

Prepared by John M. Rich, Attorney

**DECLARATION OF CONDOMINIUM  
FOR  
WASHINGTON SQUARE BUSINESS CONDOMINIUMS**

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- EXHIBIT "B" Articles of Incorporation
- EXHIBIT "C" Bylaws

**DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS OF  
WASHINGTON SQUARE BUSINESS CONDOMINIUMS**

This DECLARATION, made on this 12<sup>th</sup> day of November 2004 by **HIGHWAY 56 GRANVILLE ASSOCIATES, LLC**, a North Carolina limited liability company, Declarant;

**WITNESSETH:**

WHEREAS, Declarant is the owner of certain property located at 2550, 2552, 2556, 2559, and 2561 Capitol Drive, Creedmoor, North Carolina, 27522 and more particularly described as follows (herein "Property"):

**Located in Dutchville Township, Granville County, North Carolina and being all of Lot 3 and Lot 4 Washington Square Subdivision shown on that map recorded in Book of Maps 23 Page 81 Granville County Registry.**

WHEREAS, Branch Banking and Trust (hereinafter "BB&T") is the holder of a security interest in the Property by virtue of that Deed of Trust Declarant recorded in the Granville County Registry, North Carolina, (the "BB&T Deeds of Trust") together with any other documents and instruments evidencing, securing, or in any manner relating to the indebtedness evidenced or secured by the BB&T Deed of Trust (all such documents are hereinafter referred to as the "BB&T Security Documents") and BB&T desires to subordinate the lien of the BB&T Security Documents to this Declaration and by the execution of this instrument does hereby consent to the terms of this Declaration and subordinates the lien of the BB&T Deed of Trust hereto; provided, however, that BB&T shall not be liable for any obligations hereunder in the event it should become the owner of the Property or any portion thereof via foreclosure or deed in lieu of foreclosure.

WHEREAS, Declarant desires and intends to create 5 buildings on the Property, with each building containing Five (5) or more units and certain improvements constructed or to be constructed into condominium units, or "units" as those terms are defined under the provisions of the North Carolina Condominium Act, (Chapter 47C of the North Carolina General Statutes) hereafter "NCGS 47C", and to sell and convey the same to various purchasers subject to the covenants, conditions and restrictions herein reserved to be kept and observed; and

WHEREAS, Declarant desires and intends by the filing of this Declaration, to submit the above-described property and the buildings to be located thereon and all other improvements to be constructed, together with all appurtenances thereto, to the provisions of the North Carolina Condominium Act.

NOW, THEREFORE, Declarant hereby declares that all of the properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, and conditions, which shall run with the real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

## PART I DEFINITIONS

Section 1: “Allocated Interests” means the undivided interest in the Common Elements, Common Expense liability and votes in the Association, allocated to each Unit. The Allocated Interests are shown on Exhibit A.

Section 2: “Articles of Incorporation” means the Articles of Incorporation of the Association as they may be amended from time to time. A copy of the Articles of Incorporation is attached hereto as Exhibit B.

Section 3: “Association” means Washington Square Business Condominiums Owners Association, Inc., its successors and assigns.

Section 4: “Bylaws” means the Bylaws of the Association as they may be amended from time to time. A copy of the Bylaws is attached hereto as Exhibit C.

Section 5: “Common Elements” means all portions of a Condominium other than the Units.

Section 6: “Condominium” means real estate, portions of which are designated as Units for separate ownership, and the remainder of which is designated for common ownership solely by the owners of those separately owned portions as provided by NCGS 47C.

Section 7: “Declarant” means **HIGHWAY 56 GRANVILLE ASSOCIATES, LLC**, a North Carolina limited liability company, and its successors and assigns.

Section 8: “Declaration” means this Declaration of Covenants, Conditions and Restrictions.

Section 9: “Delivery of Notice” means written notice delivered to the Unit, Delivery by US Postal Service Return Receipt, or, by United Parcel Service, Federal Express, or any other courier service delivering to the named recipient where receipt thereof is acknowledged in writing and returned to the sender.

Section 10: “Executive Board” means the body designated in the Declaration to act on behalf of the Association.

Section 11: “Limited Common Elements” means a portion of the Common Elements allocated by the Declaration for the exclusive use of one or more but fewer than all of the Units.

Section 12: “Member” means every person or entity that holds membership in the Association.

Section 13: “Owner” or “Unit Owner” means the record owner, whether one or more persons or entities, of a fee simple title to any Unit which is a part of the Property, together with an undivided interest in the Common Elements as hereinafter set forth, but excluding those having such interest merely as security for the performance of an obligation.

Section 14: “Period of Declarant Control” means the period commencing on the date hereof and continuing until the earlier of (i) five (5) years after the date of the first conveyance of a Unit to an Owner other than a Declarant; (ii) one hundred twenty 120 days after conveyance of seventy-five percent (75%) of the Units (including any Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than Declarant; (iii) two years after Declarant has ceased to offer Units for sale in the ordinary course of business; (iv) two years after any development right to add new Units was last exercised, or (v) the date upon which Declarant voluntarily surrenders control of the condominiums.

Section 15: “Plats and Plans” means the plats and plans for Washington Square Business Condominiums recorded in the Condominium Records at the office of Granville County Register of Deeds, and constituting a part hereof, as the same may be amended from time to time.

Section 16 “Unit” means a physical portion of the Condominium designated for separate ownership as a discrete portion of the Property.

Section 17: “Use” as used herein shall have the following subsets of meaning:

- A. “Approved Use” means the specific use of the unit by its owner upon approval granted by Declarant or the Executive Board.
- B. “Planned Use” means the use intended by a unit owner or prospective owner prior to obtaining the Declarant’s approval.
- C. “Permitted Use” means any use permitted by the applicable zoning and other land use restrictions allowed by the applicable public authority regulating land uses by the Owners and the Association.

## **PART II - DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**

### **ARTICLE I GENERAL**

Section 1: Declarant hereby submits the Property to the provisions of NCGS 47C to be administered in accordance with this Declaration, Articles and the Bylaws.

Section 2: The name of the Condominium shall be “Washington Square Business Center.”

Section 3: The Property is located on 2550, 2552, 2556, 2559 and 2561 Capitol Drive, Creedmoor in Granville County, North Carolina.

Section 4: The maximum number of Units that Declarant reserves the right to create is thirty five (35). The Declarant, in its sole discretion may create fewer than the maximum.

Section 5: Declarant does hereby establish within the Property the first five (5) Units, and does hereby designate all such Units for separate ownership. Reference is hereby made to the Plats and Plans for a separate description of the boundaries of each Unit, identified by number, said Plats and Plans being by this reference incorporated herein.

Section 6: Declarant presently intends, but is not obligated, to expand the Condominium beyond the one (1) buildings and five (5) units within Building One (as shown on the Plats and Plans), to include up to four (4) additional buildings, which additional buildings will contain up to thirty (30) units for a maximum of thirty five (35) units within the completed Condominium.

Section 7: Each Unit Owner shall be a member of the Association.

Section 8: Declarant reserves the following Special Declarant Rights for the entire Property, which shall be exercisable during the Period of Declarant Control:

- A. To complete any and all improvements indicated on the Plats and Plans;
- B. To maintain signs on the Common Elements advertising the Condominium until all of the Units have been conveyed to Unit Owners other than the Declarant. Declarant shall remove all such signs not later than sixty (60) days after all of the Units have been

conveyed to a Unit Owner other than the Declarant and shall repair or pay for the repair of all damage done by removal of such signs;

- C. To alter the size of any Unit, combine or merge two or more Units, and subdivide any Unit, provided there shall be maximum of thirty five (35) units;
- D. To appoint and remove any Executive Board members during the Period of Declarant Control; provided, however, (i) that not later than 60 days after conveyance of twenty-five percent (25%) of the Units to Owners other than the Declarant, at least one member and not less than twenty-five percent (25%) of the members of the Executive Board shall be elected by Owners other than the Declarant; and (ii) that not later than 60 days after conveyance of fifty percent (50%) of the Units to Owners other than a Declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Owners other than the Declarant.
- E. To approve all nameplates and signage attached to the exterior of the Condominium and in and about the Common Areas, and to provide uniform appearance and location.
- F. To amend this Declaration as necessary to exercise the development rights reserved pursuant to this Section 10 and Section 11, or if required by any governmental agency.

Section 9: The Declarant hereby reserves the following Development Rights:

- A. The right by amendment to add and create Units, Common Elements and Limited Common Elements within the Condominium.
- B. The right to construct underground utility lines, pipes, wires, ducts, conduits, driveways, parking lots and other facilities over, across and under the land anywhere in the Condominium for the purpose of furnishing utility, stormwater protection, and other services to the building and improvements to be constructed in connection with such additional Units. The Declarant also reserves the right to grant easements for drainage, access and public and private utilities, and to convey improvements within those easements anywhere in the Condominium for the above-mentioned purposes.
- C. The right to purchase or sell real property.
- D. The right to purchase additional real property and subject it to these Declarations.

Section 10: Declarant/Association Review:

- A. Any current or prospective Unit Owner contemplating the initial use, or, thereafter, any change in the Approved Use of a Unit must submit a set of complete construction drawings to Declarant, or, Executive Board, for review before submitting them for any public approval. Declarant or Executive Board thereafter must approve or reject the plans within 15 days. After such approval the Unit Owner may submit the plans for public approval. Thereafter, the Unit Owner must notify Declarant or Executive Board of any changes to the plans required by the public authority and obtain Declarant or Executive Board approval of any substantial changes.
- B. Unit Owners must submit any signage to be placed on the building's exterior to the Declarant or Executive Board for review and approval.
- C. Unit Owners must provide name and contact number for the General Contractor doing the upfit work or subsequent improvements to any Unit to the Declarant or Executive Board for approval before beginning any work.

- D. Unit Owners must provide the General Contractor's certificate of insurance for liability and workman's compensation to the Declarant or Executive Board prior to beginning any construction.

Section 11: Upon completion of upfit construction, any purchaser of a new Unit must provide a letter to the Declarant from a licensed plumbing contractor stating that he snaked the sewer line from the Unit to the closed manhole outside the building and that the line is clear and free of debris and obstructions. Any debris found in the line must be removed and or repaired within three (3) days. The licensed plumbing contractor cannot be the same plumbing contractor that installed the plumbing for the new Unit Owner.

## **ARTICLE II PROPERTY RIGHTS**

Section 1: Ownership of a Unit shall vest fee simple title to such Unit in the Owner.

Section 2: Each Unit Owner has an unrestricted right of ingress, egress and regress to his Unit. This right shall be perpetual and it shall pass with the unit estate as transfers of unit ownership might occur. Any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the common elements will be void unless the unit to which that interest is allocated is also transferred.

Section 3: Every Unit Owner shall own an undivided interest in the Common Elements and shall have a right and easement of enjoyment in the Common Elements, which shall be appurtenant to and shall pass with the title to every Unit. The undivided interest in the Common Elements and the right and easement of enjoyment in such Common Elements are subject to the following:

- A. The Association shall have the right to adopt such rules and regulations as may be needed to regulate the use and enjoyment of the Common Elements;
- B. Special Declarant Rights and reserved Development Rights as set forth in this Declaration.
- C. The Association shall have the right to dedicate, transfer or encumber all or any part of the Common Elements subject to approval by the Owners as provided in NCGS 47C.

Section 4: Notwithstanding anything provided in this Declaration seemingly to the contrary, the Association shall have the exclusive right to establish the rules and regulations pursuant to which any Unit Owner, his employees, servants, invitees, and lessees, may be entitled to use the Common Elements and any Limited Common Elements.

Section 5: Any Owner may delegate his right of enjoyment to Common Elements to tenants.

Section 6: The Common Elements and any Limited Common Elements are not subject to partition, and any purported conveyance, encumbrance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the Common Elements by a Unit Owner made without the Condominium Unit to which that interest is allocated is void.

## **ARTICLE III ALLOCATED INTERESTS**

Section 1: The table showing Unit numbers and their Allocated Interests is attached as Exhibit A. These interests have been allocated in accordance with the formulas set out in this Article III. These

formulas are to be used in reallocating interests if Units are added to the Condominium.

Section 2: The interests allocated to each Unit have been calculated on the following formulas:

- A. The percentage of undivided interest in the Common Elements allocated to each Unit is based on the relative gross building square footage of each Unit as compared to the gross building square footage of all the Units in the Condominium.
- B. The percentage of liability for Common Expenses allocated to each Unit is based on the relative gross building square footage of each Unit as compared to the gross building square footage of all of the Units in the Condominium. Nothing contained in this Subsection shall prohibit certain Common Expenses from being apportioned to particular Units under Article IV of this Declaration.
- C. The vote in the Association allocated to each Unit is based on the relative gross building square footage of each Unit as compared to the gross building square footage of all of the Units in the Condominium.

Section 3: The effective date for assigning Allocated Interests to Units created pursuant to Declarant rights hereunder shall be the date on which the amendment creating the Units is recorded in the Registry of Granville County, North Carolina.

Section 4: The maximum gross building square footage of all the Units in the Condominium is now determined and will be used as a constant to calculate the Allocated Interest apportioned to each Unit as it is constructed. If, at any time after the initial Allocated Interests are allotted, two (2) or more Units are reconfigured, recombined, reconstructed or otherwise altered jointly so as to change the area of those individual units, the Declarant, or the Executive Board, shall, without joinder or consent of any Unit Owners, amend this Declaration to adjust the Allocated Interest of each such Unit to reflect the new relationship that its gross building square footage bears to the gross square footage of all the Units in the Condominium.

#### **ARTICLE IV ASSESSMENT AND COLLECTION OF COMMON EXPENSES**

Section 1: The Declarant, for each Unit owned within the Property, and each Unit Owner by acceptance of conveyance of the Unit, whether or not it shall be so expressed in such deed, hereby covenants and agrees to pay the Association: (i) annual assessments or charges for ordinary operation of the Association; and (ii) special assessments for capital improvements and for the maintenance, reconstruction and repair of any and all original facilities and any additional facilities hereafter required in order to comply with then current public regulations. Such assessments will be established and collected as hereinafter provided. Except as provided in Section 2 of this Article IV, the liability of each Owner for the Common Expenses of the Association shall be in accordance with his Unit's stated allocation as shown in Exhibit A.

Section 2: Any Common Expense associated with the maintenance, repair or replacement of a Limited Common Element shall be assessed against the Unit or Units to which the Limited Common Element is assigned. Any Common Expense for services provided by the Association to an individual Unit at the request of the Unit Owner shall be assessed against such Unit. Any charge for a utility service provided solely to a particular Unit or Units shall be assessed against such Unit or Units.

Section 3: The lien of the assessments provided for herein shall only be subordinate to the lien of any first mortgage and *ad valorem* taxes. Sale or transfer of any Unit shall not affect the assessment lien. The sale or transfer of any Unit pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, however, shall extinguish the lien of such assessments as to payments that became due prior to such sale or transfer. No sale or transfer shall relieve any Unit Owner of any personal liability for payment of assessments. No sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof.

Section 4: The annual assessments levied by the Association shall be used exclusively for the operation and maintenance of the Condominium, for services and facilities devoted to this purpose, and for the Unit Owners' use and enjoyment of the Common Elements. The Association, in establishing the Annual Budget for the operation, management and maintenance of the Condominium, may designate therein a sum to be collected and maintained as a reserve fund for replacement of, and the making of capital improvements to the Common Elements which Capital Improvement and Replacement Fund (herein "Capital Improvement Fund") shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Elements, as well as the replacement personal property which may constitute a portion of the Common Elements or be owned by the Association and held for the joint use and benefit of the Owners of the Condominium Units. The amount to be allocated to the Capital Improvement Fund may be established by the Executive Board so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Common Elements and other property owned by the Association. In addition to the Capital Improvement Fund, the Association, in establishing the Annual Budget for the operation, management and maintenance of the Condominium, may designate therein a sum to be collected and maintained as a separate reserve fund for reconstruction and repair of any and all stormwater facilities (herein "Facility Fund") mandated by Granville County, the State of North Carolina or any other public authority. The amount to be allocated to the Facility Fund may be established by the Executive Board so as to collect and maintain a sum reasonably necessary to accommodate the probable reconstruction and repair cost for a three-year period. The Association shall maintain Facility Fund in a separate account and such monies shall be used only to reconstruct or repair the said stormwater facilities.

Section 5: Until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the annual assessment shall be \$1.20 per square foot, prorated for the remainder of said year. All Units will be allocated full assessments no later than sixty days after the first Unit is conveyed, except that completed Units owned by the Declarant and not yet occupied shall be assessed at a rate of 25% of a full assessment until such time that they shall be either sold or occupied.

- A. From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership by up to twenty five percent (25%) of the previous year's maximum annual assessment.
- B. From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum annual assessment for the next two (2) years may be increased above the increase permitted in Section 5(A), **PROVIDED** that any such assessment shall receive the affirmative vote of two-thirds (2/3) of the votes of the Owners who are voting in person or by proxy, at a meeting duly called for this purpose. Written notice setting forth the purpose of such meeting shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. No quorum shall be required.



C. The Executive Board may fix the annual assessment at an amount not in excess of the maximum.

Section 6: Both annual and special assessments must be fixed at a uniform rate and may be collected on a quarterly basis.

Section 7: The annual assessments provided for herein shall commence at a date established by the Association. Once such annual assessments are established, written notice of the annual assessment shall be sent to every Owner subject thereto. The Executive Board shall establish the due dates.

## **ARTICLE V WORKING CAPITAL FUND**

Section 1: Upon the sale of each new Unit the purchaser shall pay into a Working Capital Fund an amount equal to two times the initial monthly assessment. Such payment shall be non refundable, and shall not constitute payment of any regular monthly assessment coming due and payable after the date of purchase. These contributions will be working capital for use in paying expenses of the Association. There shall be no further contribution upon any resale of a Unit.

## **ARTICLE VI COMMON AREAS AND FACILITIES**

Section 1: The common areas and facilities consist of all parts of the multi-unit building situated on the Property other than individual units therein. The Association shall have the responsibility for maintaining the common areas and facilities. The common areas and facilities shall include without limitation the following:

- A. The land on which the building is erected and all land described in the preamble above.
- B. All foundations, columns, girders, beams, supports and other structural members.
- C. The roof, exterior walls and interior party walls.
- D. All central appurtenant installments for operations and for services such as power, lights, telephone, security system, cable TV, cold water for common building usage, heat and air conditioning (if any) for common building usage, including pipes, ducts, wiring, cables and conduits, and maintenance of same, whether located in common areas or in units and all other central mechanical equipment spaces.
- E. All waterlines, storm drainage pipes and structures, sanitary sewer pipes and sanitary sewer system.
- F. All parts of the property and all apparatus installations existing in the building or upon the property for common use necessary or convenient to the existence, maintenance, or safety of the property.
- G. All landscaping and all other site improvements including, but not limited to, trash collection areas and equipment related thereto, all designated recreation areas (if any), all driveways, alleys and sidewalks, all surface parking spaces on the Property, excluding any spaces that are located within or beneath a condominium building, and all equipment rooms, lobbies and lobby closets (if any).

## **ARTICLE VII PARTY WALLS**

Section 1: Each wall built as a part of the original construction of a Unit and placed on the dividing line between Units shall constitute a party wall, and, to the extent not inconsistent with the provision of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2: All finish flooring and any other materials constituting any part of the finished interior surfaces of the party walls, floors, or ceilings are a part of the Units, pursuant to G.S. § 47C-2-102(1). To the extent any duct, wire, conduit, or any other fixture lies partially within and partially outside the designated boundaries of a Unit, any portion thereof serving only that Unit is a Limited Common Element allocated exclusively to that Unit, and any portion thereof serving more than one Unit or any portion of the Common Elements is a part of the Common Elements, pursuant to G.S. § 47C-2-102(2). Any decks porches, balconies, patios and all other exterior doors and windows or other fixtures designated to serve a single Unit but located outside the Unit's boundaries are Limited Common Elements allocated to that Unit, pursuant to G.S. § 47C-2-102(4).

Section 3: Where neither party is solely responsible for the damage, the cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use. Where one owner is solely responsible for damage to a party wall, that owner shall bear the sole cost of repairing and maintaining the wall.

Section 4: The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 5: Any Unit Owner may request a certification that no right of contribution exists in favor of the Owner of an adjoining Unit, and it shall be the duty of the adjoining Unit Owner to make such certification immediately without charges. Where the adjoining Unit Owner claims a right of contribution, the certification shall state the amount claimed and the basis for the claim.

Section 6: The Association will insure the shell and the Common Elements. The Unit Owner will be responsible to insure the its separate interest in Units as upfitted, including wall coverings, finished floors, wall to wall carpeting, interior partitioning that is affixed to the Units, cabinets that are affixed to the Units, built-in appliances, mechanical systems such as plumbing, heating ventilation, and air conditioning, electrical systems and those portions of any wiring for communications systems such as telephone or computer that are built into the premises. The Unit Owner will be responsible to insure its furniture, equipment, all personal property, computers, telephones, or other communications equipment, movable furnishings and decorative items, specialized equipment and trade fixtures such as dental chairs and dental equipment, even though such specialized equipment may be affixed.

Section 7: In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina as then existing.

Section 8: The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall run with the land. Any Unit Owner to whom any contribution is owed by another Unit Owner shall have a lien for such obligation against the Unit of the indebted Unit Owner, which may be enforced as hereinafter provided. Any such lien in favor of individual Unit Owner(s) shall be subordinate to the any lien against a Unit in favor of the Association.

## **ARTICLE VIII MAINTENANCE**

Section 1: In addition to maintaining the Common Elements, the Association shall provide exterior maintenance for each Unit, including but not limited to: Paint, repair, replace and care for roofs, exterior building surfaces, landscaping, walks, trash collection areas, parking areas, and all other exterior improvements. Such exterior maintenance shall not include glass surfaces of the Units. Maintenance, repair and replacement of glass surfaces of any Unit shall be the responsibility of the Unit Owner, and not the Association. Any replacement must be in keeping with the original material. Repair and maintenance of HVAC system equipment for each Unit shall be the responsibility of the Unit Owner. Upon the failure of any Unit Owner immediately to repair, restore or replace any glass surface or exterior door, the Association may do so and assess the cost thereof to the Unit Owner.

Section 2: If the need for maintenance, repair, or replacement to the Common Elements is caused through the willful or negligent act of any Unit Owner, the cost of such maintenance, replacement, or repairs shall be assessed to the that Unit.

Section 3: All interior maintenance or repair of each Unit shall be the sole responsibility of the Unit Owner unless the cause of the maintenance or repair is due to items covered under the repair and maintenance responsibilities of the Association as defined in Section 1 above.

## **ARTICLE IX ARCHITECTURAL CONTROL**

Section 1: No building, fence, wall, or other structure or improvement shall be commenced, erected or maintained upon the condominium or upon the roof of the condominium, (including, but not limited to the installation of electrical wiring, television or radio antennae or satellite dish or other objects which may protrude through the walls or roof of the condominium), nor shall any exterior addition or change therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing by the Executive Board. The exterior color of a Unit cannot be changed unless the color scheme of the entire condominium is similarly changed and the Executive Board gives its written approval.

Section 2: No interior construction or improvement shall be commenced until the Executive Board gives its written approval to the plans and specifications showing the nature, kind, shape, height, materials and location.

Section 3: No interior signs may be visible from outside of the unit other than the standardized overhead and door signs approved by the Executive Board. There will be no neon signs permitted either inside or outside a unit.

## **ARTICLE X USE RESTRICTIONS**

Section 1: All Units shall be used for business and professional purposes, and such use must conform to state and local zoning ordinances governing the uses in the zoning district in which the Condominium is located.

- A. Each prospective purchaser of a Unit shall notify the Declarant or the Executive Board of his Planned Use(s) of the Unit no less than 30 days before closing, unless the closing time is less than 30 days. Notice shall be written, stating specifically the intended use(s) and identifying any modifications or changes to be made to the Unit. The notice shall also indicate the level of use of utilities, parking, the Common Elements, and any other extraordinary impact of the use on the Common Elements.
- B. The Declarant or the Executive Board shall give written approval or rejection of such Planned Use within 15 days. Any approval shall acknowledge any extraordinary use of the Common Elements. The Declarant or the Executive Board may require the owner of any Unit making extraordinary use of the Common Elements, or otherwise placing an extraordinary burden on the installation, maintenance or other costs for such use, to bear the full cost thereof. Such shall be by additional assessment(s) made in advance for installations and monthly thereafter for on-going costs.
- C. There shall be no change in the Approved Use of any Unit without the consent of the Declarant or the Executive Board.

Section 2: No noxious or offensive activity shall be conducted upon any Unit nor shall anything be done thereon which may be or may become an unreasonable annoyance or nuisance, including unreasonable amounts of noise, odor, or dust being generated on the premises.

Section 3: No animals of any kind shall be kept or maintained in any Unit without permission of the Executive Board, or, except as may be permitted by rules and regulations adopted by the Executive Board.

Section 4: No signs may be placed in or on the Common Elements advertising or promoting a business except within 30 days of a grand opening, or a for sale or lease by a real estate firm. No sign shall exceed 18" x 24." No other sign shall be permitted on or about the Units, other than those signs specifically referred to in Article I, Section 10.

Section 5: All window coverings (i.e., curtains, blinds, draperies, shades, etc.) shall appear white or off-white from the exterior and are the responsibility of the Unit Owner.

Section 6: Owners shall not park or store any boat, camper, trailer, trailer vehicle, or similar vehicle anywhere on the premises. No trucks shall be permitted except for standard passenger vans, pickup trucks or sport utility vehicles. No motor vehicle not currently registered, inspected, or licensed shall be parked or stored anywhere on the premises. The Association reserves the right to tow any vehicle in violation of this Section and assess the cost of towing to the Unit Owner. In no event shall the Association be liable for the towing of any vehicle that is in violation of this Section.

Section 7: No items may be left outside of the unit. No outside storage or debris is permitted.

Section 8: No temporary construction dumpsters used during upfit, repair or other improvement of Units shall occupy more than one (1) parking space. The dumpster must sit on plywood so the asphalt parking area is not damaged. The dumpster must also be removed within five (5) days of receiving a certificate of occupancy or the Executive Board will have it removed at the Unit Owner's expense.

**ARTICLE XI  
PERSON TO RECEIVE SERVICE OF PROCESS**

Section 1: The person designated to receive service of process shall be the Registered Agent of the Association as listed in the records maintained by the North Carolina Secretary of State.

**ARTICLE XII  
EASEMENTS**

Section 1: Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded Plats and Plans. Declarant or Executive Board may grant easements from time to time in the name of the Association for the benefit of the Condominium and/or any Unit, including the right to install, lay, maintain, repair and replace, waterlines, pipes, sewer lines, storm drainage facilities, telephone wires, cable television wires and electrical conduits, wires over, under and along any portion of the Property. All Unit Owners hereby grant to the Executive Board an irrevocable power of attorney to execute, acknowledge and record for and in the name of each Unit Owner such instruments as may be necessary to carry out the foregoing. No structure, planting or other material which may interfere with the installation and maintenance of utilities, or, which may obstruct or change the flow of drainage channels in the easements, shall be placed or permitted to remain within these easement areas.

Section 2: All Units and Common Elements are subject to easements for the encroachment of improvements now or hereafter constructed on adjacent Units to the extent that such improvements actually encroach; including, but not limited to, such items as overhanging eaves, stoops, and misaligned party wall foundation footings and walls; provided such encroachment does not interfere with the reasonable use of the Common Elements or any Unit so encroached upon.

Section 3: Declarant shall have a reasonable construction easement across the Common Elements for the purpose of constructing improvements of the Units. Declarant shall also have such easements through the Common Elements as may be reasonably necessary for the purpose of discharging a Declarant's obligations or exercising Special Declarant Rights as provided herein.

Section 4: The Association shall have a right of entry upon all Units and any limited Common Elements to make emergency repairs, and a reasonable right of entry upon the Units to make other repairs, improvements, replacement or maintenance.

Section 5: All easements granted herein are appurtenant to and shall run with the land, and shall inure to the benefit of and be binding upon the Declarant, the Association, Owners, occupants, and mortgage holders, and any other person or entity having an interest in the Condominium.

Section 6: Each Unit Owner shall have an easement in common with the Owners of all other Units to use all chutes, flues, pipes, wires, ducts, cables, conduits, and public utilities serving his Unit. Each Unit is subject to an easement in favor of the Owners of all other Units to use the chutes, flues, pipes, wires, ducts, cables, conduits, and public utility lines, and other Common Elements serving such other Units and located in such Unit. The Executive Board, or its agents, shall have a right of access necessary to inspect the same, to remove violations therefrom, and to maintain, repair or replace the Common Elements contained therein or accessible therefrom, and to make emergency repair therein necessary to prevent damage to the Common Elements or to another Unit or Units. Each Unit Owner has an easement of access through all other Units as may be reasonably necessary to maintain, repair and replace all components of mechanical systems serving his Unit and to maintain, repair and replace those portions of his Unit or Limited Common Elements within his sphere of responsibility.

Section 7: An easement is hereby established over the Common Elements for the benefit of applicable governmental agencies, utility companies and public service agencies as necessary for setting, removing and reading of meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and cable antenna lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities.

### **ARTICLE XIII DAMAGE, DESTRUCTION AND CONDEMNATION**

Section 1: Except as herein provided, the Executive Board shall immediately repair or restore damage to or destruction of any building. The Unit Owners shall be liable for assessment of any deficiency remaining after use of insurance proceeds, damages or other resources available for restoration and repair. Provided however, that if the building is more than two-thirds destroyed by fire or any other casualty, or, if the same be taken by condemnation, then Owners of 67% of the units damaged or destroyed, with the consent of 51% of the lenders secured by mortgages on the affected Units, may elect not to proceed with reconstruction or restoration. In that event, Unit Owners in the Property affected shall thereafter own the property as tenants in common, and subject to the provisions of NCGS § 47C-2-118 as the same exists as the date hereof.

Implied approval by an eligible mortgage holder shall be assumed when an eligible mortgage holder fails to submit a response to any written proposal within thirty (30) days after receipt of written notice delivered as herein required.

Section 2: In any related proceedings, negotiations, settlements or agreements, the Executive Board is designated to represent the Unit Owners as their attorney-in-fact for this purpose. The Executive Board shall appoint an Insurance Trustee to act on behalf of the Unit Owners in connection with the settlement of any condemnation awards or insurance claims and to administer the allocation of proceeds among the various interested parties. Any losses, awards or proceeds from the condemnation, destruction, or liquidation of all or a part of the property shall be payable to the Association's Insurance Trustee for the benefit of the Unit Owners and their mortgage holders. Any distribution of funds in connection with the termination of the project shall be made based on the relative value of each unit and in accordance with the formula that is used to determine the Unit Owner's individual interest in the common interest in the common elements. Any reconstruction or repair shall be in accordance with the plans and specifications of the original building, portions of which are attached hereto.

### **ARTICLE XIV INSURANCE**

Section 1: The Executive Board shall insure the Association's interest and the Unit Owners' individual interests in the Units and Common Elements as follows: casualty or physical damage insurance in an amount equal to the full replacement value (i.e., 100% of full "replacement cost") of all buildings and all improvements on the Property owned either by the Association or the unit owners and all personal property included within the Property described in the preamble hereto, except such personal property as may be owned by the Unit Owners, with a replacement cost endorsement and an inflation guard endorsement, without deduction or allowance for depreciation. The Executive Board and the insurance carrier shall determine the amounts of protection.

There shall be coverage for at least the following:

- A. Loss or damage by fire or other hazards covered by the standard coverage endorsement together with coverage for common expenses with respect to condominium units during any period of repair or reconstruction; and,
- B. Such other risks as from time to time customarily shall be covered with respect to buildings similar to the Condominium building in construction, location and use, including, but not limited to, vandalism, malicious mischief, windstorm and water damage, subject to such deductible amounts not in excess of One Thousand Dollars (\$1,000.00) as the Executive Board shall determine.
- C. All Casualty Insurance policies shall be for the benefit of the Association, the Unit Owners and their respective mortgagees, as their interests may appear, and shall provide: (i) for the issuance of certificates of insurance with mortgagee endorsements to the holders of mortgages on the Units, if any; (ii) that the insurer waives its rights of subrogation against the Unit Owners, persons lawfully on the premises of any Unit, and the Association; (iii) that all proceeds payable as a result of casualty losses shall be paid to the Executive Board as trustees for the benefit of the Association, the Unit Owners, and their respective mortgagees as their interests may appear.

Section 2: The Association shall insure itself, the members of the Executive Board, the Unit Owners, and all persons lawfully on the premises of any Unit, against liability for personal injury, disease, illness or death and for injury to or destruction of property occurring upon, in or about, or arising from or relating to the Condominium or any portion thereof, including, without limitation, water damage, legal liability, hired automobile, non-owned automobile and off-premises employee coverage, such insurance to afford protection in such amount and with such coverage as shall be deemed necessary by the Association.

All liability insurance shall contain cross-liability endorsements to cover liabilities of the Unit Owners as a group to a Unit Owner. There shall be minimum coverage of at least \$2,000,000 per claim and total claims coverage of at least \$2,000,000. If the insurance carried by the Association on behalf of the Unit Owners and persons lawfully on the premises against liability for personal injury or property damage arising from or relating to the Condominium shall, for any reason, not fully cover any such liability, the amount of any deficit shall be a Common expense to the Unit Owners, and any Unit Owners who shall have paid all or any portion of such deficiency in an amount exceeding his proportionate share thereof based on his percentage of interest in the common areas shall have a right of contribution from the other Unit Owners according to the respective percentage of interest in the common areas.

Section 3: The Executive Board shall pay all premiums for insurance policies at least thirty (30) days prior to the expiration date of such policies as an operating cost to the Association.

Section 4: All insurance policies shall be written with a company or companies licensed to do business in the State of North Carolina and holding a rating of "A+" or better in *Best's Insurance Guide*.

Section 5: The Executive Board shall have exclusive authority to negotiate all claims

Section 6: In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with separate insurance coverage purchased by Unit Owners or their mortgagees, as herein permitted. All policies obtained by the Association shall exclude "no other insurance" or similar clauses from any policy obtained pursuant to the requirements hereof.

Section 7: All policies shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice to any and all insureds named thereon, including any and all mortgagees of the Units.

Section 8: All policies of casualty insurance shall provide that, notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, such option shall not be exercisable without the prior written approval of the Executive Board or any Insurance Trustee, or, when in conflict with the provisions of this Declaration or the provisions of the North Carolina Unit Condominium Act as the same may be in force from time to time.

Section 9: All policies of insurance shall contain a waiver of: (i) subrogation by the insurer as to any and all claims against the Association; the Executive Board; the Unit Owners and/or their respective agents, employees or invitees, and others lawfully on the premises; (ii) any defenses based upon co-insurance or invalidity arising from the acts of the insured.

Section 10: Insurance policies upon the Condominium (other than title insurance) shall be purchased and held by the Association in the name of the Executive Board as trustees for the Unit Owners and their respective mortgagees, as their interest may appear, and shall provide for the issuance of certificates or mortgagee endorsements to the holders of first mortgages on the Units or any of them.

## **ARTICLE XV UNIT OWNERS' POLICIES OF INSURANCE**

Section 1: Any Unit Owner, including the holder of any mortgage thereon, may obtain additional insurance, including a "Condominium Unit Owner's Endorsement" for improvements and betterments to the Unit at the Unit Owner's expense. The same carrier shall write such insurance as that purchased by the Executive Board pursuant to the provisions hereof, or, if a different carrier, the policies shall provide that coverage thereunder shall be without contribution, co-insurance, or any other right to credit against a claim on the basis of other insurance coverage that might benefit the insured. The Declarant and Executive Board recommend that each owner of a Unit obtain, in addition to the insurance hereinabove provided to be obtained by the Association, coverage to insure against loss or damage: (i) to contents and other personal property used in or incidental to the occupancy of the Unit; (ii) relocation expenses and other cost incurred in obtaining replacement space on a temporary basis; (iii) vandalism or malicious mischief; (iv) theft; (v) personal liability; and any other separate insurable interest of the Unit Owner. Such policy should include a "Condominium Unit Owner's Endorsement" covering losses to improvements and betterments to the Unit made or acquired at the expenses of the Unit Owner.

## **ARTICLE XVI TERMINATION**

Section 1: The termination of the Condominium shall be only by the unanimous agreement of all Unit Owners stated in an instrument to that effect; and, provided, that the holders of all liens affecting any of the Units consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the Unit Owner in the Property as provided in Section 3 below. The termination shall become effective only when recorded in the Granville County Registry. The termination agreement must be executed by all interested parties, and must specify a date after which the agreement will be void unless recorded before that date.

Section 2: If it is determined in the manner elsewhere provided that the Condominium shall not be reconstructed after casualty loss or condemnation, the Condominium plan of ownership shall be terminated and the Declaration of Condominium revoked. Such determination not to reconstruct shall be evidenced by a Certificate of the Association certifying as to the facts justifying the termination, and shall become



effective upon recordation in the Granville County Registry.

Section 3: After termination of the Condominium, the Unit Owners shall own the Property as tenants in common in undivided shares and the holders of mortgages and liens against the Unit or Units formerly owned by such Unit Owners shall have mortgages and liens upon the respective undivided shares of the Unit Owners. The undivided share or interest owned as tenants in common shall be that percentage of the undivided interest in the Common Area and Common Elements previously held by each Unit Owner. All funds held by the Association including insurance proceeds, if any, shall be and continue to be held for the Unit Owners in the same proportion. The costs incurred by the Association in connection with the termination shall be a Common Expense.

Section 4: Following termination, an action or suit may be brought upon the application of any Unit Owner to have the property partitioned or sold in lieu of partition. In addition, the Executive Board, by a majority vote, may bring an action or suit to have the property sold in lieu of partition. In the latter event, any pending action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

Section 5: The members of the Executive Board, acting collectively as agent of all Unit Owners, shall continue to have all powers granted in this Article, notwithstanding the fact that the Association itself may be dissolved upon a termination. Such powers shall continue until all business and affairs of the Association are wound down and accounted for.

## **ARTICLE XVII RIGHTS OF CONDOMINIUM MORTGAGE HOLDERS, INSURERS OR GUARANTORS**

Section 1: Upon receipt of written request by a holder, insurer or guarantor of a mortgage on any unit in the condominium, the Executive Board shall furnish timely written notice regarding the following:

- A. Any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage;
- B. Any 60-day delinquency in the payment of assessments or charges owed by the Unit Owner on which it holds the mortgage;
- C. A lapse, cancellation or material modification of any insurance policy maintained by the Association;
- D. Any proposed action that requires the consent of a specified percentage of eligible mortgage holders.

Any interested mortgage holder, insurer, or guarantor shall send a written request to the Executive Board stating both its name and address and the Unit number or address of the Unit on which it has (or insures or guarantees) the mortgage.

## **ARTICLE XVIII GENERAL PROVISIONS**

Section 1: No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches that may occur.

Section 2: This Declaration and the By-Laws attached hereto shall be governed by laws of the State of North Carolina and construed liberally to carry out the intent and purposes stated herein.

Section 3: The Executive Board, except as expressly limited in the Declaration, the Bylaws, or NCGS 47-C may exercise all powers granted in the Declaration or the Bylaws to the Association.

Section 4: The Association may adopt and enforce reasonable rules and regulations not in conflict with the Declaration and supplementary thereto, as more fully provided in the Bylaws.

Section 5: The Association may enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Bylaws and the Articles of Incorporation of the Association. Failure by the Association to enforce any covenant or restriction herein shall not be deemed a waiver of the right to do so thereafter. Upon notice to the Association of a violation hereunder and a failure of the Association to take action upon said violation within 90 days, any Unit Owner, or other holder of an interest in the Condominium may undertake the enforcement of the provisions of the Declaration at his own expense on behalf of the Association, and shall be entitled to indemnification from the Association or violator as the case may be.

Section 6: Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions that shall remain in full force and effect.

Section 7: The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded; thereafter the term shall automatically extend for successive periods of ten (10) years each. Unit Owners may make Amendments of a material nature as defined in Section 7 of this Article to this Declaration during the first 20-year period by an instrument signed by not less than ninety percent (90%) of them, and thereafter by an instrument signed by not less than sixty-six percent (66%) of them. No Amendment shall be effective until recorded in the Granville County Registry. As long as BB&T retains a security interest in the Property under the BB&T Security Documents, BB&T must consent to any amendments hereto.

Section 8: For a period of no longer than twenty four (24) months after the recording this Declaration in the Granville County Registry, the Declarant may unilaterally amend this Declaration without the consent or approval of other Unit Owners or eligible mortgage holders, provided such amendment shall be exclusively for the purpose of correcting a clerical error, NCGS 47C, or making changes to this Declaration other than material changes a defined below.

Section 9: A Material Change is one that changes any of the following:

- A. Increases in assessments that raise the previously assessed amount by more than 25%
- B. Assessment liens, or the priority of assessments liens;
- C. Reductions in reserves for maintenance, repair, and replacement of Common Elements;
- D. Responsibility for maintenance and repairs;
- E. Reallocation of interests in the general or Limited Common Elements or rights to their use;
- F. Redefinition of any Unit boundaries in Units no longer owned by Declarant;
- G. Convertibility of Units into Common Elements or *vice versa*;
- H. Hazard or fidelity insurance requirements;
- I. Imposition of any restrictions on the leasing of the Units;
- J. Imposition of any restrictions on a Unit Owner's right to sell or transfer his Unit;
- K. A decision by the Association to establish self-management if professional management had been

required previously by Association documents or by an eligible mortgage holder;

- L. Restoration or repair of the project after damage or partial destruction in a manner other than that specified in the Declaration;
- M. Any provisions that expressly benefit mortgage holders, insurers or guarantors; or
- N. Voting rights

Section 10: The failure of any Unit Owner to pay within thirty (30) days any Assessment, Contribution or other charge, fee or sum owed by any Unit Owner to the Association, or, by any Unit Owner to another Unit Owner, shall constitute a failure to pay for labor or materials contemplated by Chapter 44A of the North Carolina General Statutes.

- A. Any Unit Owner or the Association, hereafter “Secured Party,” to whom moneys are owed hereunder shall have the right as a Secured Party to a lien upon the Unit giving rise to the obligation as provided in NCGS 44A, and the Secured Party shall have all rights and remedies allowed to a lien holder therein.
- B. The Secured Party may follow the procedures set out in NCGS 44A to file, perfect, foreclose and collect thereon.
- C. The Secured Party may recover interest on the money owed at the maximum rate allowed and all costs and expenses incurred in collecting the debt, including court costs, reasonable attorney fees and all other litigation expenses.

Section 11: In addition to the remedies provided in Section 10 the Association and any Unit Owner owed any moneys by another Unit Owner shall have all other remedies at law and equity for the collection thereof, and such remedies shall be cumulative and not exclusive. The obligation of a Unit Owner to pay assessments, contributions and other moneys owed under these Declarations shall be personal to the individual Unit Owner as well as a charge against the Unit. The Association and any Unit Owner owed any moneys may pursue payment against the Unit and the individual Unit Owner concurrently.

Section 12: The fiscal year of the Association ends on December 31.

(This Space Intentionally Left Blank.)

IN TESTIMONY WHEREOF, **HIGHWAY 56 GRANVILLE ASSOCIATES, LLC** has caused this **DECLARATION** to be executed in the appropriate company name by its duly authorized Member **MPS INVESTMENTS, LLC**, duly acting through its Member **Mark P. Schweibinz**, on the day and year first above written.

IN TESTIMONY WHEREOF **BRANCH BANKING AND TRUST COMPANY** has joined in the execution hereof for the sole and limited purpose of subjecting its security interest in the premises to the Declarations on the day and year first above written.

**HIGHWAY 56 GRANVILLE ASSOCIATES, LLC**,  
a North Carolina Limited Liability Company  
By its MEMBER-MANAGER:

**MPS INVESTMENTS, LLC (SEAL)**  
a North Carolina Limited Liability Company

By: \_\_\_\_\_  
**Mark P. Schweibinz**, Member

**BRANCH BANKING AND TRUST COMPANY**

By: \_\_\_\_\_  
\_\_\_\_\_, President

North Carolina  
Wake County

The undersigned Notary Public certifies that **Mark P. Schweibinz**, a Member of **MPS INVESTMENTS, LLC**, a North Carolina limited liability company, itself a Member of **HIGHWAY 56 GRANVILLE ASSOCIATES, LLC**, personally came before me this day and acknowledged the due execution of the foregoing instrument on behalf of and as the act of the **MPS INVESTMENTS, LLC** in its capacity as Member of **HIGHWAY 56 GRANVILLE ASSOCIATES, LLC**. Witness my hand and notarial seal this \_\_\_\_\_ day of November 2004.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

North Carolina  
Wake County

I, \_\_\_\_\_ a Notary Public, certify that \_\_\_\_\_ personally came before me this day acknowledged that \_\_\_he is a \_\_\_\_\_ (office held) of **BRANCH BANKING AND TRUST COMPANY**., a corporation, and that, \_\_\_\_\_ as such officer, being duly authorized to do so, \_\_\_he executed the forgoing instrument on behalf of the corporation. Witness my hand and notarial seal this \_\_\_\_\_ day of November 2004.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

## **EXHIBIT A**

### **TABLE OF ALLOCATED INTERESTS**

The Allocated Interests of individual units will be established by amendment hereof upon completion of each building.

## EXHIBIT B

ARTICLES OF INCORPORATION  
OF  
WASHINGTON SQUARE BUSINESS  
CONDOMINIUM OWNERS ASSOCIATION, Inc.  
a North Carolina Nonprofit Corporation

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

### ARTICLE I

The name of the corporation is WASHINGTON SQUARE BUSINESS CONDOMINIUM OWNERS ASSOCIATION, Inc., hereinafter sometimes called the "Association."

### ARTICLE II

The principal office and registered office of the corporation is located at 7000 Six Forks Road, Suite 115, Raleigh, Wake County, North Carolina 27615. The name of the registered agent at that address is Mark P. Schweibinz.

### ARTICLE III

This Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the corporation are to administer, operate and manage the WASHINGTON SQUARE BUSINESS CONDOMINIUMS (hereinafter called "Condominiums"), a condominium office park established in accordance with the provisions of North Carolina General Statutes, Chapter 47C upon property located in Granville County, North Carolina. The corporation will do all acts and things incidental thereto.

The Declaration of Condominiums for WASHINGTON SQUARE BUSINESS CONDOMINIUMS (the "Declaration") are recorded in Book \_\_\_\_\_, Page \_\_\_\_\_, Granville County Registry.

### ARTICLE IV

The Corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to Non-Profit Corporations under the law pursuant to which this Corporation is chartered and all of the powers and privileges which may be granted unto said Corporation under any other applicable laws of the State of North Carolina, including the North Carolina Condominium Act.

2. The Corporation shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Corporation, including the following powers:

(a). To make and establish reasonable rules and regulations governing the use of individual Condominium Units and Common Elements in the Condominiums as said terms are defined in the Declaration.

(b). To levy and collect assessments against members of the Corporation to defray the common expenses of the Condominiums as may be provided in the Declaration and in the Bylaws of this Corporation, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including individual Units in the Condominiums, which may be necessary or convenient in the operation and management of the Condominiums and in accomplishing the purposes set forth in said Declaration, all subject to the ordinances of the Granville County, North Carolina.

(c). To maintain, repair, replace, operate and manage the Condominiums and the property comprising same, including the right to reconstruct improvements after casualty, to make further improvement of the Condominium property and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d). To contract for the management of the Condominiums and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration to have approval of the Executive Board or members of the Corporation.

(e). To enforce the provisions of the Declaration, these Articles of Incorporation, the Bylaws of the Corporation (the "Bylaws"), and the rules and regulations governing the use of the Condominiums as the same may be hereafter established.

(f). To exercise, undertake and accomplish all of the rights, duties and obligations that may be granted to or imposed upon the Corporation pursuant to the Declaration.

## ARTICLE V

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The Owners of all Condominium Units in the Condominiums shall be members of the Corporation, and no other person or entity shall be entitled to membership, except as provided in item (5) of this Article V.

2. Membership shall be established by the acquisition of the fee ownership in a Condominium Unit in the Condominiums, whether by conveyance, devise, judicial decree or otherwise, and the membership of any person shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Condominium Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Condominium Units, or who may own a fee ownership interest in two or more Condominium Units, so long as such party shall retain title to or a fee ownership interest in any Condominium Unit.

3. The interest of a member in the funds and assets of the Corporation cannot be assigned, hypothecated or transferred in any manner, except as an appurtenance to his Condominium Unit. The funds and assets of the Corporation shall belong solely to the Corporation subject to the limitation that the same be expended, held or used for the benefit of the membership and for the purposes authorized herein, in the Decla

ration and in the Bylaws that may be hereafter adopted.

4. There are no separate classes of members. The vote of each Unit may be cast or exercised by the Owner(s) of each Condominium Unit in such manner as may be provided in the Bylaws. Should any member own more than one Condominium Unit, such member shall be entitled to exercise or cast the votes associated with each Condominium Unit owned in the manner provided by the Bylaws.

5. Until such time as the first Condominium Unit is sold, the membership of the Corporation shall be composed of the three (3) individuals named in Article XI hereof as the initial Executive Board of the Corporation, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

#### ARTICLE VI

The Corporation shall have perpetual existence.

#### ARTICLE VII

The affairs of the Corporation shall be managed by the President of the Corporation, assisted by the Vice President, Secretary and Treasurer and Assistant Secretaries and Assistant Treasurers, if any, subject to the directions of the Executive Board. The Executive Board, or the President with the approval of the Executive Board, may employ a Managing Agent and/or such other managerial and supervisory personnel or entities to administer or assist in the administration, operation and management of the Condominiums and the affairs of the Corporation, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Corporation or a Director or Officer of the Corporation, as the case may be.

#### ARTICLE VIII

The number of members of the first Executive Board of the Corporation shall be no fewer than three (3) and no more than five (5). The number of members of succeeding Executive Boards shall be as provided from time to time by the Bylaws. The members of the Executive Board shall be elected by the members of the Corporation at the Annual Meeting of the membership as provided by the Bylaws, and at least a majority of the Executive Board shall be members of the Corporation or shall be authorized representatives, officers or employees of a member of the Corporation. Notwithstanding the foregoing, Declarant in the Declaration of Condominiums identified above shall have the right to designate and select a majority of the persons who shall serve as members of the Executive Board of the Corporation for a period of time commencing on the date hereof and continuing until the earlier of (i) five (5) years after the date of the first conveyance of a Unit to a Unit Owner other than a Declarant; (ii) 120 days after conveyance of seventy-five percent (75%) of the Units (including any Units which may be created pursuant to Special Declarant Rights) to Unit Owners other than Declarant; (iii) two (2) years after Declarant has ceased to offer Units in the ordinary course of business; (iv) two (2) years after any development right to add new Units was last exercised, or, (v) the date upon which Declarant voluntarily surrenders control of the condominiums, whichever shall first occur. The Declarant may designate and select the persons to serve as a members of said Executive Board in the manner provided in the Bylaws, and such person or persons so designated and selected need not be a member of the Association.



## ARTICLE IX

The Executive Board shall elect a President, Vice-President, Secretary and Treasurer, and as many Assistant Secretaries and Assistant Treasurers as the Executive Board shall determine. The President shall be elected from among the membership of the Executive Board but no other officer need be a Director. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice-President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

## ARTICLE X

The names and post office addresses of the initial Executive Board who, subject to the provisions of these Articles of Incorporation, the Bylaws, and the laws of the State of North Carolina, shall hold office until the first Annual Meeting of the membership (or until their successors are elected and qualified or appointed by the Declarant as provided in Section VIII hereof) are as follows:

Names	Addresses
1. Mark P. Schweibinz	7000 Six Forks Road, Ste. 115, Raleigh, North Carolina 27615
2. Wallace E. Peiffer	2555 Capitol Drive, Suite A, Creedmoor, North Carolina 27522
3. Robert J. Anderson	7000 Six Forks Road, Ste. 115, Raleigh, North Carolina 27615

## ARTICLE XI

The original Bylaws shall be adopted by a majority vote of the Executive Board of the Corporation present at a meeting at which a majority of the members of the Executive Board is present, and thereafter, such Bylaws may be altered or rescinded only in such manner as said Bylaws might provide.

## ARTICLE XII

Every Director, member of the Executive Board and every Officer of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Director, member of the Executive Board or Officer of the Corporation, whether or not he is a such at the time such expenses are incurred, except in such cases wherein the Director, member of the Executive Board or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Director, member of the Executive Board or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Executive Board approves such settlement and reimbursement as being in the best interests of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled. The foregoing right of indemnification shall not include indemnification from liability resulting from being a member of the Association.

## ARTICLE XV

An amendment or amendments to these Articles of Incorporation shall require the assent of two-thirds (2/3) of the membership.

No amendment to these Articles of Incorporation that shall abridge, amend or alter the right of Declarant to designate and select members of the Executive Board of the Corporation, as provided in Article VIII hereof, will be effective without the prior written consent of Declarant.

ARTICLE XVI

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the voting members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XVII

The name and address of the incorporator is as follows:

John M. Rich  
Amos & Rich, Attorneys, PA  
1743 South Main Street  
Wake Forest, North Carolina 27587

ARTICLE XVIII

All capitalized terms herein are as defined in the Declaration hereinabove identified.

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this \_\_\_\_\_ day of November 2004.

\_\_\_\_\_  
John M. Rich, Incorporator (SEAL)

NORTH CAROLINA  
WAKE COUNTY

I, \_\_\_\_\_, a Notary Public of Wake County, North Carolina, do hereby certify that John M. Rich personally appeared before me this day and acknowledged the due execution of the foregoing Articles of Incorporation.

Witness my hand and notarial seal, this the \_\_\_\_\_ day of November 2004.

\_\_\_\_\_  
Notary Public

My Commission expires: \_\_\_\_\_

## EXHIBIT C

BYLAWS of  
WASHINGTON SQUARE BUSINESS  
CONDOMINIUM OWNERS ASSOCIATION, Inc.,  
a North Carolina Nonprofit Corporation

### ARTICLE I

#### MEETINGS OF MEMBERS

Section 1: The annual meeting of the members shall be held on the third Wednesday in May of each year, beginning May 2005.

Section 2: Special meetings of the members may be called at any time by the President or the Executive Board, or upon written request of 20% of the members, pursuant to G.S. § 47C-3-108.

Section 3: Written notice of each meeting shall be given by, or at the direction of, the Secretary or person(s) authorized to call the meeting, by hand delivering or mailing a copy of such notice, postage prepaid, at least 10 days and not more than 50 days before such meeting to each member as provided in U.S. § 47C-3-108.

Section 4: The Executive Board shall develop a budget and present it to all the members for approval and adoption. The budget shall be considered at a meeting of the Members as set forth in U.S. § 47C-3-103(c). Within 30 days after adoption of any proposed budget for the Condominium, the Executive Board shall provide a summary of the budget to all the members.

Section 5: The presence at the meeting of members or proxies entitled to cast fifty-one percent (51%) of the votes shall constitute a quorum for any action except as otherwise provided by law. In the event a quorum is not present a second meeting will be called wherein the presence at the meeting of members or proxies entitled to cast forty percent (40%) of the votes shall constitute a quorum for any action except as otherwise provided by law.

Section 6: Every member shall be entitled to cast the number or percentage of votes as provided in the Declaration for the Units owned by such member.

Section 7: Pursuant to U. S. § 47C-3 -110, votes allocated to a Unit may be cast pursuant to a dated written proxy signed by a members. Members may not revoke a proxy except by written notice delivered to the person presiding over a meeting of the Association. A proxy terminates one year after its date, unless it specifies a shorter term.

### ARTICLE II

#### OFFICERS AND EXECUTIVE BOARD; SELECTION; TERM OF OFFICE

Section 1: An Executive Board of no fewer than three (3) members and not more than five (5) members, who shall act on behalf of the Association, shall manage the affairs of the Association. Subject to the initial Period of Declarant Control as set forth in Part II, Article I of the Declaration, nominations for election of the Executive Board shall be made from the floor at the annual meeting. Election shall be by secret written ballot and by a majority of the members when a quorum is present. Cumulative voting is not permitted.

Section 2: At the first annual meeting following the termination of Declarant control, a minimum of three (3) and a maximum of five (5) Executive Board members shall be elected to serve until the following annual meeting.

Section 3: Any Executive Board member, except those appointed by the Declarant may be removed in accordance with G.S. § 47C-3-103(b). In the event of death, resignation or removal of a director, his successor shall be selected by a majority of the members voting at a meeting when a quorum is present. The successor shall serve the remainder of the term.

Section 4: No Executive Board member shall receive compensation for any service he may render to the Association. However, with the prior approval of the Executive Board, any Executive Board member may be reimbursed for actual expenses incurred in the performance of his duties.

Section 5: The Executive Board shall have the right to take any action in the absence of a meeting that they could take at a duly held meeting by obtaining the written consent of all the Executive Board members to the action. Any action so approved shall be filed in the corporate books and records and shall have the same effect as though taken at a meeting of the Executive Board.

### ARTICLE III

#### MEETINGS OF EXECUTIVE BOARD

Section 1: Meetings of the Executive Board shall be held quarterly, as deemed necessary by the Board, without notice, or as determined by the Board, at such place and hour as may be fixed from time to time by resolution of the board. Any member of the Executive Board may call special meetings of the Executive Board, after not less than five (5) days notice to each Executive Board member.

Section 2: A majority of the Executive Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Executive Board members present at a duly held meeting shall be regarded as the act of the board.

### ARTICLE IV

#### POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 1: Subject to the provisions contained herein and applicable law, the Executive Board shall have the power and authority to exercise all the rights of the Association, including, but not limited to:

- (a) Adopt rules and regulations governing the use of the common area and facilities, the personal conduct of the members and their guests thereon, and establish penalties for the infraction thereof;
- (b) Suspend the voting rights 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 60 days for infraction of published rules and regulations;
- (c) Declare the office of a member of the Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board;
- (d) Employ a professional property manager, independent contractors, or other employees as they deem necessary, and prescribe their duties; provided always, any contract for professional management must contain a clause requiring not more than 90 days termination notice;

- (e) Procure, maintain and pay premiums on an insurance master policy(s) and equitably assess the Owners of the same for their *pro rata* portion of such expense, and to procure and maintain liability insurance for the Board of Directors;
- (f) Impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Elements other than for service provided to Unit Owners;
- (g) Exercise all other powers that may be exercised in this state by legal entities of the same type as the Association;
- (h) Exercise any other powers necessary and proper for the governance and operation of the Association; and
- (i) Have and to exercise any and all powers, rights and privileges that a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

Section 2: It shall be the duty of the Executive Board to:

- (a) Cause the Common Elements to be maintained, repaired, and replaced as necessary, and to assess the Unit Owners to recover the cost of the upkeep of the Common Elements;
- (b) Serve as the architectural committee;
- (c) Keep a complete record of all its acts and corporate affairs and present a statement thereof to the members at the annual meeting, or at any special meeting when such statement is requested in a writing signed by 51% of the members;
- (d) Supervise all officers, agents and employees of the Association, and see that their duties are properly performed;
- (e) Fix the amount of the annual assessment at least thirty (30) days in advance of each annual assessment period pursuant to the provisions set forth in the Declaration and G.S. § 47C-3-103(c);
- (f) Send written notice of each assessment to every member at least thirty (30) days in advance of each annual assessment period;
- (g) 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;
- (h) Issue, or have issued, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (i) Procure and maintain, at all times, adequate replacement coverage hazard insurance on the property owned by the Association and all property for which the Association has the duty to maintain, and sufficient liability insurance to adequately protect the Association as provided in U.S. § 47C-3-1 13 and the Declaration; and
- (j) Cause all officers or employees, including officers and employees of any professional management company, having fiscal responsibilities to be bonded,

as it may deem appropriate.

## ARTICLE V

### OFFICERS AND THEIR DUTIES

Section 1: The officers of this Association shall be a president, vice-president, and secretary/treasurer. The Executive Board shall appoint the officers from among its members.

- (a) The president shall preside at all meetings of the Executive Board; see that orders and resolutions of the Executive Board are carried out; sign all leases, mortgages, deeds and other written instruments and may co-sign all checks and promissory notes. However, the president may elect to have a property manager be responsible for daily operation and for the manager to have periodic meetings to correctly oversee the Association.
- (b) The vice-president shall act in the place 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 Executive Board.
- (c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Executive 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 Executive Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; prepare, execute, certify, and record amendments to the Declaration on behalf of the Association; and perform such other duties as required by the Executive Board.
- (d) The treasurer shall receive and deposit or oversee the property manager in the receipt and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the Executive Board; sign all checks and promissory notes (such checks and promissory notes to be cosigned by the president) of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant or other person suitable to the Executive Board at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be presented to the members at its annual meeting, and deliver a copy to each member. The treasurer with the consent of the Board may assign any of these activities to a property manager.

## ARTICLE VI

### 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 or a mortgagee of any member. The Articles of Incorporation and the Declaration and Bylaws of the Association shall be available for inspection by any member at the principal office of the property manager or president of the Association, where copies may be purchased at reasonable cost.

ARTICLE VII

SEAL

The Association shall have a seal in either rectangular or circular form having within its border the words: 'WASHINGTON SQUARE BUSINESS CONDOMINIUM OWNERS ASSOCIATION, Inc.' and the words: "SEAL - 2004" in the center thereof

ARTICLE VIII

AMENDMENTS TO BYLAWS

These Bylaws may be amended, at a regular or special meeting of the members, by a vote of the majority of the members.

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CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the WASHINGTON SQUARE BUSINESS CONDOMINIUM OWNERS ASSOCIATION, Inc., a North Carolina nonprofit corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of such Association and were duly adopted at a meeting of the Board of Directors thereof held on the \_\_\_\_ day of November 2004.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Association this \_\_\_\_ day of November 2004.

\_\_\_\_\_  
, Secretary