

BOOK 1238 PAGE 604
Condo. Book 1 Unit 7

1245

DECLARATION
OF THE
VILLA la SERRE CONDOMINIUM

THIS DECLARATION, made on the date hereinafter set forth,
by U.B.I. Company, a corporation having its principal place of business in
Catawba County, North Carolina, hereinafter called "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of the land
hereinafter described and a multi-unit residential building and other improve-
ments heretofore or hereinafter to be constructed thereon, said land and im-
provements 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 VILLA la
SERRE; 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, in 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 - ADDRESS

The name of the Condominium is and shall be VILLA la SERRE.

The present street address of the Condominium Property is
Eighth Street, N. E., Hickory, North Carolina.

ARTICLE II

DESCRIPTION OF LAND

All of that parcel of land, with the buildings and other improve-
ments erected thereon, situate, lying and being in the City of Hickory and
County of Catawba, State of North Carolina, being more particularly described
as set forth in EXHIBIT "A" attached hereto and incorporated by reference.
The Plat of Phase I of VILLA la SERRE is filed with the Register of Deeds of
Catawba County in Plat Book 17 at Page 115.

ARTICLE III

DESCRIPTION OF BUILDINGS

The building will consist of two-bedroom flats, each unit separated one from the other by common walls in a manner usually associated with town-houses. The two-bedroom flats will be one-story structures. Each unit and its exact location is more particularly described in the certified plans thereof, copies of which will be filed in the Unit Ownership File in the Catawba County Registry simultaneously with the filing of this Declaration. The exterior of the buildings will be of 5/8" cedar plywood or brick and will comply strictly with the applicable building requirements of the State of North Carolina and County of Catawba.

ARTICLE IV

DESIGNATION OF UNITS

The unit designation of each condominium unit, its location, approximate area, number of rooms and common area to which it has immediate access are set forth in the certified plans thereof, partial copies of which will be filed in the Unit Ownership file in the Catawba County Public Registry as aforesaid, and are incorporated herein by reference. Each unit is bounded both as to horizontal and vertical boundaries by the interior surfaces of its perimeter walls, ceilings and floors as shown in the said plans, subject to such encroachments as are contained in the building, whether they now exist or may be caused or created by construction or alteration. There will be ten units in the building comprised of ten two-bedroom flats.

ARTICLE V

DESCRIPTION OF COMMON AREAS AND FACILITIES

PERCENTAGE INTERESTS

The general common areas and facilities consist of the entire Condominium Property and every part thereof (except such portions of the following as may be included within an individual unit and limited common areas and facilities), including, without limitation, the following:

- (a) The land, yard, gardens, landscaping, parking and driveway areas;
- (b) The foundations, exterior and interior load-bearing walls (except those partitioned non-load-bearing walls wholly within a unit) and columns (including any windows, doors and chimneys therein), roofs, ceilings and floors; and all thoroughfares including walks, stairways, entrances, exits or communication ways of the building located on the land described above.
- (c) The compartments or installations of central services such as power, light, electricity, telephone, gas, water, plumbing, water tanks and pumps, incinerators and the like, and all similar devices and installations existing for common use;

- (d) The premises and facilities, if any, used for the maintenance or repair of the Condominium Property;
- (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 unit owner in the common areas and facilities is set forth in EXHIBIT "B" attached hereto.

ARTICLE VI

LIMITED COMMON AREAS AND FACILITIES

The limited Common Areas and Facilities are shown on the plans referred to hereinabove and shall be those areas and facilities reserved for the use of each unit owner to the exclusion of others. They include the patios and balconies as appear on said plans and the respective common owner of each shall be responsible for routine maintenance of such areas and facilities.

ARTICLE VII

PURPOSE OF BUILDING AND UNITS

RESTRICTIONS AS TO USE

The building and each of the units therein is intended for and restricted to single-family residential use.

ARTICLE VIII

SERVICE OF PROCESS

The name of the person designated to receive process in any action which may be instituted in relation to this Condominium, or to any part thereof, is Wayne M. Bach, whose address is 419 Second Street, N. W., Post Office Drawer 2428, Hickory, North Carolina 28601, and who is the initial registered agent for Villa la Serre Homeowners' Association, Inc. The registered agent of Villa la Serre 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 IX

ASSOCIATION BY-LAWS

The management, operation and maintenance of VILLA la SERRE shall be performed by Villa la Serre Homeowners' Association, Inc., a non-profit, non-stock membership corporation organized under Chapter 55A of the North Carolina General Statutes. The members of Villa la Serre Homeowners' Association, Inc., referred to in this Declaration or in the by-laws as 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 VILLA la SERRE in conformity to the Unit Ownership Act, this Declaration and the by-laws referred to hereinafter.

The by-laws of the Association, attached hereto as EXHIBIT "C" and recorded simultaneously herewith, govern the management, operation and administration of VILLA la SERRE 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.

ARTICLE X

AMENDMENTS

Upon written approval of Declarant, until such time as less than two units at VILLA la SERRE 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 Villa la Serre Homeowners' Association, Inc., which instrument shall be effective upon recordation in the Catawba 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 eight units, so long as such alteration and amendment shall not alter the Declarant's warranties to Buyers. Provided, further, that each unit owner's percentage interest in the voting rights regarding the common elements as set forth in EXHIBIT "B" attached hereto shall not be altered except with the unanimous consent of all unit owners expressed in an amended Declaration duly recorded.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed this 5th day of August, 1980.

U. B. I. COMPANY

By: E.R. Curran, Jr., Pres
President



Wayne M. Beck
Assistant Secretary

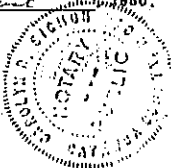
(Corporate Seal)

STATE OF NORTH CAROLINA

COUNTY OF CATAWBA

I, a Notary Public of the County and State aforesaid, certify that Wayne M. Beck personally came before me this day and acknowledged that he is Assistant Secretary of U. B. I. Company, 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 Wayne M. Beck as its Assistant Secretary.

Witness my hand and official stamp or seal, this 5th day of August, 1980.



Carolina A. Dugan
Notary Public

My Commission Expires: 7-1-81

EXHIBIT "A"

Description of Condominium Property

BEGINNING at an iron pin in the southern margin of the right of way of 8th Street, N.E., the northwestern corner of the Highland Baptist Church Parsonage property, and running thence with the line of Highland Baptist Church, South 53°39' East 248.07 feet to a concrete monument at the common corners of Highland Baptist, Jimmy Hall, William Bass and U.B.I. Company; thence running with the lines of Bass, Hall and Huffman, South 38°39' West 300.00 feet to another concrete monument; thence with the line L. Rene Beauty Shop and Lenoir Rhynes College, North 53°39' West 125.00 feet to the southwestern corner of the Stephen Allen Pruett lot; thence with Pruett's southern line, North 38°39' East 100.00 feet to an iron pin; thence North 53°39' West 13.10 feet to an iron pin in the Pruett line marking the southeastern corner of the Kelly Lamar Rudisill lot; thence with Rudisill's southern line, North 38°39' East 80.00 feet to an iron pin; thence with Rudisill's eastern line, North 53°39' West 110.00 feet to another iron pin in the southern margin of the right of way of 8th Street, N.E.; thence with the southern margin of the right of way of said Street, North 38°39' East 120.00 feet to the point of Beginning; containing 1.22 acres, according to a survey by Donald S. Miller, Registered Surveyor, dated September 17, 1979.

EXHIBIT "B"

PERCENTAGE OF OWNERSHIP OF COMMON AREA
FOR VILLA la SERRE CONDOMINIUMS

<u>Unit #</u>	<u>Percentage of Ownership</u>
1	.09217
2	.09863
3	.10056
4	.10056
5	.10056
6	.10056
7	.10056
8	.10056
9	.10056
10	.10428

State of North Carolina, Catawba County

The foregoing certificate of Carolyn R Sigmon, Notary Public of Catawba County, N.C.
is certified to be correct. Filed for registration on August 11, 1980 at 11:10 A M
and duly recorded in Book 1238 Page 604 and Condominium Book 1 Unit 7.

Ruth Mackie
Ruth Mackie, Register of Deeds

1246

800-1238 PAGE 610
y Condo. Book 1
Unit 7

BY-LAWS
OF
VILLA LA SERRE HOMEOWNER'S ASSOCIATION, INC.
AND
VILLA LA SERRE CONDOMINIUMS

ARTICLE I
DEFINITIONS

The following words and phrases as used in these By-Laws shall have the following meanings unless otherwise specifically required by the context:

Section 1. Association: An association of and limited to the owners of the condominium units of Villa la Serre Condominiums in the form of a non-profit, non-stock membership corporation organized under the laws of the State of North Carolina as Villa la Serre Homeowner's Association, Inc.

Section 2. Buildings: The buildings described in Article III of the Declaration and as shown on the Plans hereinafter referred to.

Section 3. Common Area: All of the Condominium Property not located within any unit, as set forth in the Declaration.

Section 4. Common Expenses: (a) All expenses incident to the administration, maintenance, repairs and replacements of the Common Area and Facilities; (b) expenses determined by the Association to be Common Expenses and which are lawfully assessed against the Unit Owners; and (c) expenses declared to be Common Expenses by the provisions of the Unit Ownership Act or the Condominium Documents.

Section 5. Condominium Documents: The "Declaration of the Villa la Serre Condominium", "Articles of Incorporation of Villa la Serre Homeowner's Association", these By-Laws and Regulations governing the use of the Condominium Property, as amended from time to time.

Section 6. Condominium Property or Villa la Serre: All of the Property submitted to the Unit Ownership Act by the Declaration, including the land described in Article II of the Declaration, the Buildings and all other improvements thereon; whether the same be Common Area or Units or any part thereof, and all easements and rights appurtenant thereto.

Section 7. Declarant: U.B.I. Company, doing business in Hickory, Catawba County, North Carolina.

Section 8. Declaration: The "Declaration of the Villa la Serre Condominium" by which the Condominium Property is submitted to the provisions of the Uniform Ownership Act, as the same may be amended from time to time.

Section 9. Limited Common Area and Facilities: The specific areas and facilities of the Condominium Property not located within the Common Area nor any single unit, as set forth in the Declaration.

Section 10. Percentage Interest: The percentage of undivided interest each Unit Owner owns as tenant-in-common in the Common Area as set forth in EXHIBIT "C" of the Declaration.

Section 11. Person: Individual, corporation, partnership, association, trustee, fiduciary or any other legal entity and shall mean the plural or combination of same where applicable.

Section 12. Plans: Those original plans of the buildings on the Condominium Property by U.B.I. Company, a corporation, entitled "Villa la Serre Condominium", which are referred to in the Declaration and which will be filed for record in the Office of the Register of Deeds of Catawba County, North Carolina, simultaneously with the filing for record of the Declaration.

Section 13. Unit: One of the ten (10) residential units in the building, as more particularly defined in the Declaration, and any units hereinafter dedicated to condominium use as shown on EXHIBIT "B" of the Declaration.

Section 14. Unit Owner: The record owner or owners of one or more Units, excluding any lender, trustee or creditor whose interest in the Unit is merely as security for the performance of an obligation.

Section 15. Unit Ownership Act: Chapter 47A of the North Carolina General Statutes.

ARTICLE II ADMINISTRATION OF VILLA LA SERRE CONDOMINIUMS

Section 1. Corporation: Villa la Serre Homeowner's Association, Inc., a North Carolina corporation, was formed solely for the purpose of administering, managing and directing the operation of the Condominium Property. The Association shall not engage in any other activities and shall confine itself to the management of the Condominium Property.

Section 2. Authority: The Association, its Board of Directors, its officers and its members, shall at all times act in conformity with the Unit Ownership Act of North Carolina, the Non-Profit Corporation Act of North Carolina and the Condominium Documents.

ARTICLE III
OFFICES-SEAL-FISCAL YEAR

Section 1. Principal Office-Registered Office: The principal office and registered office of the Association shall be located at Elgth Street, Northeast, Hickory, Catawba County, North Carolina.

Section 2. Other Offices: The Association may have other offices at such other places within the State of North Carolina as the Board of Directors may from time to time determine or as the affairs of the Association may require.

Section 3. Seal: The Seal of the Association shall contain the name of the Association, the word "Seal", year of incorporation and such other words and figures as desired by the Board of Directors. When obtained, said Seal shall be impressed in the margin of this Section of the By-Laws.

Section 4. Fiscal Year: The fiscal year of the Association shall be the calendar year.

ARTICLE IV
MEMBERSHIP

Section 1. Qualification: Membership in the Association shall be confined to and consist of the Unit Owners. Membership shall be appurtenant to and inseparable from unit ownership. No Unit Owner shall be required to pay any consideration whatsoever for his membership.

Membership in the Association shall inure automatically to Unit Owners upon acquisition of the fee simple title - whether encumbered or not - to any one or more Units. The date of recordation of the conveyance in the Catawba Public Registry of the Unit in question shall govern the date of ownership of each particular Unit. However, in the case of death, the transfer of ownership shall occur on date of death in the case of intestacy or date of probate of Will in the case of testacy. Until a decedent's Will is probated, the Association may rely on the presumption that a deceased owner died intestate.

Section 2. Annual Meetings: The First annual meeting of the members shall be held 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, at the hour of 8:00 o'clock, P.M. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3. Special Meetings: Special meetings of the members may be called at any time by the President or by the Board of Directors, or upon written request of one fourth (1/4th) of the members who are entitled to vote.

Section 4. Notice of Meetings: Written notice of each meeting of the members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 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 of 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.

Section 5. Quorum: The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) 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 By-Laws. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

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

ARTICLE V

BOARD OF DIRECTORS - SELECTION - TERM OF OFFICE

Section 1. Number: The affairs of this Association shall be managed by an initial Board of Directors of three (3) Directors and thereafter by a Board of nine (9) Directors, who need not be members of the Association.

Section 2. Term of Office: At the first annual meeting the members shall elect three (3) Directors for a term of one (1) year, three (3) Directors for a term of two (2) years and three (3) Directors for a term of three (3) years and at each annual meeting thereafter the members shall elect (3) Directors for a term of three (3) years.

Section 3. Removal: Any Director may be removed from the Board, with or without cause by a majority vote of the members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation: No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting: The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

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

Section 2. Election: Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy as many votes as they are entitled 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 VII MEETINGS OF DIRECTORS

Section 1. Regular Meetings: Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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

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

ARTICLE VIII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers: The Board of Directors shall have power necessary for the administration of the affairs of Villa la Serre except such powers as by law or by the condominium documents may not be delegated by the Unit Owners to the Board of Directors. The powers shall include but not be limited to the following:

(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 of 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 sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

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

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

(f) purchasing, leasing, or otherwise acquiring in the name of the Association or its designee, units offered for sale or lease or surrendered by their owners to the Association including purchasing units offered at foreclosure or judicial sales.

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 one-fourth (1/4th) of the Class A members who are entitled to vote;

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

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

(1) fix the amount of the annual assessment against each Unit at least thirty (30) days in advance of each annual 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; and

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

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such 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 all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained;

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

ARTICLE IX 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 of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

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

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

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

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

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

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

President

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

Vice-President

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

Secretary

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

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all moneys of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the members.

ARTICLE X
COMMITTEES

The Association shall appoint any Architectural Control Committee, and a Nomination Committee, and in addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose. Each committee shall have such powers and responsibilities as the Directors deem appropriate and as set forth in the resolutions creating such committee.

ARTICLE XI
BOOKS AND RECORDS

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

ARTICLE XVII
MAINTENANCE - ORDINARY REPAIR
ALTERATIONS TO COMMON AREAS

Section 1. By the Association: Except as specifically provided elsewhere in these By-Laws, the Association shall maintain, repair and replace at its expense all parts of the Common Area whether located inside or outside of a Unit, the cost of which shall be charged to the Unit Owners as a Common Expense. The Association shall have the irrevocable right, to be exercised by the Board of Directors or its agent, to have access to each Unit from time to time during reasonable hours as may be necessary for the inspection, maintenance, repair or replacement of any of the Common Area therein or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the Common Area or to other Unit or Units. The Association is specifically required to maintain the exterior of the buildings and the grounds in good condition and repair.

Section 2. By the Owners: Each Unit Owner shall maintain, repair, and replace at his expense all portions of his Unit which becomes in need thereof, including all bathroom and kitchen fixtures, light fixtures, interior walls, carpeting, drapes and other items within the Unit. Further, each Unit Owner shall, at his own expense, maintain, repair and replace, when necessary, that portion of the heating and air conditioning systems servicing his Unit and that portion of said systems which is located adjacent to the patio for his Unit and each Owner shall, at his own expense, keep the limited Common Areas to which his Unit has exclusive access clean and neat. All damages to the Common Area intentionally or negligently caused by the Unit Owner, his family, guests, agents, servants, lessees, employees or contractors shall be promptly repaired by the subject Unit Owner. Provided, there is excluded from the provisions contained in this section such repairs necessitated by casualties insured against by the Association to the extent the Association receives insurance proceeds for such repairs. If the Unit Owner does not make those repairs to be repaired by him within thirty (30) days from written demand by the Association, the same may be repaired by the Association and the cost thereof shall be assessed against the Unit owned by the subject Unit Owner.

Section 3. Restrictions on Unit Owners: No Unit Owner shall perform or cause to be performed any maintenance, repair or replacement work which disturbs the rights of the other Unit Owners, jeopardizes the soundness or safety of the Condominium Property or reduces the value thereof. The Unit Owner shall cause any work so performed or being performed on the Unit, which in the sole opinion of the Board of Directors violates the terms of this paragraph, to be immediately corrected and he shall refrain from recommencing or continuing any work so in violation without written consent of the Board. He shall not repair, alter, replace or move any of the Common Area located within his Unit without the prior written consent of the Board. See ARTICLE XVII hereof relating to structural alterations of a Unit by a Unit Owner.

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

Section 5. Alterations to Common Area: The Association is authorized as a Common Expense to make minor improvements to and alterations of the Common Area. Provided, however, no major or structural improvements to or alterations of the Common Area shall be made by the Association beyond that required in ARTICLE VIII, Section 1 and ARTICLE IX, Section 8 and without first obtaining the approval of the membership by at least a seventy-five (75%) percent vote of the total one hundred (100) votes of the Association.

Section 6. Approval of Payment Vouchers: All vouchers for payment of expenses incurred by the Association in the maintenance, repair, alteration and replacement of the Common Area shall be approved in writing jointly by the President and Treasurer. In the absence or disability of the President, the Vice-President may perform the duties herein of the President as set forth herein and in like manner, the Assistant Treasurer may perform the duties of the Treasurer herein in the absence or disability of the Treasurer.

Notwithstanding the foregoing, the Board of Directors may authorize any officer or member or committee or Independent Manager to approve or disapprove all vouchers for payment of routine expenses incident to the maintenance, repair, alteration and/or replacement of the Common Area so long as the resolution granting such authority specifically limits the maximum amount which may be authorized by such officer, member, etc., on each occasion and so long as the subject resolution described the items of expense payment of which may be so authorized. Further, the members shall be notified of the adoption of such resolution by the Board of Directors as and when the same is adopted.

ARTICLE XIII

INSURANCE - REPAIR OF CASUALTY DAMAGES

Section 1. Authority to Purchase: The Board of Directors shall have the authority to and shall obtain a master insurance policy upon the Condominium Property for the benefit of the Association, the Unit Owners and their mortgages as their interests may appear, and provisions shall be made for the issue of certificates of mortgagee endorsements to the mortgagees of the Unit Owners. The original of such policy and endorsements thereto shall be deposited with the Association, as Insurance Trustee, and duplicates thereof shall be made available for observation and review upon request during normal office hours in the office of the Association for benefit of each Unit Owner, and shall be issued by the Association to each Unit Owner's mortgagee, if any, upon request. Unit Owners shall obtain insurance coverage at their own expense in addition to the master policy upon their own personal property and for their personal liability and living expense, in an amount of at least \$100,000.00 comprehensive homeowner's coverage, but may not obtain such insurance as is described under subsection A of Section 2, hereinbelow.

Section 2. Coverage:

A. Casualty: The Buildings and all other improvements upon the land and all personal property included in the Common Area shall be insured in an amount equal to ninety (90%) percent of the maximum insurable replacement value (excluding foundation and excavation costs) as determined annually by the Board of Directors. Such coverage shall afford protection against (1) loss or damage by fire and other hazards covered by a standard extended coverage endorsement; and (2) such other risks as from time to time shall customarily be covered with respect to buildings similar in construction, location and use as the Buildings, including but not limited to, vandalism and malicious mischief.

B. Public Liability: The liabilities of the Association shall be insured against in an amount of at least \$1,000,000.00 per casualty and in such further amounts as the Board of Directors, from time to time, determine appropriate, and each Unit Owner shall be named as an additional insured but only with respect to his liability arising out of the ownership, maintenance or repair of the Common Area. Each Unit Owner, at his own expense, shall keep in force comprehensive personal liability insurance covering liability for damage to person or property of others located within such Owner's Unit, or another Unit, or upon the Common Area and facilities in such amounts as the Board of Directors from time to time determines, but in no case less than \$100,000.00 for each occurrence.

C. Other: The Association shall obtain such other insurance coverages as the Board of Directors determines from time to time to be desirable.

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

Section 4. Receipt of Proceeds - Insurance Trustee: All insurance policies purchased by the Board of Directors shall be for the benefit of the Association, the Unit Owners and their mortgagees as their interest may appear, and shall provide that all proceeds covering property losses shall be paid to the Association as Insurance Trustee. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes hereinafter stated and for the benefit of the Unit Owners and their mortgagees in the following shares:

A. Common Area: Except as provided under subsection A of Section 5 hereinafter, an undivided share of the proceeds received by the Association on account of damage to the Common Area shall be held for each Unit Owner actually damaged thereby and said share shall be determined insofar as possible by applying the subject Unit Owner's Percentage Interest in the Common Area, relative to the interest of each other Unit Owner so damaged.

B. Units: Proceeds received by the Association on account of damage to Units shall be held in the following shares:

(1) When the Buildings are to be restored, the proceeds shall be held for the Unit Owners of the damaged Units in proportion to cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Association.

(2) When the Buildings are not to be restored, an undivided share in the proceeds shall be held for each Unit Owner, such share being the same as his Percentage Interest in the Common Area.

C. Mortgagees: In the event a mortgagee endorsement has been issued as to a Unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear; provided, that no mortgagee shall have the right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

Section 5. Distribution of Proceeds: Proceeds of insurance policies received by the Insurance Trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

A. Reconstruction or Repair: If the damage for which the proceeds are paid is to be repaired or reconstructed, the proceeds shall be paid to defray the cost thereof as provided in Section 9. All proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

B. Failure to Reconstruct or Repair: If it is determined as provided in Section 9 that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial owners as set forth in Section 9. Any remittances to Unit Owners and their mortgagees shall be paid jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

Section 6. Association as Agent: The Association is hereby irrevocably appointed Agent for each Unit Owner and for each owner of a mortgage or other lien upon a Unit and for each owner of any other interest in the Condominium Property to adjust all claims arising under insurance policies purchased by the Association and to execute and deliver releases upon the payment of claims.

Section 7. Waivers: All policies of physical damage insurance obtained by the Board of Directors pursuant to this Section shall contain waivers of subrogation against Unit Owners, the Association and others having an interest in the Condominium Property. Such policies shall provide that the same may not be cancelled or substantially modified without at least ten (10) days prior written notice to the Association.

Section 8. Duty to Repair: In the event of damage to or destruction of the Buildings as a result of fire or other casualty and the Condominium Property is not partitioned as provided in Section 9, the Board of Directors shall arrange for the prompt repair and restoration of the Buildings (including any damaged Unit, but not including any wall, ceiling or floor decoration or coverings or other furniture, furnishings, fixtures or equipment in the Unit, unless the subject insurance policy covers a portion or all of such loss to the Unit, in which event the Association shall repair or replace such damage), and the Board of Directors shall disburse the proceeds of all insurance policies to the contractors engaged in such repair and restoration in appropriate progress payments. Any cost of such repair and restoration in excess of the insurance proceeds shall constitute a Common Expense.

Section 9. Partition: If the total cost of repairing the damages to the Buildings exceeds two-thirds (2/3rds) of the total value of the Buildings (excluding land value) immediately preceding the damage AND there is a vote of at least seventy-five (75%) percent of the votes in the Association not to proceed with repair or restoration, then and in that event the net proceeds of insurance policies, if any, shall be considered as one fund and shall be divided among the Unit Owners in the proportion to their Percentage Interest in the Common Area previously appurtenant to their Units, after first paying off, out of the respective shares of the Unit Owners, to the extent sufficient for that purpose, all liens on the Unit of each Unit Owner.

The determination of whether the repair cost "exceeds two-thirds (2/3rds)" of the value of the Buildings for the purposes herein stated shall be determined by an appraisal of the value of the Buildings (excluding the land) as of the day immediately preceding the damage obtained by the Board of Directors from a licensed appraiser who is a member of the Hickory Board of Realtors or any M.A.I. appraiser when compared to the cost of repairs and restoration as determined by the Board of Directors.

ARTICLE XIV ASSESSMENTS FOR COMMON EXPENSES - SURPLUS

Section 1. Annual Assessments: Not later than December 15th of each year the Board of Directors shall give written notice to the Unit Owners of the annual assessment fixed against each Unit for the immediately succeeding calendar year. In fixing the annual assessment for each calendar year, the Board shall first estimate the Common Expenses for such year and shall then estimate the cash required to meet such Common Expenses. In determining the cash requirement the Board shall include a reasonable reserve for contingencies

and replacements and shall deduct any expected income and any surplus from the prior year's fund. The portion of such estimated cash requirement assessed against each Unit shall be determined by the Percentage Interest of such Unit. The failure of the Board to comply with the written notice requirement hereinabove shall not alter or invalidate any obligation of a Unit Owner, any right of the Association against such Unit Owner or any lien against a Unit provided for in this Section. The first annual assessments, which shall be fixed by the Initial Board of Directors at its organizational meeting, shall commence for each Unit sold on the date Declarant delivers the deed to said Unit and on the first day of the month immediately following the delivery date of the first of such deeds for all Units owned by Declarant.

Section 2. Monthly Installments: The annual assessments shall be paid to the Association in equal monthly installments on or before the first day of each month during any assessment period.

Section 3. Special Assessments: If for any reason the annual assessments prove inadequate to pay the Common Expenses, the Board may levy special assessments at any time. The special assessments shall be fixed against the Units according to the Percentage Interests and the period of the assessment and manner of payment shall be determined by the Board.

Section 4. Purpose of Assessments - Common Expenses: The annual and special assessment fixed and collected pursuant to this Section shall be used to pay the Common Expenses including but not limited to all expenses, costs and charges incurred by the Association in connection with the administration, operation and management of the Condominium Property; the costs of maintenance, repair, replacement and restoration of the Common Area, or any part thereof; the cost of all insurance obtained by the Board of Directors pursuant to ARTICLE XIII of these By-Laws; the charges for utility services rendered to the Association; the purchase or lease of a Unit by the Association as provided in ARTICLE XVI when and only when the required membership vote is obtained as set forth therein; and any and all other expenses, costs or charges agreed upon as Common Expenses by the Association or declared Common Expenses by the provisions of the Unit Ownership Act, the Declaration or these By-Laws.

Section 5. Lien and Personal Obligation: Each assessment provided for in this Section, together with interest at the rate of eight (8%) percent per annum from delinquent date (as established by Board of Directors) and collection costs including attorney fees, shall be a charge on and continuing lien upon the Unit against which the assessment is made when a notice of such lien has been filed of record in the Office of the Clerk of Superior Court for Catawba County, North Carolina, in the manner provided by Article 8, Chapter 44 of the North Carolina General Statutes, provided such notice of lien shall not be recorded until such sums assessed remain unpaid for a period of thirty (30) days after the same shall become due. Said notice of lien shall also secure all assessments against the Unit becoming due thereafter until the lien has been satisfied. In addition, each Unit Owner shall be personally liable for any assessment against his Unit coming due and payable while he is the owner of such Unit. A grantee

of a Unit shall be jointly and severally liable with the grantor for all unpaid assessments against such Unit due and owing at the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. Any grantee shall be entitled to a statement from the Board of Directors setting forth the amount of the unpaid assessments against the grantor and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth.

Section 6. Effect of Nonpayment of Assessments - Remedies of the Association: If the assessments are not paid within thirty (30) days after the due date, the assessment shall bear interest from the delinquency date (as established by the Board of Directors) at the rate of eight (8%) percent per annum, and the Association may bring an action at law against the Unit Owner personally obligated to pay same or foreclose its lien upon the Unit against which the delinquent assessments were charged, in which event, interests, costs and attorneys fees equal to fifteen percent (15%) of the principal amount shall be added to the amount of such assessments as may then be due. The Association, with the written consent of all of the remaining Unit Owners, shall have the power to bid in at any foreclosure sale of a Unit and to acquire, hold, lease, mortgage and convey the same. No Unit Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of Unit.

Section 7. Priority of Assessment Lien: The lien of the assessments provided for in this Section shall be prior and superior to all other liens except (a) ad valorem taxes, (b) all sums unpaid on deeds of trust, mortgages or other encumbrances recorded against the Unit prior to the docketing of the assessment lien, and (c) materialmen's and mechanic's liens. The sale or transfer of any Unit shall not affect the assessment against such Unit. Provided, however, the sale of a Unit pursuant to the foreclosure sale or execution sale instituted by a superior lien holder shall extinguish the inferior assessment lien against the subject Unit but no such sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or for any future lien in connection therewith. The Association shall share in the excess, if any, realized by the sale of any Unit pursuant to a foreclosure or action instituted by a superior lien holder.

Section 8. Owner's Non-Use: No Unit Owner may exempt himself from liability for his contributions toward Common Expenses and his other obligations to the Association by waiver of the use or enjoyment of any portion of the Common Area or by the abandonment or sale of his Unit.

ARTICLE XV
PROPERTY RIGHTS

Section 1. Units: Each Unit, together with its percentage interest in the Common Area, shall for all purposes constitute a separate parcel of real property. A Unit Owner shall be vested with exclusive fee simple ownership and possession of his Unit which may be conveyed, transferred, leased, encumbered or devised in the same manner as any other real property subject only to the provisions of the condominium Documents and the Unit Ownership Act.

Section 2. Deeding a Unit: A Unit shall be described in a deed or other instrument of conveyance by its Unit designation. Such instrument shall recite the book and page numbers and date of recording of the Declaration and these By-Laws; shall contain the description of the land described in Paragraph 3 of the Declaration; shall state the use for which the Unit is intended and the restrictions on its use; and shall recite the Percentage Interest in the Common Area appurtenant to said Unit. It shall further recite that the conveyance is made together with the benefits, rights and privileges stated in the Condominium Documents and subject to all duties and obligations set forth therein.

Section 3. Common Area - Percentage Interests: The Unit Owners shall own the Common Area as tenants-in-common with each Unit having appurtenant thereto the Percentage Interest in said Common Area as set forth in EXHIBIT "B" attached to the Declaration. The Percentage Interest appurtenant to each Unit has been determined approximately by dividing the fair market value of such Unit at the date of the Declaration by the aggregate fair market value of all of the Units. Such to the provisions of ARTICLE X of the Declaration, the stated Percentage Interest is permanent in character and cannot be altered without the consent of all Unit Owners expressed in an amendment to the Declaration duly recorded.

Section 4. Inseparability of Percentage Interests: The Percentage Interest in the Common Area cannot be separated from the Unit to which it appertains and shall be automatically conveyed or encumbered with the Unit even though such interest is not expressly mentioned or described in the deed or other instrument.

Section 5. No Partition: The Common Area shall remain undivided and no right to partition the same or any part thereof shall exist except as provided in the Unit Ownership Act and these By-Laws.

Section 6. Use of Common Area: The Unit Owners may use the Common Area in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of other Unit Owners. The Board of Directors shall, if any question arises, determine the purpose for which a part of the Common Area is intended to be used. The Board shall have the right to promulgate rules and regulations limiting the use of the Common Area to Unit Owners and their guests as well as to provide for the exclusive use of a part of the Common Area by a Unit Owner and his guests for

special occasions which exclusive use may be conditioned, among other things, upon the payment of a fee.

Section 7. Encroachments: If any portion of the Common Area or Facilities encroaches upon any Unit or any Unit encroaches upon any other Unit or upon any portion of the Common Area as a result of settling or shifting of a building, an easement for the encroachment and for the maintenance of the same so long as the Building stands, shall exist. If any Building, the Unit, any adjoining Unit, or any adjoining part of the Common Area, shall be partially or totally destroyed as a result of fire or other casualty or as a result of eminent domain proceedings, and then rebuilt, encroachments of parts of the Common Area upon any Unit or of any Unit upon any other Unit or upon any portion of the Common Area, due to such rebuilding, shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the subject Building shall stand.

ARTICLE XVI SALE OR LEASE OF UNIT

Section 1. Notice to Board: Any Unit Owner intending to make a bona fide sale or lease of his Unit shall first give written notice to the Board of Directors of such intention, which notice will include the name and address of the intended purchaser or lessee, the complete terms of the proposed transaction and such other information as the Board may reasonably require. No such proposal shall be deemed bona fide unless the same is evidenced by a written contract of sale or lease executed by all parties thereto which is subject only to the approval and right of first refusal contained herein. All leases of Units shall be written on standard forms furnished by the Association which may not be modified without the written consent of the Association.

Section 2. Alternatives of Board: Within thirty (30) days after receipt of such notice, the Board of Directors may either (1) furnish the seller or lessor in writing the name of a purchaser or lessee approved by the Association who will accept the transaction upon the terms as favorable to the seller or lessor as the terms stated in the notice, (2) notify the seller or lessor in writing that the Association will purchase or lease the Unit on the same terms and conditions upon which the owner proposed to sell or lease, or (3) approve of the proposed transaction in writing. The Association shall not exercise the second alternative without first obtaining the vote of at least seventy-five (75%) percent of the membership of the Association after excluding those votes allocated to the Unit or Units which an owner intends to sell or lease. Said vote shall be taken only at a special membership meeting duly called and held to consider the matter herein stated. The failure of the Association to properly take one of the three alternative actions within said thirty (30) day period shall be deemed an approval of the proposed sale or lease by the Unit Owner.

Section 3. Closing of Sale or Lease:

A. Association's Exercise of First or Second Alternatives: In the event the Association timely exercises its first or second alternative as set forth in Section 2, the closing of said transaction shall be consummated within twenty-one (21) days following the timely exercise of the subject alternative. If the same is not closed within said twenty-one (21) day period solely by reason of default of the purchaser, lessee, or Association, as the case may be, the Unit Owner may consummate the original proposed transaction at any time within ninety (90) days following the end of said twenty-one (21) day period. If the transaction is not closed within said ninety (90) day period according to the terms and conditions set forth in the original notice from the Unit Owner, the subject unit shall again become subject to the terms of Section 12.

B. Approved Transaction: Upon approval by the Association of the proposed transaction by the Unit Owner in the manner set forth in Section 2, the Unit Owner may then proceed to close said transaction to the person named in said notice according to the terms and conditions set forth in said notice. The closing shall be consummated within ninety (90) days of said approval. If not so closed within said ninety (90) day period, the sale or lease of the subject Unit shall again become subject to the provisions of Section 12. The Association's approval, whether by action or inaction of the Board, shall be evidenced by a certificate in recordable form executed by the Association and delivered to the Unit Owner's purchaser or lessee.

Section 4. Excluded Transfers: The following conveyances or leases are specifically excluded from the provisions of ARTICLE XVI: (1) conveyances or leases of gift or such that are made without consideration; (2) conveyances or leases by Declarant; (3) transfers upon death; and (4) conveyances or leases wherein the Association has, in writing, waived its rights under ARTICLE XV.

Section 5. Non-Waiver: Approval by the Board of the sale or lease of one Unit shall not constitute the waiver of any subsequent sale, subletting or assignment by the purchaser or lessee.

Section 6. Sale by Mortgagee: Should the residence of any Unit Owner become subject to a first mortgage, first deed of trust, or other first security, the holder thereof becoming the owner in possession of such interest through whatever means, or the seller at any sale under a power of sale therein contained, shall have the unqualified right to sell, lease or otherwise dispose of said interest in the fee ownership of said Unit, without offer to the Association, notwithstanding the above provisions.

Section 7. Mortgaging: No Unit Owner may mortgage his Unit nor any interest therein without the prior written approval of the Board of Directors, except to a bank, insurance company, federal savings and loan association, or a corporation or partnership acting as an institutional mortgage broker whose primary interest in making any such mortgage is the placement and servicing of the same with and on behalf of one of such other lending institutions. The existence of a "permanent commitment" from any lending institution to purchase any such mortgage from such mortgage broker shall be conclusive evidence of such mortgage broker's intent to place any such mortgage with one of such other lending institutions whether or not such commitment is ultimately fulfilled. The approval of any mortgage as provided for above shall be made by the Board of Directors upon principles consistently applied in accordance with the terms hereof and the interests of the members of the Association.

Section 8. Void Transactions: Any sale, lease or mortgage which is not authorized pursuant to the terms of this Section shall be void unless subsequently approved in writing by the Association.

ARTICLE XVII RESTRICTIVE COVENANTS - REGULATIONS

Section 1. Residential: Each of the Units shall be occupied only by a single family, its servants and guests, as a residence and for no other purpose. However, persons not of the same immediate family may reside in the same Unit with the written consent of the Board of Directors which consent shall not be unreasonably withheld.

Section 2. Alterations and Attachments by Unit Owner: No Owner shall make structural alterations or modifications to his Unit or to any of the general or limited Common Area, including the erection of antennas, aerials, awnings, the placement of any reflective or other materials in the windows of the Unit (other than draperies) or other exterior attachments without the written approval of the Association. The Association shall not approve of any alterations, decorations or modifications which would jeopardize or impair the soundness, safety or appearance of the Condominium Property.

Section 3. Signs: No signs or other advertising devices shall be displayed which are visible from the exterior of any Unit or on the Common or limited areas and facilities, including "For Sale" signs without written permission from the Association.

Section 4. Animals: No animal shall be kept except household pets. Such pets may not be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No more than one household pet may be kept without written permission of the Board of Directors of the Association. No pets may be permitted to run loose upon the Common Area, and any Owner who causes any animal to be brought or kept upon the premises of the Condominium Property shall indemnify

and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor.

Section 5. Prohibitions in Use of Common Area: The Common Area shall not be used for storage of supplies, personal property or trash or refuse of any kind except common trash receptacles placed at the discretion of the Board of Directors of the Association, nor shall they be used in any way for the drying, shaking or airing of clothing or other fabrics. Stairs, entrances, sidewalks, yards, driveways and parking areas shall not be obstructed in any way nor shall unauthorized persons or pets play therein or thereon or use them for other than their intended purposes. In general, no activities shall be carried on nor condition maintained by any Owner either in his Unit or upon the Common Area which despoils the appearance of the Condominium Property.

Section 6. Access to Units: The Association or its agent shall have access to each Unit from time to time during reasonable working hours, upon oral or written notice to its Owner, as may be necessary for the maintenance, repair or replacement of any of the Common areas and facilities. The Association or its agent shall also have access to each Unit at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Area and facilities or to another Unit. If requested by the Association, each Owner shall furnish to the Board of Directors of the Association a duplicate key to the entrance door to his Unit and shall furnish a new duplicate key upon any change of locks thereto.

Section 7. Subdividing: No Unit may be divided or subdivided into smaller Units, nor any portion thereof sold or otherwise transferred, without first amending the Declaration to show the changes in the Units to be effected thereby.

Section 8. Nuisances: No nuisances shall be allowed upon the Condominium Property and no person shall engage in any use, practice or activity upon such property which is noxious, offensive or a source of annoyance to any Unit Owner or which interferes with the peaceful possession and proper use of the property by any Unit Owner. All parts of the property shall be kept in a clean and sanitary condition; and no rubbish, refuse or garbage shall be allowed to accumulate and no fire hazard shall be allowed to exist. No Unit Owner shall permit any use of his Unit or make any use of the Common Area which will increase the rate of insurance upon the property.

Section 9. Lawful Use: No immoral, improper or unlawful use shall be made of the property nor any part thereof; and all valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof shall be observed.

Section 10. Leasing: After approval by the Board of Directors as provided in ARTICLE XVI of these By-Laws, entire Units may be rented provided the occupancy is in conformity with Section 1. No rooms may be rented except as part of the entire Unit and no transient tenants may be accommodated.

Section 11. Regulations: Reasonable regulations governing the use of the Condominium Property may be made and amended from time to time by the Board of Directors; provided, however, that all such regulations and amendments thereto shall be approved by a majority vote of the membership before such shall become effective. Copies of such regulations and amendments thereto shall be furnished by the Association to all members upon request.

ARTICLE XVIII COMPLIANCE AND DEFAULTS

Section 1. General: Each Unit Owner shall be governed by and shall comply with the terms of the Condominium Documents, and the regulations, resolutions and decisions adopted pursuant thereto as they may be amended from time to time. Any default by a Unit Owner shall entitle the Association or the other Unit Owners to the relief hereinafter provided in this Section.

Section 2. Remedies: The failure to comply with any of the terms of the Condominium Documents and the regulations, resolutions and decisions adopted pursuant thereto, shall be grounds for an action to recover sums due for damages or injunctive relief or both maintainable by the Association on behalf of the Unit Owners, or in a proper case, by an aggrieved Unit Owner. In any case of flagrant or repeated violation by a Unit Owner, he may be required by the Board of Directors to give sufficient sureties for his future compliance with such Condominium Documents, regulations, resolutions and decisions.

Section 3. Property Damage: Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his negligence or misuse. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

Section 4. Non-Waiver: The failure of the Board of Directors or of a Unit Owner to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of the Board or a Unit Owner to enforce such right, provision, covenant or condition in the future. All rights, remedies and privileges granted to the Board of Directors, its designated agent, or a Unit Owner, pursuant to any terms, provisions, covenants or conditions of the Condominium Documents shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such party by the Condominium Documents or at law or in equity.

ARTICLE XIX
CONDEMNATION

Section 1. General: In the event all or any part of the Condominium Property shall be taken in condemnation or by eminent domain, the award for such taking shall be payable to the Association and shall be disbursed by the Association as hereinafter provided in this Section.

Section 2. Common Area: If the taking is of Common Area and does not consist of taking any part of any Building containing a Unit, the Board of Directors shall arrange for restoration of the remaining Common Area and the Association shall disburse the proceeds of the condemnation award in the same manner as they are required to disburse insurance proceeds where damage or destruction to the Common Area is to be repaired or reconstructed as provided for in ARTICLE XIII of these By-Laws.

Section 3. Units: If the taking includes any part of a Unit, whether or not there is included in the taking any part of the Common Area, such taking shall be deemed to be and shall be treated as damage or destruction which shall not be repaired or reconstructed as provided for in ARTICLE XIII, hereof, whereupon the condominium will be terminated in the manner therein prescribed; with the exception that the proceeds of such condemnation award shall be applied first to the acquisition by the Association of the Units and appurtenant percentage interests in the Common Areas of Unit Owners whose Units have been condemned in whole or in part (which Units cannot be reconstructed in their original form), at a price equal to the fair market value of said Unit and the appurtenant interest in the Common Areas as of the date immediately preceding condemnation thereof, as determined by majority vote of three licensed appraisers who are members of the Hickory Board of Realtors, one of which shall be selected by the Unit Owner, one of which shall be selected by the Board of Directors and the third of which shall be selected by the two appraisers previously selected. Provided, however, after acquisition of Units as aforesaid, the remaining Unit Owners may, within sixty (60) days from the date of such taking amend the Declaration and these By-Laws to the end that the Condominium Property will continue to be subject to the Unit Ownership Act. Such amendments, if any, shall realign the Percentage Interests, establish the method of distributing the remainder of the condemnation award, if any, and include such other provisions as all of the said Unit Owners deem reasonable and appropriate. Further provided, said amendments shall be executed by trustees in deeds of trust secured by the Units and said amendments shall not prejudice the creditors or other third parties who have an interest in the condemnation award with respect to their rights, if any, in said award.

ARTICLE XX
AMENDMENTS

Section 1. Amendments: Subject to the provisions of ARTICLE X of the Declaration, the By-Laws may be amended at any time by an instrument in writing signed and acknowledged by Unit Owners holding at least sixty (60%) percent of the vote in the Association, which instrument shall be effective only upon recordation in the Catawba Public Registry. Provided, however, where a larger vote in the Association is required for the Association to take or refrain from taking a specific action, as set forth in these By-Laws, no amendment of such By-Law shall be made unless and until the owners holding such larger percentage of the vote in the Association execute said amending instrument. All persons or entities who own or hereafter acquire any interest in the Condominium Property shall be bound to abide by an amendment to these By-Laws upon the same being passed as provided herein and duly set forth in an amended declaration, duly recorded as provided herein.

ARTICLE XXI
TERMINATION

Section 1. Agreement: This condominium may be terminated and the Condominium Property removed from the provisions of the Unit Ownership Act by an instrument to that effect executed by all of the Unit Owners and duly recorded, provided that the holders of all liens affecting any of the Units consent thereto or agree, in either case by instruments duly recorded, that their liens be transferred to the percentage of undivided interest of the Unit Owners who shall own the property as tenants-in-common following such termination, which shall be the Percentage Interest of such Unit Owner in the Common Area.

Section 2. Destruction: In the event it is determined in the manner provided in ARTICLE XIII hereof, that the property shall not be repaired or reconstructed after fire or other casualty, the condominium will be terminated and the Condominium Documents revoked. The determination to repair or reconstruct after fire or other casualty shall be evidenced by a certificate of the Association certifying as to facts effecting the termination, which certificate shall become effective upon being duly recorded in the Catawba Public Registry.

Section 3. Condemnation: In the event that one or more units or any part or parts thereof, shall be taken in condemnation or by eminent domain and the consent of all owners shall not be expressed in amendments to the Declaration and these By-Laws, duly recorded within sixty (60) days after such taking as provided in ARTICLE XIX, hereof, the condominium will be terminated and the Condominium Documents revoked. Such taking shall be evidenced by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective sixty (60) days following said taking upon the certificate being duly recorded in the Catawba Public Registry.

ARTICLE XXII
MISCELLANEOUS

Section 1. Ad Valorem Taxes: Each Unit shall be deemed to be a separate parcel and shall be separately assessed and taxed. Each Unit Owner shall be liable solely for the amount of tax assessed against his Unit and shall not be affected by the consequences resulting from the tax delinquency of other Unit Owners. All tangible personal property owned by the Association in connection with the maintenance, upkeep and repair of the Common Area shall be listed for said taxes in the name of and paid by the Association.

Section 2. Notification to Mortgagees: Any Owner who mortgages his Unit shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Apartments." The Association may, at the written request of a mortgagee of any such Unit, report any unpaid assessments due from the Owner of such Unit. The Association shall notify each mortgagee appearing in said book the name of each company insuring the Condominium Property under the Master Policy and the amounts of the coverages thereunder.

Section 3. Severability: Invalidation of any covenant, condition, restriction or other provisions of the Declaration or these By-Laws shall not effect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 4. Successors Bound: The rights, privileges, duties and responsibilities set forth in the Condominium Documents, as amended from time to time, shall run with the ownership of the Condominium Property and shall be binding upon all persons who own or hereafter acquire any interest in the Condominium Property.

Section 5. Gender, Singular, Plural: Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

Section 6. Inspection: The Association shall have the right during reasonable hours to inspect each Unit upon prior oral or written notice to the occupant of said Unit. This right of inspection shall not be abused and shall only be exercised where the same is necessary for the Association to carry out its duties and responsibilities as set forth in the By-Laws and Regulations.

Section 7. Management by Declarant. The overall management and operation of the project shall, at the Declarant's option, be under its exclusive direction until such time as less than two of the Units in the project have not been conveyed by the Declarant, whereupon such management and operation shall become the responsibility of the Association as set forth herein. Provided, however, that at the Declarant's option, the overall management and operation of the project shall become the responsibility of the Association, in accordance with these By-Laws, at any time prior to such time. Until such time as overall management and operation shall cease to be under Declarant's exclusive direction.

Declarant shall have the right, among other things, to lease any unsold Units on terms which it may deem appropriate, in its discretion.

Section 8. Working Capital: A working capital fund for the initial project operation will be collected from each member of the Homeowner's Association upon the members joining the Association, such contributions shall equal two (2) months of the annual assessment.

Section 9. Notice of Default: The Association shall provide the holders of the mortgage prompt notice of any default by any member on its assessment, if such default is not cured within thirty (30) days of default.

Section 10. Fidelity Bond: A fidelity bond will be provided for any person or persons handling the funds of the association, including any employee of any professional manager.

Section 11. Notice of Loss: The Association shall give all first mortgagees notice in writing of any loss to or taking of common elements in excess of TEN THOUSAND (\$10,000.00) DOLLARS, upon the Association's knowledge of such loss.

Section 12. Payment of Overdue Taxes: The first mortgagee of any of the Units or lots may pay any overdue taxes or insurance premiums due on the property if payments become overdue and such mortgagee shall be immediately reimbursed by the Association for such payment.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed this 5th day of August, 1980.

U. B. I. COMPANY

By: W. B. Lunn, Jr.
President

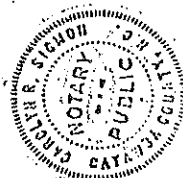


STATE OF NORTH CAROLINA

COUNTY OF CATAWBA

I, a Notary Public of the County and State aforesaid, certify that Wayne M. Bach personally came before me this day and acknowledged that he is Assistant Secretary of U. B. I. Company 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 Wayne M. Bach as its Assistant Secretary.

Witness my hand and official stamp or seal, this 5th day of August, 1980.



Carolyn R. Dwyer
Notary Public

My Commission Expires: 7-1-81

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NORTH CAROLINA
CATAWBA COUNTY

The foregoing certificate of Carolyn R. Sigmon, Notary Public of Catawba Co., N.C. is certified to be correct. Presented for registration this 11 day of August, 1980 and recorded in Book 1238 at Page 636 and also in Condo. Book 1 Unit 7. ⁶¹⁰
Filed at 11:11 A.M.

Reith Mackie
Register of Deeds

WEB