shall include the annual financial statement which shall summarize the operation and actions of the Association and its income, expenditures and reserves; and

(h) Pay any licenses or governmental charges levied or imposed against the property of the Association.

Section 3. Common or Interested Directors: The Directors shall exercise their powers in good faith and with a view to the interests of the Association. A contract or other transaction between the Association and any corporation, firm or association, including the Declarant, in which one or more of the Directors of this Association is pecuniarily or otherwise interested, is neither void nor voidable because such Director is present at the meeting of the Board or any committee thereof which authorizes or approves the contract or transaction, or because this vote is counted for such purpose, so long as any of the conditions specified in any of the following subparagraphs exists:

(a) The fact of the common directorate or interest is disclosed or known to the Board of Directors or a majority thereof or noted in the Minutes, and the Board of Directors or a majority thereof or noted in the Minutes, and the Board authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate or interest is disclosed or known to Members, or a majority thereof, and they approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved, or executed.

A common or interested Director may be counted in determining the presence of a quorum at any meeting of the Board of Directors or committee thereof which authorizes, approves or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if he were not such director or officer of such other corporation or not so interested.

## ARTICLE VIII.

### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers: The officers of This Association shall be a President and Vice President, who shall at all times be Members of the Board, a Secretary, and a Treasurer, and such other officers and assistant 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 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 otherwise be disqualified to serve.

---

Section 4. Special Appointment: 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, provided that such action shall be without prejudice to the contract rights, if any, of the officer so removed. Election or appointment of an officer or agent shall not of itself create contract rights. Any officer may resign at any time by 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 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 orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and agreements and shall co-sign checks and promissory notes.

VICE PRESIDENT

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

SECRETARY-ASSISTANT SECRETARY

(c) The Secretary or Assistant 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 Association; keep proper books of accounts; cause an annual audit of the Association's 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 presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

---

ARTICLE IX.

BOOK 1711 PAGE 122

COMMITTEES

The Nominating Committee shall be appointed as provided in these Bylaws. The Board of Directors, by resolution adopted by majority of the number of directors then in office, may designate one or more other committees, each consisting of two or more directors, and each of which, to the extent provided in the resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the association, except no such committee shall have and may exercise all of the authority of the Board of Directors in the management of the Association, except no such committee shall have authority as to the following matters:

(i) The dissolution, merger or consolidation of the Association; the amendment to the charter of the Association; or the sale, lease or exchange of all or substantially all of the property of the Association.

(ii) The designation of any such committee or the filling of vacancies in the Board of Directors or in any such committee.

(iii) The amendment or repeal of the Bylaws or adoption of new Bylaws.

(iv) The amendment or repeal of any resolution of the Board which by its terms shall not be so amendable or repealable.

Other Committees not having and exercising the authority of the Board in the management of the Association may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Any such committee, or any member thereof, may be discharged or removed by action of the majority of the Board. Any resolutions adopted or other action taken by any such committee within the scope of authority delegated to it by the Board shall be deemed for all purposes to be adopted or taken by the Board. These committees shall create their own governing rules subject to approval by the Board.

ARTICLE X.

ASSESSMENTS

As more fully provided in 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 eighteen percent (18%) per annum (or if unlawful, the highest rate of interest permitted by law), and the Association may bring an action at law against the property, and interest, costs, and reasonable attorney's 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 non-use of the Common Area or abandonment of this Unit. Assessments begin at the time of recordation of the original plat, and particular responsibility transfers on the date of conveyance of the piece(s) of property.

ARTICLE XII.

## CORPORATE SEAL

The Association shall have a seal in a circular form having within its circumference the words "Providence Place One Office Condominium Owners' Association, Inc., Corporate Seal, North Carolina, 199 \_\_\_\_."

ARTICLE XIII.

## AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of 67% of a quorum of Members present in person or by proxy. The notice of the meeting shall set forth the proposed amendment or a summary of the changes to be effected thereby.

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

ARTICLE XIV.

## CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 1. Contracts: The Board may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, Etc: All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the association in such manner as shall from time to time be determined by resolution of the Board. In the absence of such determination by the Board, such instrument shall be signed by any two of the following three officers: the Treasurer, the President and the Vice-President of the Association.

Section 3. Deposits: All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

Section 4. Gifts: The Board may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association.

Section 5. Loans to Directors and Officers. No loans shall be made by the Association to any of its directors or officers.

Section 6. Limitation on Distributions. No part of the net earnings of the Association shall inure to the benefit of its members, directors, officers, or any other person, except that the Association is authorized and empowered to pay reasonable compensation for services rendered and make payments and distributions in furtherance of the exempt purposes of the Association.

---

## MISCELLANEOUS

Section 1. Indemnity: Each person who is or was a director, officer, employee and agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified by the Association to the maximum extent permitted under North Carolina law against any and all claims and liabilities to which he has or shall become subject by reason of serving or having served as such director, officer, employee or agent or by reason of any action alleged, and the Association shall reimburse each such person for all expenses, including attorneys' fees, reasonably incurred by him to the maximum extent permitted under North Carolina law in connection with any such claim or liability.

The right of indemnification hereinabove provided for shall not be exclusive of any rights to which any such director, officer, employee or agent may be entitled by law, agreement vote of the Board of Directors or Members or otherwise with respect to any liability or litigation expenses arising out of this activities in such capacity. The Association shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or who is or was serving at the request of the Association as a director, officer employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against him and incurred by him in such capacity, or arising out of this status as such, whether or not the Association would have the power to indemnify him against such liability.

Section 2. Fiscal Year: 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 for the first fiscal Year of the Association which shall begin on the date of incorporation. The commencement date of the fiscal year herein established shall be subject to change by the Board of Directors should corporate practice subsequently dictate.

Section 3. Construction and Definitions: Unless the context requires otherwise, the general provisions, rules of construction, and definitions in Chapter 55A of the North Carolina General Statutes shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term it "person" includes both a corporation and a natural person. The rules contained in the current edition of Roberts' Rules of Order govern the Association in all cases in which they are applicable, and in which they are not inconsistent with these Bylaws, the Articles of incorporation, the Declaration, or any existing law.

Section 4. Registered Agent and Office: The Association shall have and maintain in the State of North Carolina a registered office, and a registered agent whose business address is identical with such registered office. The registered office may be, but need not be, identical with the principal office in the State of North Carolina, and the address of the registered office may be changed from time to time by the Board of Directors.

Section 5. Political Expenses: No funds shall be expended to support or oppose any candidate for public office.

---

Section 6. Waiver of Notice: Whenever any notice is required to be given under the provisions of Chapter 55A of the North Carolina General Statutes, or under the provisions of the Articles of Incorporation, the Bylaws of the Association, or the Declaration, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed the equivalent of the giving of such notice.

Section 7. Distribution of Assets upon Dissolution: Upon dissolution of the Corporation, the assets thereof shall be first distributed in accordance with the provisions of North Carolina Statutes 55A 45(1) through (3). Any remaining assets shall be distributed as provided for in the Articles of Incorporation.

CERTIFICATION

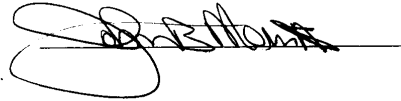
I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Providence Place One Office Condominium Owners' Association, Inc. a North Carolina nonprofit corporation; and

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by written consent of all directors of the Association, effective as of the date hereof.

IN WITNESS WHEREOF, I have hereto subscribed my name and affixed the seal of the Association this 2nd day of April, 1998.

Secretary

A handwritten signature in black ink, appearing to read "S. B. [unclear]", is written over a horizontal line.