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DECLARATION
OF THE
GOVERNOR'S SQUARE CONDOMINIUMS

THIS DECLARATION, made on the date hereinafter set forth, by Governor's Square Condominiums, a North Carolina Corporation with its principal place of business in Caldwell County, North Carolina, hereinafter called "Declarant";

W I T N E S S E T H

WHEREAS, Declarant is the owner in fee simple of the land hereinafter described and a multi-unit residential building and other improvements heretofore or hereinafter to be constructed thereon, said land and improvements being hereinafter referred to as the "Condominium Property"; and

WHEREAS, by this Declaration, Declarant intends to submit said Condominium Property to the North Carolina Unit Ownership Act as set forth in Chapter 47A of the North Carolina General Statutes, hereinafter called the "Unit Ownership Act", thereby creating a condominium known as GOVERNOR'S SQUARE CONDOMINIUMS; and

WHEREAS, the condominium form of ownership provides for a separate title to each residential unit which will include an undivided interest in the property that remains, and under the Unit Ownership Act it is necessary to explicitly set forth the rights, privileges and obligations of the Declarant, future unit owners, the Association of Unit Owners, mortgagees and others who may acquire an interest in the Condominium Property.

NOW, THEREFORE, pursuant to the matters set forth in the premises, the Declarant, on behalf of itself, its successors and assigns and any person having or acquiring any interest of any kind in the Condominium Property, their grantees, successors, heirs, executors, administrators, devisees and assigns, hereby submits such property to the provisions of the Unit Ownership Act and pursuant thereto does declare:

ARTICLE I

NAME - LOCATION

The name of the Condominium is and shall be GOVERNOR'S SQUARE CONDOMINIUMS.

The location of the Condominium Property is Caldwell County.

ARTICLE II

DESCRIPTION OF PROPERTY

The Condominium Property consists of real property described and identified as set forth in EXHIBIT "A" attached hereto and incorporated by reference, and the buildings and other improvements erected thereon. The Declarant owns additional property appurtenant to the above-described property which is more particularly described on EXHIBIT "B" attached hereto and incorporated herein by reference, which property or any portion thereof may be annexed by

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Declarant at its discretion to GOVERNOR'S SQUARE CONDOMINIUMS within five (5) years from the date hereof, such annexation to subject said lands to the terms and conditions of GOVERNOR'S SQUARE CONDOMINIUMS, its By-Laws and rules.

ARTICLE III

DESCRIPTION OF THE CONDOMINIUM

The Condominium is located in Caldwell County, North Carolina. Phase I will consist of two, two-bedroom and two three-bedroom units. All four units are two stories each and each unit is separated one from the other by common walls in a manner associated with townhouses. The exterior of the buildings will be wood siding and will comply strictly with the applicable building requirements of the State of North Carolina, County of Caldwell. Additional phases shall consist of two and three-bedroom units of similar construction and architectural style.

A plat of physical survey of the property by registered land surveyor James D. Ferguson is filed with the Register of Deeds of Caldwell County in Plat Book 1A at Page 3. Said Plat shows the exact location of the buildings and units on the property, and the exact location of limited common areas. The building and units are more particularly described in the Plans attached hereto and made a part hereof as EXHIBIT "C", which Exhibit depicts all particulars of the building, including the layout, the number of units, the location of each unit and its number, dimensions, ceiling and floor elevations.

ARTICLE IV

DESIGNATION OF UNITS

(A) The unit designation of each condominium unit and other data concerning its proper identification are set forth in EXHIBIT "C", attached hereto, and on the Plat referred to above in Article III.

(B) Each unit shall constitute a single, free-hold estate and shall consist of all of the space bounded by the undecorated and/or unfinished interior surfaces of its perimeter walls, load bearing walls, uppermost surface of the first floor or basement floor, if there is a basement, construction, lowermost surface of the second floor ceiling or third floor ceiling if there is a third floor, construction, interior surface of the windows and window frames, unit doors and door frames. Each unit includes both portions of the building within such boundaries, and the space so encompassed, including without limitation, the decorated surfaces, including paint, lacquer, varnish, wall paper, panelling, tile, carpeting, and any other finishing material applied to interior walls, doors, floors and ceilings, interior surfaces of permanent walls, interior non-load-bearing walls, interior surface of the windows, doors, floors and ceilings. Also included as part of the unit shall be those portions of the heating and air-conditioning system for the unit which are located in the perimeter walls of the unit and those portions of the heating and air-conditioning systems located in the common areas or limited common areas and facilities.

(C) There will be four units in Phase I. There will be possible future development as set forth in Article II above with the possibility of a total of twelve units all of a similar architectural style and construction.

ARTICLE V

EASEMENTS

(A) Perpetual Non-exclusive Easement In Common Areas. Common elements or areas shall be, and the same are hereby declared to be subject to a perpetual non-exclusive easement which easement is hereby created, in favor of all of the unit owners in the Condominium for their use and the use of their immediate family, guests, invitees and licensees, and for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended. In addition, this easement shall run in favor of the Declarant, and all unit owners, and may be used for ingress and egress, and for the providing of electric power, telephone, sewer, water and other utility services and lighting services, including but not limited to television transmission facilities, security services, and facilities connected therewith. The owners, for themselves, their heirs and assigns in the Association herein described reserve the right to impose upon the common elements henceforth and from time to time such easements and cross-easements for any of the foregoing purposes is deemed to be in the best interest of and necessary and proper for the owners of the units.

(B) Encroachment Easement. The entire Condominium Property, including common areas, limited common areas and individual condominium units shall be subject to easements for encroachments which now exists or may exist, caused by the settlement or movement of the building, or caused by minor inaccuracies in construction or reconstruction, which encroachments shall be permitted to remain undisturbed and which said easement shall run in favor of each individual condominium unit owner, the Association, and the Declarant.

(C) Easement For Construction. There is retained, by the Declarant, a construction easement over, upon and across the common elements or areas for the purposes of constructing improvements on the properties now owned by the Declarant including the property set forth in EXHIBIT "B" said easement to run in favor of the owners, their heirs and assigns, their contractor and sub-contractor, laborers and materialmen. This easement shall expire and become null and void upon completion of all improvements upon said properties.

(D) Easement For Utilities, Etc. There is conveyed hereby an easement of right-of-way in and to the land described in EXHIBITS "A" and "B" of this Declaration, for the benefit of the Condominium Unit Owners and the Association for the construction, operation and maintenance of all utility lines, and pipes, sewage lines, and facilities related thereto, which said easement shall also inure to the benefit of the Declarant, and all future unit owners located or to be located in the property so described in Exhibit "B", owned by the Declarant.

ARTICLE VI

COMMON AREAS AND FACILITIES

The common areas and facilities consist of all of the property other than units as described in Paragraph IV above, including without limitation, the following (except such portions of the following as may be included within an individual unit):

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- (a) The land, yards, gardens, landscaping, parking, retaining walls and driveway areas;
- (b) The foundations, exterior and interior walls (except those partitioned walls wholly within a unit) and columns (including any windows, floor and chimneys therein), roofs, top-floor ceilings and bottom-floor floors or slabs, and any portion of the chimneys extending above the top-floor ceiling and the fences around the courtyards.
- (c) All central and appurtenant installations for utilities and services whether or not currently located in the building, such as power, lights, water, sewer, and all tanks, pumps, motors, fans, cables, conduits, flues, ducts, mechanical systems, storm drains, central mail box in common, dumpsters, all other items used in connection and with, whether located in common areas and facilities or in units.
- (d) The premises and facilities, if any, used for the maintenance or repair of the Condominium Property; and
- (e) Easements for access, maintenance, repair, reconstruction or replacement of the common areas and facilities and for all other services necessary or convenient to the upkeep and safety of the Condominium Property.

The percentage of undivided interest of each owner in the common areas and facilities is set forth in EXHIBIT "D" attached hereto.

ARTICLE VII

LIMITED COMMON AREAS AND FACILITIES

The limited Common Areas and Facilities are shown on the Plat and Plans referred to hereinabove and shall be those areas and facilities reserved for the use of each unit owner to the exclusion of others. Each Unit Owner shall be responsible for the routine maintenance of the limited Common Areas and Facilities associated with his unit. The Limited Common Areas and Facilities include the decks, crawl space under units and courtyards as they appear on said Plans and Plat.

ARTICLE VIII

STATEMENT OF PURPOSES, USES AND RESTRICTIONS

The units, common areas and facilities and limited common areas and facilities shall be occupied and used as follows:

- (A) The Condominium Property shall be used for single-family residential purposes and common recreational purposes auxiliary thereto, and not for other purposes.
- (B) There shall be no obstruction of the common areas and facilities.
- (C) Nothing shall be done or kept in any unit or in the common areas and facilities which will increase the rate of insurance on the common areas and facilities without the prior written consent of the Board of Directors of the

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Association. No owner shall permit anything to be done or kept in his unit or in the common areas and facilities which would result in the cancellation of insurance on any unit or part of the common areas and facilities, or which would be in violation of any law or for any immoral or improper purpose. No waste will be committed to the common areas and facilities.

(D) The Board of Directors of the GOVERNOR'S SQUARE CONDOMINIUMS HOMEOWNERS' ASSOCIATION is authorized to adopt rules for the use of the condominium, said rules to be furnished in writing to the owners. There shall be no violation of said rules.

(E) Notwithstanding anything herein to the contrary, Declarant, and such other persons as he may select, shall have the right of ingress and egress over, upon and across the common areas and facilities, the right to utilize one or more units as a model, office or other promotional purposes, the right to erect signs upon the property for the purpose of advertising availability of condominium units and similar uses, and the right to store materials on the common areas and facilities, and to make such other use thereof as may be reasonably necessary incident to construction, development and sale of the units.

ARTICLE IX

SERVICE OF PROCESS

The name of the person designated to receive process in any action which may be instituted in relation to the condominium, or to any part thereof, is Sam Rhodes, whose address is Route 5, Hickory, Caldwell County, North Carolina, 28601, and who is the initial registered agent for Governor's Square Condominiums Homeowners' Association, Inc. The registered agent for Governor's Square Condominiums Homeowners' Association, Inc., as the same shall be legally changed from time to time, shall be the person permanently designated to receive process in any action involving the condominium.

ARTICLE X

ASSOCIATION BY-LAWS

The management, operation and maintenance of GOVERNOR'S SQUARE CONDOMINIUMS shall be performed by Governor's Square Condominiums Homeowners' Association, Inc., a non-profit non-stock membership corporation organized under Chapter 55A of the North Carolina General Statutes. The members of Governor's Square Condominiums Homeowners' Association, Inc., referred to in this Declaration or in the By-Laws of the "Association" or "Association of Unit Owners", shall be limited to and consist of all of the unit owners. The Association's activities shall be limited to said management, operation and maintenance of GOVERNOR'S SQUARE CONDOMINIUMS in conformity to the Unit Ownership Act, this Declaration and the By-Laws referred to herein.

The By-Laws of the Association, attached hereto as EXHIBIT "E" and recorded simultaneously herewith, govern the management, operation and administration of GOVERNOR'S SQUARE CONDOMINIUMS and contain certain covenants, conditions and restrictions which run with the Condominium Property and are binding on all parties having or acquiring any interest therein.

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ARTICLE XI

AMENDMENTS

Upon written approval of Declarant, until such time as less than two units at GOVERNOR'S SQUARE CONDOMINIUMS remain unsold, and thereafter without said approval, this Declaration may be amended at any time by an instrument in writing signed and acknowledged by unit owners holding at least seventy-five (75%) percent of the total votes in Governor's Square Condominiums Homeowners' Association, Inc., which instrument shall be effective upon recordation in the Caldwell County Public Registry. Provided, however, that in its discretion, Declarant is hereby authorized at any time to alter the quantity, design and variety of units to be constructed and the sales price of any unsold units, and to amend the Declaration and By-Laws in any manner whatsoever, prior to conveyance by it of all units, so long as such alteration and amendment shall not alter the Declarant's warranties to Buyers. Provided, further, Declarant shall have the right to amend this Declaration at any time prior to the 14 day of October, 1982, without the further consent of the unit owners, to incorporate into the property (i) any or all of the additional land described in EXHIBIT "B" attached hereto and incorporated herein by reference and (ii) any additional dwelling units, up to a total of eight additional units to be constructed upon such additional land by Declarant, and (iii) to construct any recreational facilities on the additional land. In the event that this Declaration is so amended, the term "property" as used herein shall be deemed to mean and include the property described in EXHIBIT "A" and in part or in whole the property described in EXHIBIT "B" and all improvements and structures now or hereafter placed by Declarant thereon, all easements, rights, appurtenances thereto, and all articles of personal property provided by the Declarant and intended for use in connection therewith. Upon such amendment the undivided interest appurtenant to each condominium unit as set out in EXHIBIT "D", shall be amended to reflect the changes and the relative value of the units. Materials used in the construction of any additional unit shall be of comparable quality as those used in the original eight units, and the architectural style of the additional units shall be substantially the same as, or compatible with, the original units. No amendment made by the Declarant in accordance with this paragraph shall divest owner from any portion of his dwelling unit without the consent of such owner and no amendment shall materially alter the plan of development set forth herein without the consent of all owners effected thereby. Each unit owner shall be deemed by the acceptance of a Deed to a condominium unit to have consented to the powers of amendment herein reserved by Declarant and to any amendments previously or thereafter executed by Declarant pursuant thereto. Each unit owner and each lender shall further be deemed by the owners acceptance of a Deed to a Condominium Unit to appoint Declarant their attorney in fact to give, execute and record the consent of said owner and said lender to any and all amendments to this Declaration which Declarant may wish to execute pursuant to the powers herein reserved. In addition, any amendment made to this Declaration without Declarant's approval shall in no way alter or diminish Declarant's rights thereunder to add property as set forth in EXHIBIT "B" of his rights and easement herein granted.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed this 14 day of October, 1982.

DECLARANT:

ASSOCIATED LAND DEVELOPERS, INC.

By: [Signature]
President

(CORPORATE SEAL)

[Signature]
Secretary

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STATE OF NORTH CAROLINA

COUNTY OF _____

I, _____, a Notary Public for said County do hereby certify that _____ and _____ personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal this the _____ day of _____, 19____.

Notary Public

My Commission Expires: _____

STATE OF NORTH CAROLINA

COUNTY OF Burke

I, a Notary Public for the County and State aforesaid, certify that Gerald G. Crooks personally appeared before me this day and acknowledged that he is _____ Secretary of ASSOCIATED LAND DEVELOPERS, INC., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal and attested by him as its Secretary.

Witness my hand and official stamp or seal, this 14 day of October, 1982.



Glenn H. Smith
Notary Public

My Commission Expires: May 21, 1984

EXHIBIT "A"

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BEGINNING on an iron stake in the western edge of a 60 foot street (Lakewood Terrace) and being further located the following two calls from the southeast corner of Lot No. 16, Northlakes Knoll, Section II, as shown on plat recorded in Plat Book 10, at page 72, Caldwell County Registry: South 22° 24' 40" East, 89.99 feet and a chord bearing South 20° 16' 36" East, a chord distance of 41.79 feet; and proceeding from said beginning point and with the arc of a curve having a radius of 561.04 feet, South 11° 59' 08" East, 120.57 feet to an iron stake in the western edge of said street; thence South 75° 00' West, 256.63 feet to an iron stake in the eastern line of Lot No. 2, Northlakes Knoll, Section I; thence with the eastern line of Lots Nos. 2 and 3, Northlakes Knoll, Section I, North 16° 46' West, 113.80 feet to an iron stake in said line; thence North 75° 00' East, 125.25 feet to an iron stake; thence North 72° 23' 50" East, 141.36 feet to the beginning, containing 0.70 acres as shown on a plat prepared by James D. Ferguson, entitled "Property of Associated Land Developers, Inc., Governor's Square Condominiums, Phase I" dated July 24, 1982.

BEGINNING on an iron stake set at the northern side of the Grace Chapel Road, State Road 1751, and being the Southeast corner of Lot No. 1 as shown on the plat of Northlakes Knoll, Phase I, recorded in Plat Book 9 at Page 97, Caldwell County Registry; and proceeding from said beginning point and with the eastern line of Lot No. 1, Northlakes Knoll, Phase I, North $16^{\circ} 46'$ West, 116.26 feet to an iron stake; thence North $75^{\circ} 03'$ East, 256.63 feet to an iron stake at the western edge of Lakewood Terrace; thence with the arc of a curve having a radius of 561.06 feet, South $4^{\circ} 58' 24''$ East, a chord distance of 16.77 feet to an iron stake; thence South $4^{\circ} 07'$ East, 66.05 feet to an iron stake; thence with the arc of a curve having a radius of 40 feet, South $79^{\circ} 50'$ West, an arc distance of 55.73 feet to an iron stake (1 = 33.47 feet); thence South $75^{\circ} 43'$ West, 87.79 feet to an iron stake; thence South $73^{\circ} 14'$ West, 50 feet to an iron stake; thence South $73^{\circ} 05'$ West, 60 feet to the beginning.

BEGINNING on an iron stake set at the western edge of Lakewood Terrace, and being a common corner with the Southeast corner of Lot No. 16, Northlakes Knoll, Phase II, as shown on plat recorded in Plat Book 10, at Page 72, Caldwell County Registry; and proceeding with the western edge of Lakewood Terrace, South $22^{\circ} 24' 40''$ East, 89.99 feet to an iron stake; thence continuing with the edge of said street, and with the arc of a curve having a radius of 561.94 feet, South $20^{\circ} 16' 36''$ East, a chord distance of 41.79 feet to an iron stake; thence South $72^{\circ} 23' 50''$ West, 141.36 feet to an iron stake; thence South $75^{\circ} 00'$ West, 125.25 feet to an iron stake in the eastern line of lot No. 3 of Northlakes Knoll, Phase I, as shown on plat recorded in Plat Book 9, at Page 97; thence proceeding with the eastern line of said Lot No. 3, North $16^{\circ} 46'$ West, 117.66 feet to an iron stake in the eastern line of Lot No. 4 Northlakes Knoll, Phase I; thence North $70^{\circ} 35'$ East, 255.5 feet to the beginning.

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EXHIBIT "D"

PERCENTAGE OF UNIT OWNERSHIP

<u>Building One</u>	<u>Percentage</u>
Unit 5A	28.0
Unit 6B	22.0
Unit 7B	22.0
Unit 8A	28.0