

BYLAWS

of

DURHAM KRESS CONDOMINIUM ASSOCIATION

ARTICLE I

PLAN OF UNIT OWNERSHIP

1. CONDOMINIUM. The Property (the term "Property" as used herein means and includes the land, the buildings, all improvements and structures thereon) located in the City of Durham, Durham County, North Carolina, known as the DURHAM KRESS CONDOMINIUM as has been, or will be, by Declaration, submitted to the provisions of the North Carolina Condominium Act (the "Act"), which Property shall henceforth be known as DURHAM KRESS CONDOMINIUM (hereinafter referred to as the "Condominium").

2. ASSOCIATION. In conjunction with the creation of the above described Condominium, there also has been incorporated under the laws of the State of North Carolina an association known as Durham Kress Condominium Association (hereinafter referred to as "Association") which shall, pursuant to the provision of the aforementioned Declaration, constitute the incorporated condominium owners' association.

3. PERSONAL APPLICATION. All Owners, Co-owners (as defined in the Declaration), and their respective household members, tenants, and invitees and the employees and invitees of such tenants, and any other person who might use the facilities of the Property in any manner, are subject to the regulations set forth in these bylaws (the "Bylaws) and in the Declaration establishing said Condominium as they may be amended from time to time. The mere acquisition or use of any of the Condominium units (hereinafter usually referred to as "Units") as defined in the Declaration or the mere act of occupancy of any of said Units will signify that these Bylaws, as amended, the provisions of the Declaration, and any authorized recorded amendments to the foregoing Declaration are accepted and ratified, and will be complied with.

ARTICLE II

VOTING; QUORUM; PROXIES

1. ELIGIBILITY. Any person who acquires title to a Unit in the Condominium shall be a member of the Association. There shall be one membership for each Unit owned. Transfer of Unit ownership, either voluntarily or by operation of law, shall terminate membership in the Association, and said membership is to become vested in the transferee. If Unit ownership is vested in more than one person, then all of the persons so owning such Unit shall agree upon the designation of one of the Co-owners of such Unit to act as a member of the

Association. If Unit ownership is vested in a corporation, limited liability company, partnership, trust, unincorporated association or other entity, said corporation, limited liability company, partnership, trust, unincorporated entity or other entity must designate an individual officer, manager, partner or employee of the same to act as a member of the Association on behalf of such entity. Such designation shall be delivered in writing to the Secretary of the Association.

2. VOTING. Voting shall be on a fractional basis and the fraction of a vote to which the Unit Owner is entitled is the fractional share assigned to the Unit or Units in the Declaration.

3. REQUIRED VOTE. As used in these Bylaws, the term “Required Vote” shall mean the votes of those Unit Owners holding more than seventy five (75%) percent of the total votes in the Association, in accordance with the fractional shares assigned in the Declaration, and any authorized amendments thereto.

4. QUORUM. Except as otherwise provided in these Bylaws, the presence in person or by proxy or by ballot (when authorized as provided in Section 6 of this Article II) of the Required Vote of Unit Owners shall constitute a quorum. This quorum requirement shall not decrease for any reason.

5. PROXIES. Votes may be cast in person or by proxy or, when authorized by the Executive Board, by ballot. Proxies must be filed with the Secretary before the appointed time of each meeting.

6. BALLOTS. Voting by ballot is permissible when authorized by the Executive Board. When the Executive Board has authorized voting by ballot, there shall be sent to every member with the notice of the meeting, a statement describing the matters to be introduced for vote of the members and a ballot on which each member may vote for or against approval of such matter. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section 4 of this Article II. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon matters not appearing on the ballot. All ballots must contain the time by which a ballot must be received by the Association in order to be counted.

7. VOTE. The vote of at least seventy five percent (75%) of the total votes of the Association (also the quorum requirement) present at a meeting, or by proxy, or by ballot when authorized, shall be the act of and binding upon all Unit Owners, except where in the Declaration or in these Bylaws, or by law, a higher percentage vote is required.

ARTICLE III **MEMBERS; MEETINGS**

1. ASSOCIATION RESPONSIBILITIES. The Unit Owners will constitute the members of the Association who will have, among other duties, the responsibility of electing the Executive Board. Except as otherwise provided, decisions and resolutions of the Association shall require approval as provided in Section 7 of Article II.

2. PLACE OF MEETINGS. Meetings of the Association shall be at such place, convenient to the Unit Owners, as may be designated by the Association.

3. ANNUAL MEETINGS. There shall be one regular annual meeting of the Association. The annual meeting of the Association shall be held at the call of the President during the month of January or at such other time as a Unit Owners having the Required Vote may agree upon. At such meeting, there shall be elected an Executive Board in accordance with the requirements of Section 3 of Article IV of these Bylaws. All meetings of the Association (annual and special meetings) shall be conducted in accordance with the most recent edition of *Robert's Rules of Order Newly Revised*.

4. SPECIAL MEETINGS. It shall be the duty of the Secretary to call a special meeting of the Unit Owners as directed by the President, or by resolution of the majority of the Executive Board, or upon a petition signed by Unit Owners representing twenty percent (20%) of the total votes in the Association having been presented to the Secretary. A notice of any special meeting shall state the time and place of such meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a director or officer. No business shall be transacted at a special meeting except as stated in the notice.

5. NOTICE OF MEETINGS. It shall be the duty of the Secretary to mail a notice of each annual or special meeting to each Unit Owner of record, stating the time and place where the meeting is to be held, the items on the agenda, the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes and any proposal to remove a director or officer. Notice shall be made by hand delivery or sent first class, registered or certified mail, or by electronic mail to an electronic mail address provided to the Association in writing by the Unit Owner, such notice shall be delivered at least ten (10) days, but not more than fifty (50) days prior to such meeting.

6. ADJOURNED MEETING. If any meeting of the Association cannot be organized because a quorum has not attended, the Unit Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than twenty-four (24) hours nor more than thirty (30) calendar days from the time the original meeting was called. The quorum requirement at the rescheduled meeting shall not decrease.

7. ORDER OF BUSINESS. The order of business at all annual meetings of the Association shall be as follows:

- a. Call to Order.
- b. Proof of Notice of Meeting or Waiver of Notice.
- c. Reading of Minutes of Preceding Meeting.
- d. Reports of Officers.
- e. Reports of Committees.
- f. Election of Executive Board Members.

- g. Budget Review.
- h. Unfinished Business.
- i. New Business.

The order of business at a special meeting of the Association shall include items (a) through (d) above, and thereafter, the agenda shall consist of the items specified in the notice of meeting.

ARTICLE IV **EXECUTIVE BOARD**

1. NUMBER AND QUALIFICATIONS. The affairs of the Association shall be governed by an Executive Board (hereinafter referred to as the “Board”) comprised of no less than three (3) persons and no more than nine (9) persons as determined by the Declarant during the Period of Declarant Control as defined in the Declaration; provided, however, the number of initial members of the Board shall be as set forth in the Articles of Incorporation of the Association. During the Period of Declarant Control, the Declarant shall be entitled to appoint and remove officers and Executive Board members as set forth in Section 2.7 of the Declaration. After the termination of the Period of Declarant Control, the number of members of the Board shall be determined by the Unit Owners but in any event shall not be less than three (3) nor more than nine (9) persons, a majority of whom shall be Unit Owners.

2. GENERAL POWERS AND DUTIES. The Board shall have the powers and duties necessary for the administration of the affairs of the Association, including all the powers set forth under N.C.G.S. § 47C-3-102 and the other powers granted to it by the Act and the Declaration, and, subject to applicable law, the Act, these Bylaws and the Declaration, may do all such acts and things not directed to be executed and done by the Unit Owners, the Declarant or another person. Without limiting the generality of the foregoing, the Board shall have the following powers and shall cause the Association to perform the following duties:

- a. Maintain compliance with all of the terms and conditions of the Declaration and any amendments thereto and enforcement of same.
- b. To care for, upkeep and maintain the Property.
- c. Collection, at the time of the closing of the sale of each Unit, two (2) months’ estimated common expense assessments for the purpose of establishing a working capital fund for the Association.
- d. Preparation of the annual budget. Within thirty (30) days after the adoption of any proposed budget, the Executive Board shall provide a summary of the budget to all Unit Owners, and shall set a date for a meeting of the Unit Owners to consider ratification of the budget not less than fourteen (14) or less than thirty (30) days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting for the purpose of ratifying the budget. The budget shall be ratified at that meeting unless a Unit Owners having the Required Vote rejects the budget. If the proposed budget is rejected, the periodic budget last

ratified shall be continued until such time as the Unit Owners ratify a budget proposed by the Executive Board.

e. As a part of the annual budget described in (d) above, there shall be established and maintained on behalf of the Association an adequate reserve fund for periodic maintenance, repair and replacement of improvements to the Common Elements (as defined in the Declaration). Any interest earned on said reserve fund shall remain a part of said reserve fund and shall not be used for general operating expenses. For purposes of this Section, "adequate reserve fund" shall mean not less than two percent (2%) of the total operating Common Expenses (as defined in the Declaration).

f. Contracting for the employment, dismissal and control of the personnel necessary for the maintenance and operating of the Common Elements.

g. Performing repairs caused by any natural disaster or man-made damage from funds held in the reserve account and any special assessment, or causing the same to be done.

i. Obtaining of insurance for the Property, pursuant to the provisions hereof and the provisions of the Declaration, or causing the same to be done as set forth in ARTICLE VII hereof.

j. Grant or relocate easements which are not inconsistent with the owners' full use and enjoyment of the Common Elements or the Special Declarant Rights reserved in the Declaration.

k. Make rules and regulations, and allocations, not inconsistent with these Bylaws, as amended, the Declaration, as amended, or law, with respect to the use of parking spaces should such spaces be made available by Declarant and should the Declarant delegate the administration of those spaces to the Association.

l. Making of repairs, additions and improvements to or alterations of, the Property in accordance with the other provisions of these Bylaws that are not inconsistent with the Special Declarant Rights reserved in the Declaration.

m. To make available, for inspection, upon request during normal working hours or under other reasonable circumstances, to Unit Owners, the holders, insurers or guarantors of any first mortgage on any Unit, current copies of the Declaration, Bylaws, other Rules and Regulations pertaining to the Association, and financial statements of the Association.

n. To establish such advisory committees as the Board may deem appropriate to assist in carrying out the duties above described.

o. To further improve the Property, both real and personal, and to purchase real estate and personal property including items of furniture, furnishings, fixtures and equipment for the foregoing.

p. If it appears that through a drafter's error in the Declaration that the Common Elements, or Common Expenses have been stated or distributed improperly, to approve an amendment to the Declaration correcting that error. No Owners, except those directly affected, must join in the execution of the amendment.

q. To pay taxes or assessments, if any, against the Common Elements or Property as required.

r. To pay costs of utility services rendered to the Property, as required.

s. Upon the decision of the Executive Board, to engage a management company to act as agent for the Association to perform any or all of the foregoing duties and exercise any of the foregoing powers as directed by, and under the supervision of, the Board.

t. To publish the names and addresses of all Executive Board members and officers within 30 days of the election.

u. To perform the other functions required of the Association by the Act, the Declaration or these Bylaws.

3. FIRST EXECUTIVE BOARD / PERIOD OF DECLARANT CONTROL. The first Executive Board shall be as designated in the Articles of Incorporation of the Association and subsequently by the Declarant. These appointments will be temporary and will continue only in accordance with the requirements of the Act relating to the Period of Declarant Control. As stated in the Act, the Period of Declarant Control terminates no later than the earlier of: (i) one hundred and twenty (120) days after conveyance of seventy five percent (75%) of the Units (including Units which may be created pursuant to Special Declarant Rights); (ii) two years after Declarant has ceased to offer Units for the sale in the ordinary course of business; or (iii) two years after any development right to add new Units, if any, was last exercised. It is noted that Declarant may voluntarily surrender the right to appoint and remove officers and members of the Board before termination of this Period, but in that event, Declarant may require, for the duration of the Period of Declarant Control, that specified actions of the Association or Board, as described in recorded instruments executed by the Declarant, be approved by the Declarant before they become effective.

a. Further, not later than sixty (60) days after conveyance of twenty five percent (25%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than Declarant, at least one member and not less than twenty five percent (25%) of the members of the Board shall be elected by Unit Owners other than Declarant. Not later than sixty (60) days after conveyance of fifty percent (50%) of the Units (including Units which may be created pursuant to Special Declarant Rights) to Unit Owners

other than Declarant, not less than thirty three percent (33%) of the members of the Board shall be elected by Unit Owners other than Declarant.

b. Not later than the termination of the Period of Declarant Control, the Unit Owners shall elect the Board of at least three (3), but not more than nine (9), members, at least a majority of whom must be Unit Owners.

c. The term of office for members of the Board shall be one (1) year. The members of the Board shall hold office until their successors have been elected and qualified and hold their first meeting. Any and all of said Board Members shall be subject to replacement, in the event of resignation or death, in the manner set forth in Section 4 of this Article.

4. VACANCIES. Vacancies in the Board caused by reason other than the removal of a member of the Board by a vote of the Association shall be filled by vote of the majority of the remaining members of the Board (or, during the Period of Declarant Control, by appointment of Declarant), even though they may constitute less than a quorum; and each person so elected shall be a member of the Board until a successor is elected and qualified at the next meeting of the Association.

5. REMOVAL OF MEMBERS OF THE BOARD. Once the Period of Declarant Control has terminated, at any annual or special meeting of the Association duly called, any one or more of the members of the Board may be removed with or without cause by the Unit Owners having the Required Vote and a successor may then and thereby be elected to fill the vacancy thus created. Any member of the Board whose removal has been proposed to the Association shall be given an opportunity to be heard at the meeting. No Board member who was a Unit Owner or representative of a Unit Owner at the beginning of his or her tenure shall continue to serve on the Board if during the term of office, he or she or his or her principal or employer shall cease to be a Unit Owner (except as provided above regarding Declarant's appointees).

6. ORGANIZATIONAL MEETING. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Board, and no notice shall be necessary to the newly elected Board members in order to legally constitute such a meeting, providing a majority of the Board shall be present.

7. REGULAR MEETINGS. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Board, but at least one (1) such meeting shall be held each fiscal year. Notice of regular meetings of the Board shall be given by the Secretary or other person designated by the Board, to each Board member, personally or by mail, telephone, or electronic mail, at least ten (10) days prior to the day named for such meeting. At regular intervals the Executive Board shall provide the opportunity to the Unit Owners attend a portion of the meeting of the Executive Board for the purpose of voicing their issues and concerns to the Executive Board. The Executive Board may place reasonable restrictions on the number of Unit Owners who speak on each side of any issue and on the time that Unit Owners may speak. All meetings of the Executive Board (regular and special) shall be conducted in accordance with the most recent edition of *Robert's Rules of Order Newly Revised*.

8. SPECIAL MEETINGS. Special meetings of the Board may be called by the President on three (3) days notice to each Board Member, given personally or by mail, telephone, or electronic mail, which notice shall state the time, place (as hereinabove provided), and the purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Board members.

9. WAIVER OF NOTICE. Before or at any meeting of the Board, any member of the Board may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Board member at any meeting of the Board shall be a waiver of notice by him or her of the time, place and purpose thereof unless the member at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

10. BOARD QUORUM. At all meetings of the Board, a majority of the Board members then in office immediately before a meeting begins shall constitute a quorum for the transaction of business, and acts of the majority of the members present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there is less than a quorum present, the majority of the Board members present may adjourn the meeting from time to time. At any such adjourned meeting which is reactivated with a quorum, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

11. FIDELITY BONDS. The Board shall require that any and all Board members, officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

12. COMPENSATION. No member of the Board shall receive any compensation from the Association for acting as such.

13. LIABILITY OF THE BOARD OF DIRECTORS. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association. It is understood and permissible for the original Board, who are members of or employed by Declarant, to contract with Declarant and affiliated entities without fear of being charged with self-dealing.

14. INDEMNIFICATION.

a. Definitions for purposes of this Section:

(i) Covered Person. A covered person shall include any person who at anytime serves or has served as a member of the Board or officer of the Association, or in such capacity at the request of the Association for any trust, employee benefit plan, or other enterprise.

(ii) Action. An action shall include any threatened, pending, or completed civil, criminal, administrative, investigative suit or proceeding, any appeal therefrom, and any inquiry or investigation that could lead to such a suit or proceeding to which a person is made a party because such person is or was a covered person.

(iii) Improper personal benefit. Improper personal benefit does not include a Board member's or officer's reasonable compensation or other incidental benefit for or on account of service as a director, officer, employee, independent contractor, attorney, or consultant of the Association.

b. General. Except as provided in subparagraph (e) of this Section 14, the Association shall indemnify a covered person if he is made, or is threatened to be made, a party to an action whether or not the action is brought by or on behalf of the Association (i.e., a derivative action), or otherwise (i.e., a direct action).

c. Covered Expenses. A covered person shall be indemnified against (1) reasonable expenses, including without limitation, all attorney's fees actually and necessarily incurred by him in connection with any such action, (2) all reasonable payments made by him in satisfaction of any judgment, money decree, fine (including any excise tax assessed with respect to an employee benefit plan), penalty, or settlement for which he may have become liable in such action, and (3) all reasonable expenses incurred in enforcing the indemnification rights provided herein.

d. Advanced Payment of Expenses. Covered expenses may be paid by the Association in advance of final disposition of the action if authorized pursuant to subparagraph (f) below. Any advance payment shall be made only upon receipt of an undertaking by the covered person to repay such amount unless it shall ultimately be determined that the covered person is entitled to be indemnified by the Association against such expense.

e. Standard of Care. Unless otherwise required by law, the Association shall not indemnify a covered person unless such covered person:

(i) Conducted himself or herself in good faith; and

(ii) Reasonably believed, in the case of conduct taken in his or her official capacity with the Association, that his or her conduct was in the Association's best interests, and in all other cases, that his or her conduct was at least not opposed to the best interests of the Association; in the case of a criminal proceeding, had no reasonable cause to believe his conduct was unlawful; provided, however, the Association shall not indemnify a covered person for liability under North Carolina General Statute 55A-8-32 or North Carolina General Statute 55A-8-33, any transaction in which the covered person derived an improper personal benefit, or any action in which the covered person is adjudged liable to the Association.

f. Determination and Evaluation of Indemnification. The determination to indemnify a covered person, and the amount and terms of the indemnification shall be made:

(i) By the Board by majority vote of a quorum consisting of Board members not at the time parties to the action.

(ii) If a quorum cannot be obtained under subsection (1), then by majority vote of a committee duly designated by the Board (in which designation Board members who are parties may participate), consisting solely of two or more Board members not at the time parties to the action.

(iii) By special legal counsel selected by the Board or its committee in the manner prescribed in subsections (i) and (ii) of this subsection; or, if a quorum of the Board cannot be obtained under subsection (i) of this subsection and a committee cannot be designated under subsection (ii) of this subsection, selected by a majority vote of the full Board (in which selection Board members who are parties may participate).

(iv) Authorization of indemnification and evaluation as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except if the determination is made by special legal counsel, authorization of indemnification and evaluation as to reasonableness of expenses shall be made by those entitled under subsection (iii) of this section to select counsel.

g. Reliance. A covered person shall be deemed to be serving the Association in reliance upon, and as consideration for the rights provided for herein. Any repeal or modification of these indemnification provisions shall not affect any rights or obligations existing at the time of such repeal or modification.

h. Non-exclusivity. The rights provided for herein shall not be exclusive of any other rights to which the covered person may be entitled, including, without limitation, statutory rights to indemnification and benefits under policies of insurance.

ARTICLE V **OFFICERS**

1. DESIGNATION. The principal officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer all of whom shall be elected by the Board. The Board may appoint an Assistant Treasurer and Assistant Secretary, and such other officers as, in their judgment, may be necessary. Officers appointed by the Declarant need not be Board members or members of the Association but officers elected by the Board members after the Period of Declarant Control must be members of the Association and Board members.

2. ELECTION OF OFFICERS. Until the Period of Declarant Control has terminated, Declarant may appoint officers. Thereafter, the officers of the Association shall be

elected annually by the Board at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

3. REMOVAL OF OFFICERS. Until the Period of Declarant Control has terminated, Declarant may remove officers. Thereafter, upon an affirmative vote of a majority of the members of the Board, any officer may be removed either with or without cause, and his or her successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

4. PRESIDENT. The President shall be the chief executive officer of the Association. He or she shall preside at all meetings of the Association and of the Board. He or she shall have all of the general powers and duties which are usually vested in the office of President of a condominium or incorporated Association, including but not limited to the power to appoint committees from among the Owners from time to time as he may, in his discretion, feel appropriate to assist in the conduct of the affairs of the Association.

5. VICE PRESIDENT. The Vice President shall take the place of the President and perform his duties when the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board.

6. SECRETARY. The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Association; he or she shall have charge of all books, records and papers of the Association.

7. TREASURER. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He or she shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board. He or she shall, in general, perform all the duties customary and incident to the office of the Treasurer.

ARTICLE VI **OBLIGATIONS OF THE UNIT OWNERS**

1. PERIODIC ASSESSMENTS FOR COMMON EXPENSES. The Association shall have the power to levy, and all Unit Owners shall be obligated to pay, periodic assessments imposed by the Association to meet all Association common expenses ("Common Expenses"). Payment of the periodic assessments shall be in equal monthly installments on or before the first day of each month, or in such other reasonable manner as the Board shall designate so long as periodic assessments are made at least annually.

In addition to the periodic payments for assessments as described above, at the time of the initial closing of the sale of each Unit, a two (2) months' Common Expense assessment shall

be payable by the buyer as a working capital assessment for the purpose of establishing an operating reserve for the Association.

2. ASSESSMENTS TO REMAIN IN EFFECT UNTIL NEW ASSESSMENTS MADE. The omission by the Board before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of the Declaration and Bylaws or a release of any Unit Owner from the obligation to pay the assessments, or an installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. No Unit Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his or her or its Unit.

3. SPECIAL ASSESSMENTS. All Unit Owners shall be obligated to pay special assessments imposed by the Association to meet the costs of, among other things, capital improvements, repair or replacement of the Common Elements, allocations to reserves and other extraordinary expenses. Such special assessments must be approved by the Board but shall not be payable if seventy-five percent (75%) of the total votes of the Association vote against such assessment at a special meeting held within forty-five (45) days of delivery of notice of the special assessment to Unit Owners. If a vote against the proposed special assessment is not sustained, the special assessment shall be due and payable ten (10) days after expiration of the forty-five (45) day period in which the Unit Owners may consider action to veto a special assessment.

4. RECORDS. The Association shall keep detailed records of all receipts and expenditures and of all assets and liabilities. The Association shall provide to all Unit Owners at no additional charge within 75 days of the close of the fiscal year of the Association an annual income and expense statement and balance sheet. A compilation, review or audit may be required by a vote of the majority of the Executive Board or by the affirmative vote of a majority of the Unit Owners voting at an Association meeting at which there is a quorum. The Association shall make all its financial records and all other Association records, including records of Association meetings or Executive Board meetings available for examination by any Unit Owner (or such Owner's authorized agent) during reasonable business hours.

5. DEFAULT IN PAYMENT OF ASSESSMENTS. The Board shall take prompt action to collect any periodic and special assessments, or portions thereof, due from any Unit Owner which remains unpaid for more than thirty (30) days from the due date for payment thereof. In the event of default by any Unit Owner in paying any assessments as determined by the Board, such Unit Owner shall be obligated to pay a late charge of the greater of \$20.00 or 10% of the amount of the unpaid installment, together with all expenses, including attorney's fees, incurred by the Board in any proceeding brought to collect such unpaid assessments. The Board shall have the right and duty to attempt to recover such assessments, together with interest thereon, and the expenses of the proceeding, including attorney's fees, in an action to recover the same brought against such Unit Owner, or by foreclosure of the lien on such Unit granted by N.C.G.S. § 47C-3-116. With regard to the subordinate nature of such liens as it relates to

mortgages recorded prior to the recording of any evidence of such lien, the provisions of N.C.G.S. § 47-3-116(b), as amended, shall be controlling.

6. STATEMENT OF ASSESSMENTS OR OTHER CHARGES. The Board shall, for a reasonable fee not to exceed Ten (\$10.00) Dollars, promptly provide any purchaser, Unit Owner, encumbrancer or prospective encumbrancer of a Unit so requesting the same in writing, with a written statement of all unpaid assessments or other charges due from the Owner of that Unit and the purchaser's liability therefor shall be limited to the amount as set forth in the statement.

7. MAINTENANCE AND REPAIR.

a. Each Unit Owner must perform work within his own Unit, which, if omitted, would affect the Property in its entirety or in a part belonging to another Unit Owner, being expressly responsible for the damages and liabilities that his or her or its failure to do so may engender.

b. All the repairs of the Units and of those items described in Section 3.3 of the Declaration shall be made by and at the expense of the Unit Owner.

c. All maintenance, repair and replacement to the Common Elements, unless otherwise provided in the Declaration, shall be made by the Association and shall be charged to all the Unit Owners as a Common Expense.

8. UTILITIES. Certain utility services may be shared by more than one Unit, and those Unit(s) may also share such service(s) with the Common Elements. The Association shall maintain in its own name any utility account for a utility service which is shared by two (2) or more Units or the Common Elements. The Association shall receive and pay the invoices for such shared utility service, and shall bill the Units served by such service in an equitable manner as it may reasonable determine. Such charges shall be deemed Assessments under this Declaration and secured by a lien pursuant to N.C.G.S. §47C-3-116.

9. SUBJECT TO DECLARATION. All Unit Owners, their tenants, invitees, or any other party occupying a Unit is subject to the terms and conditions of the Declaration.

10. USE OF COMMON ELEMENTS. A Unit Owner, or tenants or invitees thereof, shall not place or cause to be placed in the passages, sidewalks, elevators, stairwells, or other common areas any furniture, packages or obstructions of any kind. Such areas shall be held in common for the enjoyment of the Unit Owners or designated tenant and shall be used for no purpose other than for normal transit through or use of them.

11. RIGHT OF ENTRY.

a. A Unit Owner or designated tenant shall grant the right of entry to any person authorized by the Board in case of any emergency originating in or threatening his/her or its Unit, whether or not the Unit Owner is present at the time.

b. A Unit Owner or designated tenant shall permit the Association, or its representatives, when so required, to enter his/her or its Unit for the purpose of performing installations, alterations, or repairs to the Common Elements when it reasonably necessary to access said Common Elements through a Unit, provided that such requests for entry are made in advance and that such entry is at a time convenient to the Unit Owner or designated tenant. In case of emergency, the right of entry shall be immediate.

12. RULES OF CONDUCT. In order to assure the peaceful and orderly use and enjoyment of the Units and Common Elements of the Association, the Board may from time to time adopt, modify, and revoke in whole or in part such reasonable rules and regulations, to be called Rules of Conduct, governing the conduct of persons on said Property of the Association as it may deem necessary. Such Rules of Conduct, upon adoption, and every amendment, modification, and revocation thereof, shall be delivered promptly to each Unit Owner by posting same with postage prepaid addressed to the Unit Owner at the last registered address of the Unit Owner and shall be binding upon all Unit Owners and the occupants of Units in the Condominium. The initial Rules of Conduct for the Condominium are as adopted by the Declarant and are attached hereto as Appendix I to these Bylaws. Subsequent amendments shall be kept by the Association and shall not require recording.

13. ABATEMENT AND ENJOINMENT OF VIOLATIONS BY UNIT OWNERS. The violation of any Rules of Conduct adopted by the Board or the breach of any Bylaws contained herein, or the breach of any provisions of the Declaration, shall give the Association the right, in addition to any other rights set forth in these Bylaws: (a) to enter the Unit in which or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition, that may exist therein contrary to the intent and meaning of the provisions hereof, and the representatives of the Association entering such Unit shall not thereby be deemed guilty in any manner of trespass; or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach and to recover the cost of such enforcement, including attorneys fees, and until such expense is recovered it shall be a lien upon said Unit, which lien shall be inferior to the lien of all prior mortgages.

14. LITIGATION. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the votes eligible to be cast by the members. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the Declaration (including, without limitation, the foreclosure of liens) or these Bylaws; (b) the imposition and collection of assessments as provided herein; (c) proceedings involving challenges to ad valorem taxation; or (d) defense of claims in proceedings initiated against the Association and counterclaims brought by the Association in proceedings instituted against it. In the event any claim is made against Declarant or any litigation is instituted against Declarant, then the Association shall impose a

special assessment against all members, other than the Declarant, for the costs of the claim or litigation, including, without limitation, attorneys' fees incurred, and funds from periodic assessments shall not be used for any such claim or litigation.

15. ENFORCEMENT. The Association is empowered to enforce the terms and provisions of the Declaration, these Bylaws, and the Rules and Regulations by any proceeding at law or equity allowable under the North Carolina Condominium Act. The Association has the power to conduct a hearing to determine if Unit Owners should be fined a maximum of one hundred dollars (\$100.00) per violation of the terms and provisions of the Declaration, these Bylaws, or the Rules and Regulations, or to determine whether condominium privileges or services should be suspended. The hearing shall be conducted by the Executive Board, or such adjudicatory panel as may be established by the Executive Board for hearing such matters. The Unit Owner charged shall be given notice of the charge, an opportunity to be heard and to present evidence, and written notice of the decision. If a suspension of condominium privileges or services is imposed, such suspension may be continued until the violation or delinquency is cured. A Unit Owner may appeal a decision of an adjudicatory panel to the full Executive Board by delivering written notice of appeal to the Executive Board within 15 days after the date of the decision of the adjudicatory panel. A fine under this section shall be an assessment secured by the lien established pursuant to the Declaration and N.C.G.S. § 47C-3-116.

ARTICLE VII **INSURANCE**

The Association shall be required to obtain and maintain, as set forth below, in forms and amounts as hereinafter described, the following insurance, without prejudice to the right of a Unit Owner to obtain additional individual insurance at his or her or its own expense:

1. HAZARD INSURANCE. The Board shall cause the Property to be insured, as it may be constituted from time to time, against loss or damage due to all risks of direct physical loss commonly insured against, including fire and extended coverage perils, in an amount not less than the maximum insurable replacement value of the Property as determined by the Board upon recommendation made by the Condominium's insurer, it being understood that the Board, at its discretion, may have an appraisal made of the Property for this purpose, or in the amount reasonably obtainable as it relates to certain perils. The Board shall have the authority also to insure against other hazards and risks as it may deem desirable for protection of the Property. All hazard insurance shall cover the entire Property, exclusive only of the improvements and betterments installed by the Unit Owners and contents and furnishings of the individual Units.

a. All hazard insurance policies obtained by the Board, shall designate the Association as the named insured as Insurance Trustee for the benefit of all the Owners and their mortgagees collectively, as their respective interests may appear. In the event of loss or damage, all insurance proceeds shall be paid to the Association as Insurance Trustee, it being understood and acknowledged that the distribution of such proceeds shall be controlled by the Act.

b. All hazard insurance policies obtained by the Board shall provide for the issuance of certificates of insurance to each Unit Owner. Each Certificate shall evidence the issuance of the master policy and shall indicate the amount of insurance covering the building within which the respective Unit is located. If a Unit is mortgaged, a certificate of insurance shall be issued to the mortgagee bearing a standard mortgagee endorsement, if requested.

c. If obtainable, all hazard insurance policies upon the Property shall include provisions providing that (i) each Unit Owner is an insured person under the policy with respect to liability arising out of his or her or its interest in the Common Elements or membership in the Association; (ii) the insurer waives any rights to subrogation under the policy against any Unit Owner, members of his or her household or such Unit Owners employees; (iii) no act or omission by any Unit Owner, unless acting within the scope of his or her or its authority on behalf of the Association, will preclude recovery under the policy and (iv) if, at the time of loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

d. Each mortgagee of which the Board has notice as herein provided shall be entitled to receive upon request a statement of the replacement value as determined in Paragraph 1 above. If any such mortgagee disagrees with the values assigned to the Property by such determination and presents an appraisal prepared at such mortgagee's expense showing higher values which has been performed by a qualified appraiser, then the Board shall either adopt the higher value or shall cause a reappraisal to be made by a qualified appraiser approved by the Board and by the appraisers who conducted the prior appraisals and the findings of the third appraiser shall be conclusive to determine such value for insurance purposes.

e. Each hazard insurance policy shall contain a loss payee provision designating the interest of the various mortgagees as to the various Units within the Condominium which are covered by the master policy. Such policies shall also provide that they shall not be canceled without giving thirty (30) days prior written notice to all such mortgagees as to whom the insurer has been given written notice.

2. PUBLIC LIABILITY INSURANCE AND UMBRELLA LIABILITY INSURANCE. The Board shall cause to be obtained comprehensive public liability insurance with the minimum coverages established by the Declaration, directors' and officers' liability insurance, and umbrella liability insurance with limits and provisions as it deems desirable and as may be obtainable. All such policies shall contain severability of interest clauses or endorsements extending coverage to liabilities of the Association to a Unit Owner and to liabilities of one Unit Owner to another Unit Owner.

3. PREMIUM. All premiums upon insurance policies purchased by the Association shall be assessed as Common Expenses to be paid by the Unit Owners through periodic assessment as herein provided.

4. ADJUSTMENT. Each Unit Owner shall be deemed to have delegated to the Board his right to adjust with insurance companies all losses under policies purchased by the Association, subject to the rights of mortgagees of such Unit Owners.

5. INSURANCE BY UNIT OWNERS. Each Unit Owner shall be responsible for obtaining, at his sole expense, insurance as provided in Section 9.2 of the Declaration.

6. SUBSTITUTION OF INSURANCE TRUSTEE. The Association, in its discretion, may decline to serve as Insurance Trustee and may appoint in its place any financial institution which is qualified and willing to act as Trustee and which also has offices in the county in which the Condominium lies. Any substitute Insurance Trustee appointed by the Association shall succeed to all of the powers and responsibilities vested in the Association as Insurance Trustee under the terms of these Bylaws.

ARTICLE VIII **RECONSTRUCTION AND REPAIR**

In the event of casualty loss or damage to the Property, the Board shall be responsible for applying the proceeds of all casualty insurance to the repair or reconstruction of the Property in accordance with the provisions of N.C.G.S. § 47C-3-113(h), as amended. The Property shall be repaired in the following manner:

1. Any reconstruction or repair must follow substantially the original plans and specifications of the Property unless the Unit Owners holding eighty percent (80%) or more of the total votes in the Association and their mortgagees, if any, vote to adopt different plans and specifications.

2. The Board shall promptly obtain estimates of the cost required to restore the damaged property to its condition before the casualty occurred. Such soft costs may include such professional fees and premiums for bids as the Board deems necessary.

3. If the insurance proceeds paid to the Board are insufficient to cover the cost of reconstruction, the deficiency shall be paid as a special assessment by the Unit Owners whose units are being reconstructed or repaired in proportion to the damage done to their respective Units.

4. The insurance proceeds received by the Board and the mortgagees, and any special assessments collected to cover a deficiency in insurance shall constitute a construction fund from which the Board shall disburse payment of the costs of reconstruction and repair. The first disbursements from the construction fund shall be insurance proceeds, and if there is a balance in the fund after payment of all costs of reconstruction and repair, it shall be distributed to the Unit Owners who paid special assessments in proportion to their payments. Any balance remaining after such distribution shall be retained by the Association.

ARTICLE IX

INSURANCE TRUST

In the event of casualty loss to the Property, all insurance proceeds indemnifying the loss or damage shall be paid to the Association as Insurance Trustee. The Association, acting as Insurance Trustee, shall receive and hold all insurance proceeds in trust for the purposes stated in this ARTICLE IX, and for the benefit of the Association, the Unit Owners, and their respective mortgagees in the following share:

1. Insurance proceeds paid on account of loss or damage to the Common Elements only shall be held in the same proportion as the undivided interests in the Common Elements which are appurtenant to each of the Units.

2. Insurance proceeds paid on account of loss or damage to less than all of the Units, when the damage is to be restored, shall be held for the benefit of Unit Owners of the damaged Units and their respective mortgagees in proportion to the costs of repairing each damaged Unit.

3. Insurance proceeds paid when the entire Property is not to be restored shall be held for the benefit of all Unit Owners, and their respective mortgagees, the share of each being equal to the undivided share or interest in Common Elements appurtenant to the applicable Unit.

4. In the event a certificate of insurance has been issued to a Unit Owner bearing a mortgagee endorsement, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired, and no mortgagee shall have any right to apply or have applied to the reduction of a mortgage debt any insurance proceeds except for insurance proceeds required by the loan documents to be paid jointly to the Unit Owners and their respective mortgagees pursuant to the provisions of this Declaration.

ARTICLE X MORTGAGES (DEEDS OF TRUST)

1. NOTICE TO BOARD. A Unit Owner who mortgages his Unit shall notify the Board of the name and address of his Mortgagee.

2. STATEMENTS TO MORTGAGEE. Upon written request to the Association from any mortgagee of which it has notice as herein provided, the Board shall supply such mortgagee with a reasonably current financial statement of the Association within a reasonable time of such request.

ARTICLE XI AMENDMENTS

These Bylaws may be amended only with the consent of Units Owners to which at least seventy five (75%) percent of the votes in the Association are allocated. Provided, however, where a greater percentage of the vote of Unit Owners is expressly required in the Declaration, by the Act or these Bylaws to take action by the Unit Owners, these Bylaws may not be amended to decrease such greater percentage of votes without the consent of Unit Owners holding that greater percentage of votes.

Notwithstanding the foregoing, so long as the Declarant remains the Owner of one or more Units in this Condominium or during that period which is prior to the expiration of the Special Declarant Rights, these Bylaws shall not be amended so as to adversely affect the Declarant or impair in any way the Special Declarant Rights without the Declarant's consent and joinder.

ARTICLE XII **MISCELLANEOUS MATTERS**

1. **GENDER; NUMBER.** The use of the masculine gender in these Bylaws includes the feminine gender, and when the context requires, the use of the singular includes the plural.

2. **DEFINITIONS.** The definitions contained in the Declaration also apply to these Bylaws.

3. **EXECUTION OF DOCUMENTS.** The President or Vice President and Secretary or Assistant Secretary are responsible for preparing, executing, filing and recording amendments to the Declaration and Bylaws, and shall be authorized to execute any other document which the Association may from time to time be required to execute. Notwithstanding the foregoing, the President or Vice President, without the joinder of the Secretary or Assistant Secretary, may execute amendments to the Declaration if the same is permitted by the Declaration and by North Carolina law.

4. **NOTICES.** All notices required by these Bylaws shall be hand delivered, sent by mail to the Association, or sent by electronic mail at the physical or electronic mail address of the President, and to Unit Owners at the physical address of the Unit or at such other physical address or electronic address as may have been designated by such Unit Owner from time to time in writing to the Association. All notices from or to the Association shall be deemed to have been given when mailed or delivered, except notice of changes of address which shall be deemed to have been given when received.

5. **CAPTIONS.** The captions contained in these Bylaws are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision of the Bylaws.

6. **INVALIDITY.** The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability or effect of the balance of these Bylaws.

7. CONFLICT. These Bylaws are set forth to comply with the requirements of the North Carolina Condominium Act (“Act”), as amended, and the Declaration, as amended. In the event of any conflict between these Bylaws and the provisions of such Act or the Declaration, the provisions of such Act or the Declaration, as the case may be, shall control.

8. WAIVER. No restriction, condition, obligation, or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the violations or breaches thereof which may occur.

**APPENDIX I
TO BYLAWS
OF
DURHAM KRESS CONDOMINIUM**

RULES OF CONDUCT

1. Residents shall exercise extreme care to avoid unnecessary noise or the use of musical instruments, radios, televisions and amplifiers that may disturb other residents.
2. No Residential Unit Owner shall:
 - (a) Post any advertisements or posters of any kind in or on the Property except as authorized by the Association;
 - (b) Hang garments, towels, rugs, or similar objects from the windows or balconies or from any of the facades of the Property; or
 - (c) Clean dust mops, rugs or similar objects from the windows or balconies by beating on the exterior part of the Property.
3. No Unit Owner shall:
 - (a) Throw trash or recycling outside the areas specifically provided for such purposes;
 - (b) Act so as to interfere unreasonably with the peace and enjoyment of the residents of the other Units in the Property;
 - (c) Maintain any pets, which cause distress to Unit Owners through repeated barking, making other noises, biting, scratching, soiling, or damaging of property.
 - (d) Operate, park, or store on the Property any recreational vehicles, motor homes, motorcycles, mopeds, trucks, trailers, commercial vans or boats without permission of the Executive Board.
 - (e) No Unit Owner shall install wiring for electrical or telephone installations, television or radio antenna, air conditioning fixtures, or similar objects outside of his/her or its Unit or which protrudes through the walls or the roof of the Unit except as authorized by the Executive Board.

4. It shall be the responsibility of each Unit Owner to prevent any unclean, unsightly or unkempt condition in or around his/her or its Unit or elsewhere on the Property's grounds, which shall tend to substantially decrease the beauty of the condominium, the neighborhood as a whole or the specific area.

5. No structure of a temporary character shall be placed upon the Property at any time; provided, however, that this prohibition shall not apply to shelters or temporary structures used by the contractor or developer during the construction of the Property, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the Property after completion of construction. The design and color of structures temporarily placed on the Property by a contractor shall be subject to reasonable aesthetic control by the Declarant.

6. No tent, barn, tree house or other similar outbuilding or structure shall be placed on the Property at any time, either temporarily or permanently; provided, however, that the Declarant reserves the right to grant approval in writing for temporary construction facilities to be placed on the Property.

7. No noxious or offensive activity shall be carried on, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the other Owners. There shall not be maintained any plants or animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property by the other Owners.

8. Any window covering (blinds, shutters, drapes, curtains, etc.) used or maintained by Residential Unit Owners in Residential Units shall be white in color when viewed from the exterior of the Building.

**EXHIBIT F
TO
DECLARATION
OF
DURHAM KRESS CONDOMINIUM**

Consent of Lender

[A copy of the proposed Consent of Lender for Durham Kress Condominium follows this page.]

STATE OF NORTH CAROLINA)
)
COUNTY OF DURHAM)

CONSENT OF LENDER

THIS CONSENT OF LENDER is made this _____ day of _____, 2007 by Branch Banking and Trust Company (“Lender) and BB&T Collateral Service Corporation (“Trustee”).

WITNESSETH:

WHEREAS, Lender is the beneficiary of development and construction loan deeds of trust recorded in Book 4901, Page 233; Book 5316, Page 347; and Book _____, Page _____ Durham County Registry (collectively, the “Deeds of Trust”) which encumber certain real property located in The City of Durham, North Carolina, the property encumbered by the Deeds of Trust being a part of the property described in Exhibit A (the “Property”) of the Amended and Restated Declaration of Durham Kress Condominium (the “Declaration”);

NOW, KNOW ALL MEN BY THESE PRESENTS, that Lender joins in the foregoing Declaration of Durham Kress Condominium and the provisions of the North Carolina Condominium Act for the sole purpose of consenting to the creation by the Declarant of the Condominium on the property upon which it has a lien. The Lender makes no representations or warranties as to the validity of the documents creating the Condominium nor the development and physical construction of the Condominium itself. The Lender agrees that the lien of its Deeds of Trust on the property being submitted to the Condominium shall hereafter be upon the Units, the interests in common elements, and other rights appertaining to those units, and that any subsequent foreclosure of the Lender’s lien shall not extinguish this Declaration but shall merely vest in Lender the rights and duties set forth herein, provided, however, that should Lender acquire title to the property secured by the Deeds of Trust, any liability Lender shall have for the duties set forth in the Declaration shall be non-recourse except to the extent of its interest in such property; that all present and future owners of any of the property described in the Declaration shall be entitled to the full rights and easements to the extent the same are granted herein; that the submission of the property to the North Carolina Condominium Act will not trigger the “due-on-sale” clause in the Deeds of Trust, should such clause exist; and, that upon full satisfaction of the loans secured by the Deeds of Trust, the rights of Lender and the Trustee (or such successor trustees as permitted by the Deeds of Trust) set forth in this Declaration shall terminate.

IN WITNESS WHEREOF, Lender and Trustee have caused this instrument to be executed and effective as of the day and year first above written.

LENDER:

Branch Banking and Trust Company

By: _____

Name: _____

Title: _____

TRUSTEE:

BB&T Collateral Service Corporation

By: _____

Name: _____

Title: _____

STATE OF _____
COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document:

[insert name(s) of person(s) in blank].

Date: _____

Notary Public

[Official Seal]

Print Name: _____

My commission expires: _____

STATE OF _____
COUNTY OF _____

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document:

[insert name(s) of person(s) in blank].

Date: _____

Notary Public

[Official Seal]

Print Name: _____

My commission expires: _____

**ATTACHMENT 3
TO
PUBLIC OFFERING STATEMENT**

PROJECTED BUDGET FOR DURHAM KRESS CONDOMINIUM ASSOCIATION

This is the budget for the Association as projected for the first year after the first unit sale. The figures in this projected budget are based on Declarant's best estimate of the charges and are therefore subject to change.

1st Year Estimate -	
Common Area Expenses	
<i>Common Space R & M</i>	\$ 6,339
<i>Snow Removal</i>	\$ 250
<i>Cleaning</i>	\$ 2,750
<i>Extermination</i>	\$ 500
<i>Fire Inspection</i>	\$ 250
<i>Elevator Phone</i>	\$ 525
<i>Roof Repairs</i>	\$ 1,500
<i>Insurance</i>	\$ 5,816
<i>Electricity</i>	\$ 4,347
<i>Water / Stormwater</i>	\$ 1,268
<i>Professional Fees</i>	\$ 1,853
<i>Miscellaneous</i>	\$ 500
<i>Replacement Reserve</i>	\$ 15,208

TOTAL Expenses	\$ 41,106

**ATTACHMENT 4
TO
PUBLIC OFFERING STATEMENT**

ESTIMATED MONTHLY ASSESSMENTS FOR EACH UNIT

<u>Unit Description</u>	<u>Type of Unit</u>	<u>SF in Unit</u>	<u>Fractional Share</u>	<u>Estimated Monthly Assessment - Year 1</u>	
A	Commercial	7,214	18.76%	\$	643
B	Commercial	5,153	13.40%	\$	459
C	Commercial	7,306	19.00%	\$	651
201	Residential	1,505	3.91%	\$	134
202	Residential	646	1.68%	\$	58
203	Residential	968	2.52%	\$	86
204	Residential	1,321	3.43%	\$	118
205	Residential	1,256	3.27%	\$	112
206-306	Residential	552	1.44%	\$	49
301-401	Residential	765	1.99%	\$	68
302-402	Residential	1,321	3.44%	\$	118
303-403	Residential	1,178	3.06%	\$	105
304	Residential	1,328	3.45%	\$	118
305	Residential	1,254	3.26%	\$	112
206-306	Residential	543	1.41%	\$	48
301-401	Residential	459	1.19%	\$	41
302-402	Residential	610	1.59%	\$	54
303-403	Residential	434	1.13%	\$	39
404	Residential	1,840	4.79%	\$	164
405/Penthouse	Residential	2,294	5.97%	\$	204
406	Residential	508	1.32%	\$	45

This table illustrates the anticipated monthly assessments for each unit. The assessments are based on the Fractional Shares allocated to each unit which are determined from the actual square footages of the units as certified by an architect.

**ATTACHMENT 5
TO
PUBLIC OFFERING STATEMENT**

EXISTING AND ANTICIPATED ENCUMBRANCES ON TITLE

The existing and anticipated encumbrances on the title of Durham Kress Condominium are as follows:

1. Real estate taxes for the year in which the unit sale closing(s) occurs and subsequent years;
2. Boundaries of public sidewalks or public streets to the extent that portions of them are located within the condominium;
3. Matters shown on the plats recorded in Plat Book 8, Page 86; Plat Book 98, Page 135, Plat Book 101, Page 99; and, Plat Book 128, Page 107, all of Durham County Registry;
4. The security instrument(s) securing the acquisition and development financing of Durham Kress, LLC, all of which are to be recorded (units to be conveyed free and clear of this encumbrance); and
5. The Declaration of Durham Kress Condominium and the associated plats and plans, all of which are to be recorded.

**ATTACHMENT 6
TO
PUBLIC OFFERING STATEMENT**

NEW FRACTIONAL SHARES IF MAXIMUM UNITS ADDED

<u>Unit Number</u>	<u>Type of Unit</u>	<u>SF in Unit</u>	<u>Original Fractional Share</u>	<u>With Future Phase Fractional Share</u>
A	Commercial	7,214	18.76%	9.94%
B	Commercial	5,153	13.40%	7.10%
C	Commercial	7,306	19.00%	10.07%
201	Residential	1,505	3.91%	2.07%
202	Residential	646	1.68%	0.89%
203	Residential	968	2.52%	1.33%
204	Residential	1,321	3.43%	1.82%
205	Residential	1,256	3.27%	1.73%
206-306	Residential	552	1.44%	0.76%
301-401	Residential	765	1.99%	1.05%
302-402	Residential	1,321	3.44%	1.82%
303-403	Residential	1,178	3.06%	1.62%
304	Residential	1,328	3.45%	1.83%
305	Residential	1,254	3.26%	1.73%
206-306	Residential	543	1.41%	0.75%
301-401	Residential	459	1.19%	0.63%
302-402	Residential	610	1.59%	0.84%
303-403	Residential	434	1.13%	0.60%
404	Residential	1,840	4.79%	2.54%
405/Penthouse	Residential	2,294	5.97%	3.16%
406	Residential	508	1.32%	0.70%
	<i>Original SF</i>	38,455	100.00%	52.99%
	<i>Future Phase SF</i>	<u>34,109</u>		47.01%
Totals		72,564		100.00%

This table illustrates how the addition of 55 units (the maximum number of units allowable on the Future Phase Property) to 21 units (the maximum number of units initially declared) would change the fractional shares of the initial 21 units. The fractional shares shown on this table are based on the square feet of the initial 21 units and the estimated total square feet of the added units.