

FOR MULTIPLE PIN SHEET
SEE BOOK 2444 PAGE 212

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS
FOR MIXED-USE BUILDINGS**

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND EASEMENTS FOR MIXED-USE BUILDINGS hereinafter referred to as this "**Declaration**" is made and entered into as of the 29th day November, 2001. by **MEADOWMONT JV, LLC**, a Delaware limited liability company ("Declarant").

WITNESSETH

WHEREAS, Declarant has constructed or shall construct three buildings (each a "Building" and collectively, the "Buildings") upon the real property more particularly described in Exhibit "A-1" attached hereto (the "Property"), each such Building to consist of three floors with space for commercial, retail, service, office and other uses on the first floor and residential condominium units on the second and third floors, and other related improvements, including landscaping, walkways, drives and parking areas designated for each Building as determined by Declarant:

WHEREAS, the Buildings are further identified as Building "D". having an address of 100 Meadowmont Village Circle. Chapel Hill. North Carolina. Building "E". having and address of 500 Meadowmont Village Circle. Chapel Hill. North Carolina, and Building "G". having an address of 600 Meadowmont Village Circle. Chapel Hill. North Carolina, as shown on Exhibit A-2. attached hereto;

WHEREAS. Declarant desires to subject the Buildings to the easements, covenants and restrictions herein made to provide for the development of the Property in an orderly manner to facilitate the proper use. conduct and maintenance thereof, and to maintain the value, appearance and harmony of the various uses of the Property;

NOW, THEREFORE. Declarant hereby declares and consents that the Property is and shall be held, transferred, sold, conveyed, leased, mortgaged, occupied, used and otherwise disposed of subject to the easements, covenants, conditions, restrictions, charges and liens hereinafter set forth.

**ARTICLE I
DEFINITIONS**

1.1 Definitions. When used in this Declaration, unless the context shall prohibit or otherwise require, the following terms shall have the following meanings, all definitions being applicable to the singular and plural forms of such terms:

"Association" means Meadowmont Village Condominium Owners Association. Inc., a North Carolina non-profit corporation.

"Condominium Parcel" means that portion of the three Buildings more particularly described on Exhibit "A-3" attached hereto and made a part hereof which is subject to the Declaration of Condominium.

"Declaration of Condominium" means the declaration of condominium filed or to be filed by Declarant in the Office of the Register of Deeds of Orange County, North Carolina, declaring a portion of each of the Buildings to be the Meadowmont Village Condominium subject to the provisions of Chapter 47C of the North Carolina General Statutes.

"Default Rate" means a rate of interest equal to the prime lending rate announced from time to time by Bank of America, N.A., in its office in Charlotte, North Carolina, plus four percent (4%) per annum.

"Easement Area" means any portion of the Property on, in or over which is located any of the easements declared and established by this Declaration, and any facilities, structural components and improvements located therein.

"Ground Parcel Owner" means each Owner of the Ground Parcel. In the event the Ground Parcel is subdivided into separate tracts so that there is separate ownership of each Building, then Ground Parcel Owner refers to each separate Ground Parcel Owner.

"Ground Parcel" means that portion of each of the three Buildings which is not subject to the Declaration of Condominium. In the event the Ground Parcel is subdivided into separate tracts so that there is separate ownership of each Building, then "Ground Parcel" refers to each separate Ground Parcel.

"Legal Requirements" means all statutes, code, laws, acts, ordinances, "orders, judgments, decrees, injunctions, rules, regulations, permits, licenses, authorizations, directions and requirements of all federal, state, county, municipal and other governments, departments, commissions, boards, courts, authorities, officials and officers, foreseen or unforeseen, ordinary or extraordinary, which now or at any time hereafter are applicable to and enforceable against the Property or any part thereof, or any use, manner of use or condition of the Property or any part thereof.

"Official Record" means the official records of the Register of Deeds of Orange County, North Carolina.

"Owner" means either the owner of the Ground Parcel or, with respect to the Condominium Parcel, the Association on behalf of the Residential Unit Owners. Notwithstanding any legal theory of mortgage or otherwise, no holder of a deed of trust or mortgage on the Ground Parcel or the Condominium Parcel, or of any security interest with respect thereto, shall be deemed an "Owner" hereunder unless and until the holder has acquired title to the fee of the Parcel.

"Parcel" means each of the Ground Parcel and the Condominium Parcel, as applicable.

"Plans and Specifications" means the plans and specifications for the construction of the Buildings prepared by JDAVIS Architects.

"Permittee" means any Person that is a tenant or subtenant or assignee of the Ground Parcel Owner.

"Property" means all the tract or parcel more particularly described on Exhibit "A-JT", attached hereto and made a part hereof.

"Tenant" means any tenant or occupant of the Ground Parcel other than the Ground Parcel Owner.

"Tenant Improvements" means those improvements made by the Ground Parcel Owner to the Ground Parcel for the use or occupancy of space in the Building by one or more tenants or occupants. :

"Residential Unit" or "Residential Units" means, individually or collectively, the residential units subject to the Declaration of Condominium.

"Residential Unit Owner" or "Residential Unit Owners" means, individually or collectively, the owners of the residential units subject to the Declaration of Condominium;

"Residential Unit Upgrade" means any upgrade, improvement or betterment in the standard Residential Unit fixtures, equipment, or finishes. The Association shall maintain a list of standard Residential Unit fixtures, equipment and finishes included in the insurance provided by the Association, and this list shall be made available for review to any Owner upon request.

"Share" means the allocable interest of the Association or the Ground Parcel Owner, as applicable, in a particular expense or benefit based on the respective gross square footage of the Parcels in each of the Buildings as set forth below:

| | Association's Share | | Ground Parcel Owner's Share |
|-------------|---------------------|---|-----------------------------|
| Building D: | 48% | : | 52%. |
| Building E: | 51% | ; | 49%. |
| Building G: | 50% | ! | 50%. |

"Site Plat" means the Site Plat for the Meadowmont Village Condominiums filed in the Condominium File in the Orange County Registry pursuant to the provisions of Chapter 47C of the North Carolina General Statutes.

ARTICLE II GRANT AND RESERVATION OF EASEMENTS

Declarant hereby declares, establishes, creates, grants and reserves the easements hereinafter set forth in this Article II.

2.1 Easements Benefiting Ground Parcel. To and for the benefit of the Ground Parcel Owner, and its tenants, subtenants, contractors, licensees and invitees from time to time, the easements hereinafter set forth in this Section 2.1 are hereby created.

2.1.1 Utilities and Mechanical Equipment. Nonexclusive easements over the entirety of each of the Buildings, including, without limitation, access to the elevator and stairwells in each Building, for the general maintenance of each of the Buildings, including the external walls and roof, as well as for the installation of facilities for water, electricity, storm and sanitary sewerage, gas, telephone, television, communications, security systems, other utilities and services and heating, air conditioning and ventilation by means of pipes, wires, ducts, cables, antennae, conduits, equipment panels, mechanical equipment, heating, air conditioning, and ventilation equipment and machinery, tire detection, sprinkler systems (including the sprinkler heads within each Unit in the Condominium Parcel) and other apparatus and facilities.

2.1.2 Encroachments. Non-exclusive easements over each Building for minor encroachments which will not substantially interfere with the property encroached upon created by the construction, reconstruction, renovation, settling, shifting or other causes of movement and for overhangs.

2.1.3 Emergency Access. Non-exclusive easements over each Building for emergency ingress, egress and access.

2.2 Easements Benefiting the Condominium Parcel. To and for the benefit of the Association, the easements hereinafter set forth in this Section 2.2 are hereby created.

2.2.1 Support. A perpetual support easement for the use of all columns, piers, footings, caissons, girders, beams, foundations, slabs and other supports, supporting structures and appurtenances thereto located or to be located on the Ground Parcel as are

necessary or appropriate in connection with the construction, maintenance and operation of the structures or improvements constructed in, over, on or upon the Condominium Parcel.

2.2.2 Access. A non-exclusive access easement for reasonable pedestrian access, ingress and egress to and from the Condominium Parcel over and across all walkways, steps, stairways, fire stairwells, passages and sidewalks in and around the Buildings. A non-exclusive easement for vehicular access, ingress and egress to and from the Exclusive Condominium Parking easement area and the General Parking nonexclusive easement area, as set forth in this Declaration and in the Declaration of Condominium.

2.2.3 Parking. An exclusive easement for vehicular parking in the area shown on the Site Plat as "Exclusive Condominium Parking." A non-exclusive easement for unreserved vehicular parking in no more than twenty-four (24) parking spaces in the general public parking areas of Meadowmont Village ("General Parking"), provided however, the Declarant or its assign reserves the right (i) to limit access to the General Parking areas from time to time (ii) to designate which areas may be utilized by the Residential Unit Owners in the General Parking area, and (iii) to modify such designated areas for Residential Unit Owners to park in the General Parking area from time to time.

2.2.4 Other. Such other easements, including without limitation the easements related to elevator equipment, trash removal, utilities, and mechanical equipment, as are granted in the Declaration of Condominium and as are set forth in Exhibit "A-3", attached hereto.

2.3 No Rights in Public Generally. The easements and rights created in this Article II are created solely for the benefit of the Parcel Owner, and do not create any easements or rights in or for the benefit of the general public.

2.4 Scope of Easements. Each of the easements created by this Declaration and the Declaration of Condominium shall (unless expressly provided herein to the contrary) be perpetual in duration and shall, both as to the benefits and the burdens thereof, run with the title to, and burden the title to, the Property and each Parcel. In the event the Ground Parcel is subdivided into separate tracts so that there is separate ownership of each Ground Parcel, then each of the easements created by this Declaration shall be separate easements which apply to each separate Ground Parcel.

ARTICLE III MANAGEMENT AND MAINTENANCE OBLIGATIONS

3.1 Maintenance Obligations. To insure the full and complete use of the Buildings and to preserve and enhance the attractiveness and value of the Buildings, each of the Ground

Parcel Owner and the Association shall keep their respective Parcels in good repair and in a clean and sanitary condition.

3.1.1 Any and all necessary maintenance, repairs or replacements of the Association Property, including, but not limited to, the elevator in each Building, shall be done by. and at the sole cost and expense of. the Association, and shall be done in a manner so as to minimize, to the extent reasonably possible, any interruption and interference to the Ground Parcel Owner, the Ground Parcel and improvements thereon.

3.1.2 Any and all necessary maintenance repairs or replacements of components of the Buildings which solely benefit the Condominium Parcel, including, but not limited to. any shutters, decks, porches, or balconies shall be done by the Ground Parcel Owner at the sole cost and expense of the Association.

3.1.3 Any and all necessary maintenance, repairs or replacements to components of the Buildings which solely benefit the Ground Parcel, including, but not limited to. tenant improvements and utilities serving only the Ground Parcel, shall be done by. and at the sole cost and expense of. the Ground Parcel Owner, and shall be done in a manner so as to minimize, to the extent reasonably possible, any interruption and interference to the Residential Unit Owners.

3.1.4 The Ground Parcel Owner shall maintain, repair and replace all awnings. The Association shall be solely responsible for the cost and expense of maintaining, repairing and replacing awnings which serve the Condominium Parcel, such as the awnings on the second and third floors of each Building and the awnings for the entrance to the residential lobbies on the first floor of each Building. The Ground Parcel Owner shall be solely responsible for the cost and expense of maintaining, repairing and replacing awnings which serve the Ground Parcel, such as the awnings on the first floor of each Building, excluding the awnings for the entrance to the residential lobbies.

3.1.4 Any and all necessary maintenance, repairs or replacements which benefit the Buildings generally, including, but not limited to, the roof, foundation, water proofing systems, building fire detection and sprinkler systems, and exterior walls, shall be performed by the Ground Parcel Owner. After the maintenance, repairs or replacements, each of the Ground Parcel and the Condominium Parcel shall be left in a clean condition, with all debris removed therefrom, and with all property thereof or thereon returned to, or as close as reasonably practicable to. the condition in which it existed immediately prior to such maintenance, repair or replacement. The cost and expense of all such maintenance, repair or replacement provided pursuant to this subparagraph 3.1.4 shall be borne by the Association and the Ground Parcel Owner in accordance with their respective Shares of such expense, unless caused by the negligence or intentional acts of either party (subject, however, to the mutual waiver of subrogation provisions in Section 3.3, below).

3.2 Utilities. All utilities shall be separately metered and billed to each of (1) the Ground Parcel Owner or its Permittees, or (2) the Association or the Residential Unit Owners. If separate metering is not feasible for any one or more utility services, then such service shall be provided to the Building in the name of the Ground Parcel Owner, and such charges shall be apportioned on an equitable basis in the reasonable discretion of the Ground Parcel Owner.

3.3 Insurance. The Ground Parcel Owner shall keep each Building, (excluding the Tenant Improvements, the Condominium Parcel, and the property of Residential Unit Owners) insured against damage and destruction by fire, vandalism, and other perils in the amount of the full replacement value (i.e. 100% of full "replacement cost") of each Building, as the value may exist from time to time. The insurance shall include all structural elements of the balconies, elevator shaft, elevator lobby, elevator equipment room, corridors and stairwells. The insurance shall not include the exterior doors and windows which serve only the Condominium Parcel. The insurance shall include an extended coverage endorsement of the kind required by an institutional lender to repair and restore the Buildings. Premiums for such insurance shall be apportioned between the Owners based on their respective Shares.

The Association shall procure fire and casualty insurance coverage in an amount equal to the full replacement value (i.e.. 100% of full "replacement cost") of the Condominium Parcel, including the Units, Common Elements, and Limited Common Elements of the Condominium as defined in the Declaration of Condominium (except to the extent any such items are covered by the insurance obtained by the Ground Parcel Owner). The insurance shall include all exterior doors and windows which serve only the Condominium Parcel. The insurance shall not include any personal property of the Residential Unit Owners or any Residential Unit Upgrades.

Each Residential Unit Owner, at his own expense, shall be responsible for obtaining any additional insurance for his own personal property and Residential Unit Upgrades (including a "Condominium Unit Owner's Endorsement" for any such Residential Unit Upgrades). Neither the Association nor a Residential Unit Owner shall have, or make, any claim against the Ground Parcel Owner for any loss or damage to any Residential Unit Owner's personal property or Residential Unit Upgrades regardless of the cause of the loss or damage.

The Ground Parcel Owner and any Tenants on their part, and the Association and Residential Unit Owners on their part, are hereby deemed to release and waive unto each other all rights to claim damages for any injury, loss, cost or damage to persons or to property or any other casualty, as long as the amount of such injury, loss, cost or damage has been paid under the terms of any casualty, property, general liability, or other policy of insurance (or provided that such amount would have been paid under the terms of an insurance policy such party is required to maintain under the terms of this Declaration if such party fails to obtain such insurance), to the full extent such releases or waivers are permitted under applicable law. As respects all policies of insurance carried or maintained pursuant to this Declaration, and to the extent permitted under such policies. Ground Parcel Owner, Association and the Residential Unit Owners each waive their insurance carriers' rights of subrogation against the other parties.

3.4 Limitation of Liability for Property Damage. Ground Parcel Owner shall not be liable to the Association or to any Residential Unit Owner for any damage caused to the property of the Association or the Residential Unit Owner (i) due to the Building or any part or appurtenance thereof being improperly constructed or being or becoming out of repair, or (ii) arising from the leaking of gas, water, sewer or steam pipes, or (iii) arising from problems with utility service such as electrical, water, sewer, gas, telecommunications, or (iv) arising from malfunction of any building systems such as plumbing, fire safety equipment, and heating and air conditioning.

3.5 Property Taxes. The Ground Parcel Owner shall use good faith reasonable efforts to provide for division of the Parcels for separate assessment and taxation of each of the Ground Parcel and the Condominium Parcel. Each of the Ground Parcel Owner and the Association shall pay the ad valorem taxes assessed against the Ground Parcel and the Condominium Parcel, respectively. Each shall provide the other with proof of such payment promptly upon request by the other. If any Owner shall fail to pay any tax or other charge, or share thereof, which is due and which such Owner is obligated to pay, and if such unpaid tax or charge is or may become a lien or encumbrance on the portion of the Parcel owned by the other Owner, or if any lawful authority would thereafter have the right to sell or otherwise foreclose against the portion of the Parcel owned by such other Owner or extinguish any easement benefiting such other Owner by reason of such nonpayment then the Owner which fails to pay such tax or other charges shall be deemed a "Defaulting Owner." The non-defaulting Owner may, after ten (10) days written notice to the Defaulting Owner, pay such tax or charge, or share thereof, together with any interest and penalties thereon, and the Defaulting Owner shall, upon demand, reimburse the non-defaulting Owner or the other Owner, as the case may be, for the amount of such payment including the amount of any interest or penalty amounts accrued thereon together with interest at the Default Rate from the date of payment by the non-defaulting Owner of the costs and expenses to the date of reimbursement.

In the event that the Parcels are not separately assessed and taxed, then the Ground Parcel Owner shall pay the taxes when due, and the Association shall reimburse Ground Parcel Owner for its fair share of the taxes based on the relative values of the Parcels as determined by independent appraisal commissioned by the Owners. If the Owners cannot agree upon an appraiser, then each Owner shall select an appraiser and the two appraisers shall select a third appraiser and each appraiser shall independently appraise the values of the Parcels. The average of the two appraisals which have the closest aggregate values for the Parcels shall be used to determine the relative values of the Parcels. Each appraiser must be licensed by the State of North Carolina and have at least five years of appraisal experience in multi-family residential and commercial property. ;

Any Owner may, if it shall so desire, endeavor at any time or times, to obtain a lowering of the assessed valuation upon the Building (or its Parcel, if separately assessed) for the purpose of reducing taxes thereon ("Protesting Owner") provided such actions do not result in a lien on either Parcel. In the event the Protesting Owner achieves a lowering of the assessed valuation which lowers the taxes of the other Owner, the other Owner will share the legal fees

incurred in proportion to its respective share of real estate taxes (but not in excess of any tax savings as a result of the Protesting Owner's activities), and the Owners shall apportion and share any tax refund in accordance with their respective shares of the real estate taxes.

3.5 Creation of Lien and Assessment Right. The Association is deemed to covenant and agree to pay to the Ground' Parcel Owner the Association's Share of all expenses incurred under this Article III (other than those expenses that benefit the Ground Parcel Owner exclusively), and the Association and each Residential Unit Owner shall be jointly and severally liable for the payment of such assessments, which, together with interest and attorneys' fees incurred in the collection thereof, shall be a charge and a continuing lien on the Condominium Parcel and the Residential Units.

ARTICLE IV STRUCTURAL SUPPORT

4.1 Structural Integrity. No Owner shall do or permit any act which would adversely affect the structural safety or integrity of the Buildings.

4.2 Construction of Additional Support. If for any reason, the structural support for any portion of the Buildings is hereafter reduced below the support necessary or appropriate under sound engineering practices to maintain the structural safety or integrity of the Buildings, the Owner responsible for such reduction shall promptly provide substitute or additional structural support at its sole expense. Each Owner shall be responsible for the conduct of its respective subtenants. Permittees or Unit Owners. An architect mutually acceptable to the Owners (the "Architect") shall review the extent of any such reduction and the need for or adequacy, of any such substitute or additional structural support which shall be constructed in accordance with plans and specifications prepared by the Architect. The Architect shall also estimate, if possible, the time reasonably necessary to provide adequate substitute or additional structural support. The responsible Owner shall pay all costs and expenses, including the Architect's and any other architectural fees, in connection with construction of the substitute or additional support. If the responsible Owner cannot be determined, or if both Owners are responsible, then the costs of providing substitute or additional structural support, including any fees of the Architect, shall be borne by the Owners on a fair and equitable basis based-on the good faith determination of the Ground Parcel Owner. In the event the Association objects to the determination made by the Ground Parcel Owner, and a resolution of such objection is not achieved within sixty (60) days after notice of such objection is delivered to the Ground Parcel Owner, such determination shall be submitted to mediation and, if necessary, arbitration in accordance with the provisions of Article VIII hereof.

4.3 Emergency Additional Structural Support. If delay in constructing substitute or additional support would endanger the structural safety or integrity of the Buildings, then, without regard to which Owner shall be determined responsible for the reduction, the Ground Parcel Owner shall provide substitute or additional structural support as and wherever may be

required, or the Owners shall jointly undertake to provide substitute or additional structural support; provided, however, the responsible Owner shall be liable for and pay all costs and expenses incurred as a result of the other Owners' provision of any required substitute or additional support. If the responsible Owner cannot be determined, or if both Owners are responsible, then the costs of providing substitute or additional structural support, including any fees of the Architect, shall be borne by the Owners on a fair and equitable basis as determined by the Ground Parcel Owner acting in good faith based on the relative responsibilities of the Owners (if applicable) and the relative benefits of such substitute or additional support allocable to the respective Parcels. In the event the Association objects to the determination made by the Ground Parcel Owner, and a resolution of such objection is not achieved within sixty (60) days after notice of such objection is delivered to the Ground Parcel Owner, such determination shall be submitted to mediation and, if necessary, arbitration in accordance with the provisions of Article VIII hereof.

ARTICLE V

CASUALTY

5.1 Certain Definitions. For the purposes of this Declaration, the following terms shall have the following meanings: (i) "Casualty" shall mean damage to or destruction of a Building or any portion thereof by fire or other casualty or sudden destructive event, or a taking of the use, occupancy or title of a Building or any portion thereof by an entity exercising the power of eminent domain in any actual or threatened action or proceeding pursuant to any law, general or special, and shall include any such taking made in settlement of an}' such threatened action or proceeding; (ii) the "Date of Casualty" shall mean the date on which the Casualty occurs; (lii) "Proceeds" shall mean the amounts received as compensation or damage on account of a Casualty, including insurance payments or condemnation awards, less the reasonable costs and expenses incurred in collecting such amount; (iv) "Total Casualty" shall mean a Casualty whereby a Building is totally destroyed or taken or so substantially damaged or taken that either (a) the usable square footage or the market value of the Building has been reduced by fifty percent (50%) or more, or (b) it is economically undesirable, or disadvantageous for the operation of the Building, all as determined in the good faith business judgment of the Ground Parcel Owner; (v) "Partial Casualty" shall mean a Casualty which is not a Total Casualty.

5.2 Total Casualty. If a Total Casualty occurs, the Ground Parcel Owner for the Building affected by the Casualty shall, within sixty (60) days after the Date of Casualty, provide the Association notice of the estimated time required for reconstruction, restoration or repair of the Building. Each of the Owners shall within ten (10) days thereafter notify the other Owner whether it wishes to have the Building constructed, restored or repaired.

5.2.1 In the event both Owners elect to have the Building reconstructed, restored or repaired, and such proposed reconstruction, restoration or repair receives (i) the approval of any mortgagee of the Ground Parcel Owner for the Building that is subject to the casualty and (ii) all required governmental approvals, all Proceeds shall be paid over

to the Ground Parcel Owner (or, if required under the terms of any mortgage or deed of trust encumbering the Ground Parcel, to the mortgagee under such mortgage or deed of trust) and the Proceeds shall not be commingled with any other monies. The Ground Parcel Owner shall be responsible for engaging architects and contractors as the Ground Parcel Owner may in its reasonable discretion deem necessary or appropriate to complete the reconstruction, restoration or repair. In the event the Proceeds are inadequate to complete the reconstruction, restoration or repair, the Ground Parcel Owner acting in good faith shall determine an equitable apportionment of such deficiency between the Owners, and each such Owner shall pay such amount within thirty (30) days of such determination. In the event the Association objects to the determination made by the Ground Parcel Owner, and a resolution of such objection is not achieved within sixty (60) days after notice of such objection is delivered to the Ground Parcel Owner, such determination shall be submitted to arbitration in accordance with the provisions of Article VIII hereof.

5.2.2 In the event both Owners shall elect not to have the Building reconstructed, restored or repaired, then all Proceeds shall be paid, subject to the rights of any mortgagees, first for costs of demolition of the Building or such portion that remains, then to the Owners as their interests may appear in proportion to the relative values of each Owner's portion of the Building as determined by the Ground Parcel Owner acting in good faith (provided, however, that in the event that casualty insurance is separately obtained, then such Owner shall be entitled to recover the Proceeds under its respective insurance policy). In the event the Association objects to the determination made by the Ground Parcel Owner under this Section 5.2.2. and a resolution of such objection is not achieved within sixty (60) days after notice of such objection is delivered to the Ground Parcel Owner, such determination shall be submitted to mediation and, if necessary, to arbitration in accordance with the provisions of Article VIII hereof. The Association shall be responsible for withdrawal or termination of the affected Residential Units and Common Elements from the Condominium in accordance with the provisions of the Act.

5.2.3 In the event the Ground Parcel Owner elects not to have the Building reconstructed, repaired or restored, and the Association does so elect, the Ground Parcel Owner shall either (i) proceed with the restoration of the Building in accordance with Section 5.2.1 hereof; or (ii) be paid all Proceeds applicable to the Ground Parcel and shall convey to the Association a ninety-nine year ground lease for the portion of the land upon which the Building sits, with the right to reconstruct the same number of condominiums in substantially the same condition as they originally existed. The ground lease shall provide: (i) annual rental in the amount of \$1.00 per year; (ii) tenant shall pay all utilities, taxes, insurance and other expenses in connection with the premises and improvements; (iii) tenant shall be subject to all recorded covenants, conditions and restrictions, including assessments thereunder, (iv) all architectural plans and specifications for the improvements shall be subject to review and approval by the Ground Parcel Owner prior to commencement of any construction, (v) tenant shall be responsible for all governmental permits and approvals required for the construction, and (vi) tenant shall

keep and maintain all improvements in good condition, consistent with the character and quality of Meadowmont Village, and if tenant fails to do so, then Ground Parcel Owner shall have the right to do so at tenant's expense.

5.2.4 In the event the Ground Parcel Owner elects to have the Building reconstructed, repaired or restored, and the Association does not so elect, the Ground Parcel Owner shall proceed with the restoration of the Building in accordance with Section 5.2.1 hereof and shall pay to the Association all Proceeds applicable to the Condominium Parcel. The Association and the Residential Unit Owners shall convey all of their interest in the affected Residential Units and common areas to the Ground Parcel Owner for the purchase price of \$1.00, and the Association shall be responsible for withdrawal or termination of the affected Residential Units and common areas in accordance with the provisions of the Act.

5.3 Partial Casualty. If a Partial Casualty occurs that affects only one Parcel, the Owner of such Parcel shall be responsible for the prompt restoration, reconstruction or repair of such Parcel, subject to the approval of any mortgagee of the Ground Parcel Owner for the Building that is affected by the casualty. If a Partial Casualty affects a Building generally, the Ground Parcel Owner shall be responsible for the prompt restoration, reconstruction or repair arising from such Partial Casualty in accordance with Section 5.2.1 hereof.

5.4 Excess Proceeds. Any excess Proceeds over the cost of reconstruction, repair and restoration of the Building shall be allocated to the Owners of the respective Parcels in the same proportion as if a Total Casualty had occurred and both Owners had elected not to reconstruct, restore or repair the Building, as more particularly described in Section 5.2.2 above.

ARTICLE VI
COMPLIANCE WITH LAWS; REMOVAL OF LIENS;
ZONING: USE RESTRICTIONS

6.1 Compliance with Laws. The Owners:

6.1.1 Shall each comply with all laws, statutes, codes, rules, orders, decrees, ordinance, regulations and requirements, now or hereafter enacted or promulgated by the United States of America, State of North Carolina, County of Orange, City of Chapel Hill and any other entity or agency now or hereafter having jurisdiction over the Property or any portion thereof; and make all payments of taxes and other charges, the nonpayment of which entitles the unpaid part} to assert a lien on an Owner's property, or if noncompliance or nonpayment by one Owner with respect to its Parcel or any part thereof would subject the other Owner to civil or criminal liability, or would jeopardize the full force or effect of any certificate of occupancy issued to such other Owner or for the Building itself or would jeopardize such other Owner's right to occupy or utilize

beneficially its respective Parcel or any part thereof, or would result in the imposition of a lien against any other property of an Owner; and

6.1.2 Shall each comply with all rules, regulations and requirements of any insurance rating bureau- having jurisdiction over the Property or any portion or the requirements of any insurance policy affecting insurance coverage on the other Owner's Parcel if noncompliance by it with respect to its Parcel or any portion thereof would (i) increase the premiums of any policy of insurance maintained by the other Owner, or (ii) render the other Owner's Parcel uninsurable, or (iii) create a valid defense to the other Owner's right to collect insurance proceeds under policies insuring such other Owner's Parcel: provided further, however, that if such compliance is hereafter required solely because of the nature of the use, possession or management of or activities in the other Owner's Parcel, such other Owner shall be liable for the cost and expense of such compliance. If at any time any Owner so obligated to comply (the "Non-Complying Owner") shall not proceed diligently with such compliance and such failure to proceed shall adversely and materially affect the other Owner, then the Owner requesting such compliance (the "Requesting Owner") may give written notice to the Non-Complying Owner specifying the respect or respects in which the cure of such noncompliance is not proceeding diligently and, if upon expiration often (10) days after the receipt of such notice, and such cure of the noncompliance is still not proceeding diligently, then the Requesting Owner may cause such compliance to occur by taking all appropriate steps to carry out the same. The Requesting Owner shall be entitled to reimbursement upon demand from Non-Complying Owner for all costs and expenses incurred by Requesting Owner in connection with causing any such compliance to occur, including interest at the Default Rate from the date of payment by the Requesting Owner of these costs and expenses to the date of reimbursement of the Requesting Owner.

6.2 Mutual Indemnification. Each Owner (hereinafter, "Indemnifying Owner") covenants and agrees, at its sole cost and expense, to indemnify and hold harmless the other Owner, its partners, agents, directors, officers, employees and members (collectively referred to as the "Indemnitee") from and against any and all claims against Indemnitee for losses, liabilities, damages, judgments, costs and expenses and any actions or proceedings arising therefrom, by or on behalf of any person, firm, corporation or governmental authority, other than the Indemnitee, arising from the Indemnifying Owner's or its Permittees' use, possession, or management of the Indemnifying Owner's Parcel or activities therein or arising out of the Indemnifying Owner's or its Permittees' use, exercise or enjoyment of an easement and from and against all costs, reasonable attorney's fees, expenses and liabilities incurred with respect to any such claim, action or proceeding arising therefrom. In case any action or proceeding is brought against the Indemnitee by reason of any such claim, Indemnifying Owner, upon notice from Indemnitee, covenants to resist or defend such action or proceeding with attorneys reasonably satisfactory to Indemnitee. (Any counsel for the insurance company providing insurance against such claim, action or proceeding shall be presumed reasonably satisfactory to Indemnitee.)

6.3 Zoning and Subdivision Compliance. Without limiting the provisions of Section 6.1, no Owner shall make any alterations or allow any use of their respective Parcels or take or fail to take any action which would violate the provisions of the governing zoning or subdivision ordinance and regulations or alter the use of its Parcels so as to violate such governing zoning or subdivision ordinance and regulations.

6.4 Use Restrictions Applicable to Ground Parcel. It is the intent of the Ground Parcel Owner that the Buildings shall be constructed and maintained as a first class, mixed-use development, with condominium units on the second and third floors and commercial retail or office tenants on the first floor. The Ground Parcel Owner shall neither use any space in the Buildings for any of the following uses nor enter into any agreements or leases with any party which uses, or intends to use, any space in the Buildings for any of the following uses, and no such use shall be permitted:

- (1) Bowling alley;
- (2) Funeral parlor;
- (3) Industrial or manufacturing use;
- (4) Adult bookstore or adult video tape store;
- (5) Massage parlor, "strip" or similar club or establishment;
- (6) So-called "head shop";
- (7) Dry cleaners (except as a "drop off site for off-site cleaning); or

(8) Photography stores which develop film on-site (unless the store is required by the terms of its lease to properly store and dispose of processing chemicals and other, photographic waste materials in accordance with all applicable federal, state and local laws, rules and regulations).

(9) A pet store, kennel, veterinary practice, or similar use that involves the housing of animals.

6.5 Use Restrictions Applicable to the Condominium Parcel.

6.5.1. Except as provided in this Declaration, no Residential Unit shall be used for other than housing and the related common purposes for which the Residential Units were designed. No Residential Unit shall be occupied on a permanent basis by more than two (2) adults unless all such adults are members of the Residential Unit Owner's immediate family.

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6.5.2 Nothing shall be done or kept in any Residential Unit or in the common areas of the Condominium Parcel which will increase the rate of insurance for a Building or any part thereof without the prior written consent of the Ground Parcel Owner.

6.5.3 No improper, offensive or unlawful use shall be made of any Residential Unit or any part thereof, and all valid laws, zoning ordinances and regulations of all governmental agencies having jurisdiction thereof shall be observed. All laws, orders, rules, regulations or requirements of any governmental agency having jurisdiction thereof relating to any portion of the Condominium Parcel shall be complied with.

6.5.4 After a Residential Unit has been transferred from Declarant to a Unit Owner. Residential Unit shall not be used or occupied for transient, hotel or motel purposes or in any event leased or rented for an initial period of less than six (6) months. This restriction shall not apply to any units owned by Declarant.

6.5.5. The maintenance, keeping, boarding and/or raising of animals, livestock or poultry of any kind, regardless of number, is prohibited within the Condominium Parcel, except that the keeping of one (1) domestic pet (e.g., dog., cat or caged bird) is permitted, per Residential Unit and aquarium fish (and other limited species of animals which do not normally leave the Residential Unit and which do not make noise); provided, however, that such pets are not kept or maintained for commercial purposes or for breeding; and provided, further, that any such pet causing or creating a nuisance or unreasonable disturbance or noise may be permanently removed from the Condominium Parcel upon ten (10) days written notice from the Ground Parcel Owner. All pets shall be kept on a leash except when in a Residential Unit and the Residential Unit Owner shall be responsible for removing all feces left on the Property by any pets residing with such Residential Unit Owner.

6.5.6 No signs of any character shall be erected, posted or displayed upon. in. from or about any Residential Unit which is visible from the exterior of the Residential Unit without the prior written approval of the Ground Parcel Owner.

6.5.7 Except to the extent such uses are required by law to be permitted, no Residential Unit may be used for day care or group home purposes.

6.5.8 Balconies, patios or terraces may not be changed structurally or cosmetically without the prior written approval of the Ground Parcel Owner. Umbrellas, outdoor carpeting, and similar moisture absorbing floor coverings are not permitted on balconies, patios or terraces. No floor coverings shall be permanently affixed or attached to any balcony, patio or terrace appurtenant to any Residential Unit. No cooking or barbecuing utilizing an open flame shall be permitted on any balcony, patio or terrace. No banners, signs, wall-hangings, antennas or objects of any other character shall be hung from or displayed from the balconies or from the exterior of windows of any Residential Unit; provided, that hanging plants and baskets are permitted so long as they

hang entirely within the floor area of balconies. Clotheslines are not permitted on balconies, patios and terraces, and towels or clothing shall not be stored or maintained so as to be visible from the exterior of a Building.

6.5.9 The exterior glass surfaces of windows of Residential Units shall not be colored, tinted or painted, and no curtain, shade or other window treatment bearing any legend or illustration shall be visible from the exterior of the Buildings.

6.5.10 No unusual, disturbing or objectionable odor or noise shall be permitted to emanate from any Residential Unit.

6.5.11 No Residential Unit Owner shall sweep or throw any debris, dirt or other substance from any window or balcony, patio or terrace or permit any occupant or guest to engage in such activities.

6.5.12 No outside radio or television antennas, including satellite dishes or receivers, shall be erected on the exterior of any Unit unless and until permission for the same has been granted by each of the Association and the Ground Parcel Owner.

6.5.13 No Residential Unit Owner shall park or store any camper, trailer, or similar vehicle anywhere on the Property. No trucks shall be permitted except for standard 2-ton or less pickup trucks or smaller sized trucks.

6.6 Environmental Restrictions. Neither Owner shall, (either with or without negligence) cause or permit the escape, disposal or release of any biologically active or other hazardous substances, or materials or allow⁷ the storage or use of such substances or materials in the Buildings in any manner not sanctioned by law for the temporary storage and use of such substances or materials. Each Owner shall maintain its respective Parcel so as to comply with all now existing or hereafter enacted or issued statutes, laws, rules, ordinances, orders, permits and regulations of all state, federal, local and other governmental and regulatory authorities, agencies and bodies applicable to the Property pertaining to environmental matters or regulating, prohibiting or otherwise having to do with asbestos and all other toxic, radioactive, or hazardous wastes or material including, but not limited to, the Federal Clean Air Act, the Federal Water Pollution Control Act, and the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as from time to time amended.

ARTICLE VII ALTERATIONS

7.1 Alterations.

7.1.1 Except as otherwise expressly required or permitted, any Owner (hereinafter, "Altering Owner") may, at any time, at such Altering Owner's sole cost and

expense, make additions, improvements or alterations (hereinafter, "Alterations") to its Parcel provided that such Alterations comply with all of the provisions of this Article VII and do not violate any other provisions of this Declaration.

7.1.2 Subject to the Ground Parcel Owner's rights under Section 4.3 hereof, neither Owner shall be entitled to make any Alterations without the prior written consent of the other Owner if such Alterations will:

- (1) diminish the benefits afforded to such other Owner by any easement or interrupt such other Owner's use or enjoyment of any easement other than temporary disruption for construction purposes, which shall not be unreasonable in its nature or duration;
- (2) impair the structural integrity of any of the Buildings (or any portion thereof):
- (3) materially affect facilities benefiting the other Owner; or
- (4) be inconsistent with (or completed with materials below) the first-class standards of the Buildings as reasonably determined in good faith by the Ground Parcel Owner.

7.1.3 If, at any time, the Altering Owner proposes to make any Alterations which require or could possibly require the consent of the other Owner then before commencing or proceeding with such Alterations, the Altering Owner shall deliver to the other Owner a copy of the plans and specifications showing the proposed Alterations and a reference to this Section 7.1. If such other Owner consents to such Alterations or states that its consent is not required, the Altering Owner may proceed to make its Alterations substantially in accordance with said plans and specifications. The Owner whose consent is requested shall make a good faith, diligent effort to respond to the Altering Owner within fifteen (15) days after its receipt of said plans and specifications from the Altering Owner showing proposed Alterations. If the Altering Owner has not requested the other Owner's consent to any proposed Alterations, and if in the good faith opinion of the other Owner the Altering Owner has violated or will violate the provisions of Section 7.1, such Owner (the "Objecting Owner") believing a violation exists shall notify the Altering Owner of its opinion that the Alterations or proposed Alterations violate or will violate the provisions of Section 7.1 hereof and shall specify the respect or respects which its provisions are or will be violated. If an Objecting Owner in good faith asserts a violation of Section 7.1 then the Altering Owner shall not commence with the Alterations or proceed with the Alterations, if already commenced, until the matter has been resolved. In addition to any other legal or equitable rights or remedies to which the Objecting Owner may be entitled by reason of an Altering Owner's violation or likely violation of the provisions of this Section 7.1, the Objecting Owner shall be entitled to seek and obtain injunctive relief to enjoin any such violation.

7.1.4 If any matter arises between the Owners with respect to whether any Alterations or proposed Alterations violate the provisions of Section 7.1. then the Owners may submit such matter to mediation and, if necessary, arbitration in accordance with the provisions of Article VIII hereof.

7.1.5 The Owners, in making Alterations, shall (i) perform all work in a good and workmanlike manner and in accordance with good construction and engineering practices, (ii) comply with all applicable federal, state and local laws, statutes, ordinances, codes, rules, regulations and orders, and (iii) comply with all of the applicable provisions of this Declaration. Each Owner shall, to the extent reasonably practicable, make Alterations within its Parcel in such a manner as to minimize any noise, vibration, particulates and dust infiltration or other disturbance which would disturb an occupant or occupants of the other Parcel, but such Owner shall not be liable in any event for damages as a result of any such disturbance.

7.2 Building Permits. Applications for building permits to make Alterations shall be filed and processed by the Altering Owner without the joinder of the other Owner in such application, unless the applicable government agency having jurisdiction thereof requires joinder of the other Owner. If joinder by the other Owner not making Alterations is so required, said Owner shall cooperate in executing such application or other instruments as may be necessary to obtain the building permit: provided, however, the Altering Owner shall indemnify and hold harmless the other Owner from and against any and all loss, liability, claims, judgments, costs and expenses arising out of the other Owner's execution of the application, permit or other instrument.

7.3 Alteration Liens. An Altering Owner performing any work required or provided for under this Declaration shall include in any construction contract a provision pursuant to which the contractor recognizes the separate ownership of the Parcel and agrees that any lien rights which the contractor or subcontractors have under North Carolina law shall only be enforceable against the Parcel owned by the Altering Owner.

ARTICLE VIII

DISPUTE RESOLUTION

8.1 Mediation of Disputes. Any controversy or claim between or among the Owners, including disputes involving any apportionment of expenses or Proceeds as determined by the Ground Parcel Owner, shall be submitted to mediation in accordance with the Rules for Mediated Settlement Conferences in Superior Court Civil Actions, as approved and amended from time to time by the North Carolina Supreme Court. Submission of a dispute to mediation is a condition precedent to filing an arbitration proceeding as set forth in Section 8.2, below; provided however, a party may file a civil action or an Arbitration claim prior to seeking

mediation if necessary to bring such action or claim prior to the expiration of an applicable statute of limitations, but the parties must then submit the dispute to mediation.

8.2 Arbitration of Disputes. Any controversy or claim which is not resolved by mediation shall be subject to binding arbitration in accordance with the North Carolina AAA Rules (Commercial Procedures). Judgment upon any arbitration award may be entered in any court having jurisdiction. An Owner may bring an action, including a summary or expedited proceeding, to compel arbitration of any controversy or claim to which this agreement applies in any court having jurisdiction over such action. Arbitration proceedings shall be conducted in Chapel Hill, North Carolina. The prevailing party under such arbitration shall be entitled to receive its reasonable attorneys' fees and costs.

8.3 Injunctive Relief. Nothing hereunder shall prevent a party from filing a court action seeking temporary or preliminary injunctive relief pending the outcome of mediation or arbitration.

8.4 Claims Against the Ground Parcel Owner. Claims against the Ground Parcel Owner *may* be asserted only by the Association, and not by a Residential Unit Owner.

ARTICLE IX MISCELLANEOUS PROVISIONS

9.1 Effective Date. The easements and covenants created and imposed by this Declaration shall be effective upon the recordation of this Declaration in the Official Records.

9.2 Binding Effect. The benefits and burdens of each easement and the obligations of each covenant set forth in this Declaration shall run with the title to the land and the particular property interests and shall bind or benefit the Owners thereof, their respective heirs, successors, successors-in-title, legal representatives and assigns.

9.3 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any Person or any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

9.4 Notices. Any notices, requests or other communications required or permitted to be given under this Declaration shall be in writing and shall be delivered by hand or courier (including United Parcel Service, Federal Express and other such services) or mailed by United States certified mail, return receipt requested postage prepaid and addressed to each Owner at its address as first set forth below. Any such notice, request or other communication shall be considered given on the date of such hand or courier delivery or deposit in the United States mail, and shall be considered received on the date of hand or courier delivery or on actual receipt

following deposit in the United States mail as provided above. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, request or communication. By giving written notice in the manner provided in this Section 9.4. effective on receipt or attempted delivery at the last recorded address of the receiving Owner, any Owner may from time to time and at any time change its mailing address under this Agreement. Any notice, request or other communication required or permitted to be given by any Owner may be given by such Owner's counsel. The addresses of the Owners are as follows:

Ground Owner: _____ Meadowmont JV, LLC
 c/o Craig Davis Properties 3605
 Glenwood Avenue, Suite 435 Raleigh.
 North Carolina 27612 Attention: Mr.
 Richard A. Moehring

Association: _____ Meadowmont Village Condominium
 Owners Association. Inc. c/o
 Craig Davis Properties 3605 Glenwood
 Avenue, Suite 435 Raleigh. North
 Carolina 27612 Attention: Mr. Richard
 A. Moehring

9.5 Governing Law. This Declaration shall be governed by, construed under, and enforced in accordance with the laws of the State of North Carolina.

9.6 Waiver. No consent or waiver, express or implied, by any Owner to or of any breach or default by any other Owner in the performance by such other Owner of the obligations thereof under this Declaration shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Owner of the same or any other obligations of such, other Owner under this Declaration. Failure on the part of any Owner to complain of any act or failure to act of any other Owner or to declare such other Owner in default irrespective of how long such failure continues, shall not constitute a waiver by such Owner of the rights thereof under this Declaration. -

9.7 Unavoidable Delays. No Owner shall be deemed to be in default in the performance of any obligation created under or pursuant to this Declaration, other than an obligation requiring the payment of a sum of money, if and so long as non-performance of such obligation shall be caused by fire or other casualty, national emergency, governmental or municipal laws or restrictions, enemy action, civil commotion, strikes, lockouts, inability to obtain labor or materials, war or national defense preemptions, acts of God, energy shortages or similar causes beyond the control of such Owner (other than the inability to make payment of money) ("Unavoidable Delays") and the time limit for such performance shall be extended for period equal to the period of any such Unavoidable Delay. The Owner unable to perform (the "Non-Performing Owner") shall notify the other Owner in writing of the existence and nature of

any Unavoidable Delay within a reasonable time after the onset of any such Unavoidable Delay. The Non-Performing Owner shall, from time to time upon written request of the other Owner, keep the other Owner fully informed, in writing, of all further developments concerning any such Unavoidable Delay. Unavoidable Delay shall not excuse any payment obligation hereunder.

9.8 Procedure to Terminate, Amend or Rescind. The provisions of this Declaration may be abrogated, modified, rescinded, terminated or amended in whole or in part only by declaration in writing, executed and acknowledged by all of the Ground Owners and the Association duly recorded in the Official Records, but this Declaration may not be otherwise abrogated, modified, rescinded, terminated or amended, in whole or in part. Upon the request of any Owner, the Owners shall execute a supplement to this Declaration, at such time as construction of any new improvements is completed, for the purpose of more specifically describing the location upon the Property, or within or upon the improvements then constructed, of the easements and rights of access created and declared hereby, in the event that an Owner shall deem that such greater specificity is necessary or appropriate, and such supplement shall be recorded in the Official Records.

9.9 Terminology. All personal pronouns used in this Declaration whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural: and the plural shall include the singular. Titles of Articles, Sections and Subsections of this Declaration are for convenience only, and neither limit nor amplify the provisions of this Declaration, and all references in this Declaration to Articles, Sections or Subsections shall refer to the corresponding Article, Section or Subsection of this Declaration unless specific reference is made to the articles, sections or subdivisions of another document or instrument.

9.10 Counterparts. This Declaration may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but a single instrument.

9.11 Joint Venture or Partnership. Nothing contained in this Declaration shall be construed to create the relationship between the parties hereto or the beneficiaries hereof of principal and agent, of mortgagee and mortgagor, of partners, of joint ventures, or of any association with each other, or so as to render any of such parties liable for the debts or obligations of the other.

9.12 Exhibits. All Exhibits referred to herein and attached hereto are deemed incorporated herein by reference with the same force and effect as if each Exhibit were set forth in the body of this Declaration in its entirety.

9.13 Estoppel Certificates. Each Owner shall, within ten (10) days of request by the other party, certify by a writing duly acknowledged in form for recording, to the other party, any mortgagee or proposed mortgagee, or proposed assignee of a mortgagee, a statement including the following information:

- (1) Whether they have any knowledge of any violation of this Declaration;
- (2) The nature of any alleged violation of this Declaration:
- (3) Whether they have any knowledge that any sum is due and payable under this Declaration: and
- (4) The amount of any sum allegedly due and payable under this Declaration.

Failure to provide such estoppel certificate shall conclusively estop the Owner from claiming that there is any existing violation of the Declaration or any sum due and payable under the Declaration.

9.14 Collection. Each Owner, their successors and assigns, shall be entitled to secure and collect any monies owed to them in accordance with the following provisions. If any sum owed is not paid within thirty (30) days of a demand for payment, there shall be added to the sum owed interest at the Default Rate, and such outstanding amount shall constitute a continuing lien on the Parcel of the defaulting Owner. The lien created by this agreement shall be prior to all other liens except; (a) tax or assessment liens on the property by any governmental authority, including but not limited to. State. City and County taxing agencies; and (b) all sums unpaid on any mortgages of record encumbering the portion of the Property in question. Any sum owed may be collected by the other party in an action at law or by an action to foreclose the lien.

9.15 Mortgages. The right of the Owners and their successors and assigns to grant any mortgage or security interest encumbering any portion of the Property, shall be subordinate to the easements, covenants, and restrictions created in this Declaration.

9.16 Separate Ownership of Ground Parcels. In the event the Ground Parcel is subdivided into separate tracts so that there is separate ownership of each Building, then all of the rights and obligations created by this Declaration shall apply separately to each Ground Parcel. In such event, the rights and obligations of each Ground Parcel Owner with respect to the easements, covenants, restrictions, charges and liens created hereunder shall be independent and separate with respect to each Ground Parcel Owner's separate Ground Parcel. Each Ground Parcel Owner shall be responsible only for its own Ground Parcel Building, and not for any other Ground Parcel Building, and each separate Ground Parcel Owner shall NOT be jointly and severally liable with the other Ground Parcel Owners with respect to any obligations created under this Declaration.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed under seal first above written.

DECLARANT AND OWNER:

MEADOWMONT JV. LLC.

a Delaware limited liability company

By: Meadowmont Village Associates LLC. a North Carolina limited liability company, its managing member

By: *[Signature]*
Craig M. Davis
Manager

[SEAL]

STATE OF NORTH CAROLINA :

COUNTY OF ORANGE :

I, Jervina. & LU'S.p fCLrxA, Notary Public of the state and county aforesaid certify that Craig M. Davis personally came before me this day and acknowledged that he is the Manager of Meadowmont Village Associates. LLC. managing/member of Meadowmont JV. ~~6>effl~~ LLC. a Delaware limited liability company, and that he as Manager being so authorized to do so. "*****" executed the foregoing on behalf of the limited liability company as managing member of Meadowmont JV. LLC.

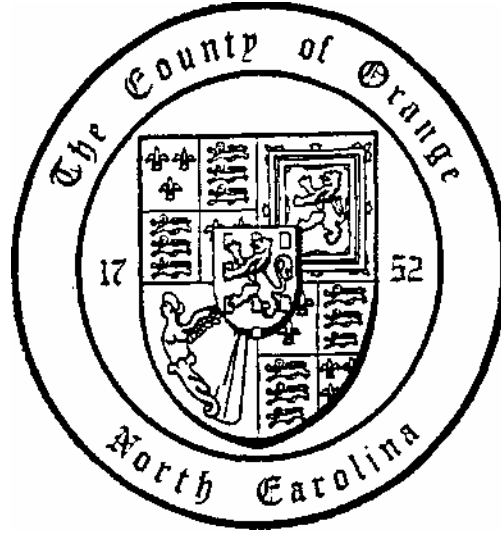
Witness my hand and official seal, this the v day of June 20 05

[NOTARY SEAL]



My Commission Expires May 24, 2005

Jcnene B. Ursprung
Notary Public - North Carolina
County of Wake
Commission Expires May 24, 2005



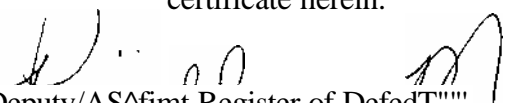
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Joyce H. Pearson
Register of Deeds
Orange County
North Carolina

State of North Carolina, County of Orange

The foregoing certificate/s of Jonene B. Ursprung, Notary/Notaries Public for the Designated Governmental units is/are certified to be correct. See filing certificate herein.

This day December 7, 2001


Deputy/Assistant Register of Deeds

JOYCE H. PEARSON, REGISTER OF DEEDS By:

XH,B,T

Property

BEING ALL of Village Center Parcel 1. containing 13.53 acres, more or less, as shown on that plat entitled "Final Plat - Village Center." dated October 11, 1999 and last revised March 6, 2000. prepared by The John R. Me Adams Company, Inc. and recorded in Plat Book 85. Pages 78-80. inclusive. Orange County Registry.

00* **EXHIBIT-A-2**

Building Locations/Descriptions

BEING all of Building D. Building E and Building G in Meadowmont Village. Chapel Hill. Orange County. North Carolina, as shown on the Plats for Building D. Building E. and Building G for the Meadowmont Village Condominiums prepared by Balentine Associates. P.A. dated 30 August 2001 (Revised 09-27-01) recorded in Condominium File'S-l.-cAal Orange County. North Carolina Resistrv.

EXHIBIT A-3

The real property which comprises the Condominium Parcel is as set forth in the Declaration of Condominium for the Meadowmont Village Condominiums recorded in Book OHv^ . Page [_ ^]. Orange County Registry, ("Declaration of Condominium") and is more specifically described as follows (with all defined terms in this Exhibit A-3 having the meanings set forth in the Declaration of Condominium):

BEING all of units 121. 122. 123. 124. 131. 132, 133. 134. 521. 522. 523. 524. 531, 532. 533. 534, 621. 622. 623. 624. 631. 632. 633. and 634. together with all of the Common Elements and Limited Common Elements as shown on the Plats for Building D, Building E. and Building G for the Meadowmont Village Condominiums prepared by Balentine Associates. P.A. dated 30 August 2001 (Revised 09-27-01) ("Plats") and as shown on the Plans for Meadowmont Village Condominiums for Building D, Building E. and Building G prepared by J. Davis Architects cdated 5 October 2001 ("Plans"), said Plats and Plans being recorded in Condominium File fl-icHKV Orange County. North Carolina Registry. Building D, Building E and Building G as shown in the Plats and Plans are collectively referred to as the "Buildings."

The Property hereby conveyed to the Condominium includes the following:

(a) An exclusive easement to use the balconies, patios, exterior doors, exterior windows and awnings designed to serve the Units and Common Elements of the Condominium, subject to the maintenance, repair and replacement provisions in the Mixed Use Covenants: provided, however, that the structural elements of the balconies and patios are not included in the property transferred to the Condominium.

(b) The elevator shaft, the stair wells, elevator mechanical room, and first-floor, elevator and stairwell lobbies in each Building as shown on the Plats and Plans,

(c) All elevator equipment in the Buildings together with a non-exclusive easement for (i) access to the location of any elevator equipment in each Building which is outside of the Condominium, and (ii) the right to keep, maintain and replace such equipment;

(d) An irrevocable license to use the trash receptacles and equipment designated for use by the Owners and the Association together with a non-exclusive easement for access to the location of all such equipment for each Building, as shown on the Site Plat or as the same may be relocated from time to time.

(e) All equipment and installations for operations and for services such as power, lights, telephone, security system, cable TV, including all associated wiring and cabling from the associated distribution box or "punchdown" location within the main electrical equipment rooms in each Building and serving only the Units or Common Elements of the Condominium, together

with a non-exclusive easement for (i) access to the location of all such equipment in each Building and (ii) the right to keep, maintain and replace such equipment. The distribution box, electrical box, circuit breakers, and punchdown equipment serving each Building, and the main equipment rooms in which such equipment is stored, are not part of the Condominium.

(f) A non-exclusive easement for access to and use of the roof of each Building for installation of no more than one standard residential satellite dish antenna ("dish") per Unit in each Building, with associated wiring to the applicable Unit, subject to the following: (i) each dish shall be no more than twenty inches in diameter; (ii) the location and manner of installation of each dish shall be determined by the Ground Parcel Owner, in its discretion; (iii) each dish shall be installed by or at the direction of the Ground Parcel Owner at the request of the Association, and (iv) the Association shall reimburse the Ground Parcel Owner (or, at the election of the Ground Parcel Owner, pay directly) for all costs for the installation, maintenance, repair and replacement of the dish and associated wiring and equipment. The dish and its associated wiring and equipment shall be limited common elements so that the Owners of the Unit or Units using such dish and associated wiring and equipment shall reimburse the Association (or, at the election of the Association, pay directly) for all costs for the installation, maintenance, repair and replacement of the dish and associated wiring and equipment.

(g) All mechanical equipment for heat and air conditioning (wherever located) which serves only the Units and Common Elements, including pipes, ducts, wiring, cables and conduits, and all other central mechanical equipment spaces serving only the Units or the Common Elements, together with a non-exclusive easement for (i) access to the location of all such equipment in each Building and (ii) the right to keep, maintain and replace such equipment. Mechanical equipment for heat and air conditioning located outside of the Units and all distribution ductwork to the point it enters the interior drywall, floor or ceiling space are not part of the Condominium, and the Condominium is subject to a non-exclusive easement hereby reserved in favor of the Declarant or its assigns for (i) access to the location of all such equipment in each Building, and (ii) the right to keep, maintain and replace such equipment.

(h) All waterlines, sewer pipes and sewer systems serving only the Units from the transition or tie in for such services to the primary service at the main runs to the point that such service enters the Units at the interior drywall, floor or ceiling space together with a non-exclusive easement for (i) access to the location of all such equipment in each Building and (ii) the right to keep, maintain and replace such equipment. The fire sprinkler waterlines, equipment and sprinkler heads are not a part of the Condominium, and the Condominium is subject to a non-exclusive easement hereby reserved in favor of the Declarant or its assigns for (i) access to the location of all such fire sprinkler equipment in each Building, including the sprinkler heads located within the Units, and (ii) the right to keep, maintain and replace such equipment.

(i) A non-exclusive easement for ingress and egress to the Buildings over the roads and driveways in Meadowmont Village, as the same may be modified from time to time.

(j) An exclusive easement for vehicular parking in the area shown on the Site Plat as "Exclusive Condominium Parking."

(k) A non-exclusive easement for unreserved vehicular parking in no more than twenty-four (24) parking spaces in the general public parking areas of Meadowmont Village ("General Parking"), provided however, the Declarant or its assign reserves the right (i) to limit access to the General Parking areas from time to time (ii) to designate which areas may be utilized by the Owners in the General Parking area, and (iii) to modify such designated areas for Owners to park in the General Parking area from time to time.

(1) All rights and easements granted to the Association under the Declaration of Covenants. Conditions. Restrictions and Easements for Mixed-Use Buildings recorded in Book JMS[^] .Page 1x2— . Orange County Registry.

THE REAL PROPERTY CONVEYED TO THE CONDOMINIUM EXPRESSLY DOES NOT INCLUDE THE FOLLOWING:

(a) THE LAND ON WHICH THE BUILDINGS ARE SITUATED;

(b) THE GROUND FLOORS OF THE BUILDINGS OTHER THAN THE STAIRWELLS. ELEVATOR SHAFTS AND ELEVATOR AND STAIRWELL LOBBIES, AND EQUIPMENT AND EASEMENT RIGHTS SPECIFICALLY LISTED ABOVE.

(c) THE ROOF. FOUNDATION. CONCRETE SLAB FLOORS AND CONCRETE CEILINGS. SUPPORT COLUMNS. OR EXTERIOR WALLS OF THE BUILDINGS.

(d) THE CEILING SPACE ABOVE THE METAL SUPPORT GRIDS FOR THE THIRD FLOOR CEILING.

(f) THE EXTERNAL WALLS OF THE BUILDINGS AND ALL STRUCTURES SUPPORTING SUCH WALLS. OR

(g) ANY COLUMNS. PIERS. FOOTINGS. CAISSONS. GIRDERS. BEAMS, FOUNDATIONS. SLABS AND OTHER SUPPORTS, SUPPORTING STRUCTURES AND APPURTENANCES THERETO. LOCATED IN THE BUILDINGS OR ON THE LAND ON WHICH THE BUILDINGS ARE LOCATED.

The real property conveyed to the Condominium is expressly subject to:

(a) All of the rights, reservations and easements set forth in the Declaration of Condominium for the Meadowmont Village Condominiums.

(bj) The Declaration of Rights. Restrictions. Affirmative Obligations and Conditions Applicable to all Property in Meadowmont. recorded in Book 1919, Page 87, Orange County Registry.

(c) The Declaration of Covenants and Restrictions of the Meadowmont Community Association. Inc. and Meadowmont Development Company, a North Carolina Joint Venture. recorded in Book 1919, Page 121. Orange County Registry.

(d) The Declaration of Master Protective Covenants for Meadowmont Village. recorded in Book 1914, Page 133 Orange County Registry.

(e) The Declaration of Covenants. Conditions. Restrictions and Easements for Mixed Use Buildings by Meadowmont JV. LLC. recorded in Book JH-H. Page ii I—, Orange County Registry.

(f) All other easements, rights of way. restrictions and covenants of record.