

PUBLIC
OFFERING
STATEMENT

OF

CAMDEN VILLAS AT MID SOUTH CONDOMINIUM

Condominium Public Offering Statement
And
Information Brochure

We are pleased to provide to you, a purchaser or prospective purchaser of a Unit in Camden Villas at Mid South Condominium, the information contained in this statement. Part of this material is required to be furnished to you under the State of North Carolina's Condominium Act, and part is provided to you so you may be fully informed.

Background

In order to enable you to better understand the information we are providing to you, you should know that definitions of various terms used in this statement are contained in the Condominium Act and in the Declaration of Camden Villas at Mid South Condominium ("the Declaration"). We will also try in this statement, from time to time, at appropriate points, to define or clarify various unfamiliar terms; and, for convenience, to use simplified references for otherwise complex terms, i.e., "the Condominium Act" for "Chapter 47C of the North Carolina General Statutes," and "Plat and Plans" for the drawings required by the Condominium Act to be filed to create a condominium.

A. Identifications.

1. Condominium Development. The name of the Condominium development (referred to in this statement as "the Condominium") will be Camden Villas at Mid South Condominium. The Condominium will be located in the Town of Southern Pines, Moore County, North Carolina, on all or part of a parcel of land totaling approximately 13.01 acres.

2. Developer. Our name, address, and telephone number:

Camden Mid South LLC
1357 W. Lane Ave., Suite 207
Columbus, OH 43221

We are referred to in the Condominium Act and in various sections of the "Condominium organizational documents" (the Articles of Incorporation incorporating the association of Unit owners as a nonprofit corporation, and the Declaration, Bylaws, and Plat and Plans creating this Condominium) as "the Declarant." When we say "we," anyone to whom we may assign our rights is included.

3. Development Manager. We are the managers of the actual construction and development of the Condominium.

4. Association. "The Association" will be Camden Mid South Unit Owners Association, Inc., a North Carolina nonprofit corporation that we will form when the Condominium is formed, whose members will consist of all Unit owners, and which will administer the Condominium.

B. General Narrative Description.

1. The Initial Stage. Because a condominium may be created only after construction has been substantially completed, the Condominium will be created in stages, as construction progress and sales warrant. We reserve the right, in our sole discretion, to change the size of each phase and the number of buildings and dwelling units in it, depending on sales and construction progress.

2. Amenity Facilities. We plan to build, as part of the Condominium, a community building. The community building will contain an office, two restrooms, a mechanical room, a large lounge meeting room and an exercise room, and will consist of approximately 2,800 square feet of space. We do not contemplate adding any other amenity facilities.

It is our intent to use the community building for sales and marketing purposes until such time as all units within the condominium, as expanded, are sold and closed. We will place furniture and

other personal property in the office of the community building for our use and such furniture and property will ultimately be removed by us. We will also retain the right to display marketing materials in the foyer.

3. Improvements Requirements. The residential buildings, whether in the initial stage or subsequent stages, will be built in either duplex or quadraplex style, so that the front of each dwelling unit in a building faces in a different direction, and so that the garage spaces in each building adjoin at the center of the building, reducing noise sources between adjoining dwelling units. These buildings will all be of traditional style architecture, and will be of wood frame construction, on concrete slabs, with stone, or alternatively brick exteriors, and wood or composition siding, and with fiberglass shingle roofs. Each dwelling unit will feature a private exterior entrance, an attached finished veranda, and an exterior parking area immediately in front of the garage serving that dwelling unit. The community building will be of similar architectural style and built of similar materials as the residential buildings.

4. Total Number of Units. The Condominium is planned to have 16 units initially but may be expanded to have as many as 58 units.

5. Type and Designation of Units. All Units will be of the types and have the composition set forth on Attachment 1 to this statement. As used thereon "gross interior square feet" means the area of space that constitutes a "Unit," and is measured from interior surfaces of exterior walls inward, and includes space occupied by interior partitions, space in the finished veranda, if applicable, and space in the garage. The mix of types of Units will be determined as Units are sold, as the mix will depend on purchaser demand. Our present plan is that the type of each Unit presently planned to be in the initial stage will be as set forth on Attachment 2. Each Unit will be designated by a number 1-58. The Unit

designation of each proposed Unit in the initial stage is shown on Attachment 2 to this statement.

6. Interests and the Nature Thereof.

- a. Unit. The portion of the Condominium that is to be exclusively owned by a Unit purchaser is called a "Unit," and each Unit purchaser will own the entire "fee simple" interest in the Unit that purchaser buys. A fee simple interest in a Unit is the full legal title to that Unit. Units under the Condominium Act consist primarily of space, and in this Condominium, each Unit consists of all of the space within a single-family dwelling, including the space in the finished veranda, if applicable, and garage. The precise composition of each Unit will be fully described in the Declaration of the Condominium, and the location of each Unit will be shown on the Plat and Plans.

- b. Common Elements. The portions of the Condominium that are not parts of Units are called "common elements" under the Condominium Act. The composition of the Common Elements will be described in the Declaration of the Condominium and shown on the Plat and Plans. Each Unit purchaser will own an undivided interest, in common with all other Unit owners, in those Common Elements. These "undivided interests" (rounded to thousandths of a percent, and further adjusted, as necessary, so that the total of the interests equals exactly one hundred percent) have been assigned to Units on the basis of par values we have assigned to each type of Unit, as shown on Attachment 1. These par values, in turn, have been assigned by us to the different types of Units taking into account several factors, including size, value, reproduction

costs, fairness and simplicity. Although no Unit purchaser may, by "partition" action or otherwise, separate his or her undivided interest from the Condominium, these undivided interests are important because if all or part of the Condominium were taken by public authority through legal proceedings, or if there were an instance in which fire insurance proceeds were distributed among Unit owners, the proceeds would be distributed among the Unit owners in the proportions of these undivided interests. On the other hand, but appropriately, the "common expenses" or assessments (which we will discuss later) must, by law, be apportioned among the Units in accordance with these undivided interests. As we presently plan, the undivided interest of each Unit in the Common Elements as it will initially be constituted is set forth on Attachment 2. If, at a later time, the Condominium is expanded, the undivided interests will be recalculated in accordance with par values, so that the undivided interest of each Unit of each type added shall be the same as each other Unit of that type, and so that the undivided interest of a Unit of one type to one of another type will be in the same relationship as those relative interests are with respect to the Units initially a part of the Condominium. Notwithstanding the foregoing, further minor adjustments will be made, as necessary, so that the undivided interests of all Units equal precisely one hundred percent. Any portion of the Common Elements may be alienated, conveyed, or subject to a security interest in accordance with the procedure outlined in Section 3-112 of the Condominium Act.

c. Limited Common Elements. Portions of the Common Elements are reserved for the exclusive use of the owners and occupants of a particular Unit or Units. These areas are called "Limited Common Elements," and are described in the Declaration of the Condominium and shown on the Plat and Plans. The Limited Common Elements appurtenant to each Unit will consist of the parking space or spaces in front of that Unit's garage and, if applicable, a fenced-in patio and the improvements within the patio, including its concrete pad.

7. Financial Arrangements. Funding for the completion of such additional phases as we shall elect to undertake, and funding for the completion of amenities or improvements, whether such amenities or improvements or additional phases are labeled "Must Be Built" or not on the Plat and Plans, shall be from our general financial resources, and no bonds or other financial guarantees exist to assure such completion.

C. General Explanation of the Status of:

1. Initial Construction. Initial construction of the buildings is planned to commence in June 2007.

2. Zoning. The 4.04 acres of the property earmarked for the initial stage is in an RS2 district under the zoning ordinance of the Town of Southern Pines, as is the entire 13.01 acre tract. The Condominium is not located within any other special or overlay zoning districts, or within any watershed protection areas.

3. Site Plan. A plat of the Condominium will be included as a part of the Plat and Plans, and as additional stages of the Condominium are created, plats of property added to the Condominium will be included as amendments thereto. These subsequent filings are available for review at The Moore County Register of Deeds

or with the property manager.

4. Compliance With Law; Approvals. All governmental inspections and approvals required to be made to date have been made in order to develop the project. To the best of our knowledge, there is compliance with, and we have not received notice of failure to comply with, any federal, state, or local statutes, or regulations affecting the proposed Condominium.

5. Actual or Scheduled Completion. The buildings, site improvements, and all Common Elements of the first stage of the Condominium, as it is presently planned to be constituted, are scheduled to be substantially completed about July 1, 2008. Each Unit is scheduled to be substantially completed prior to the time the sale of that Unit is closed, although some interior finishing of a Unit will not be commenced until the Unit is under contract for sale and this work and some exterior work may not be fully completed at the time the sale of a Unit is closed.

D. Financing. From time to time, financing may be offered to purchasers by or through us. If so, we will attach a summary of salient terms of such financing to this statement. Additionally, from time to time, we or our agents may advise prospective purchasers of the rates and terms currently charged by various lenders and may arrange with individual purchasers for the payment by us of some portion of loan closing costs. Each purchaser may obtain financing from whatever source the purchaser desires and for which the purchaser and Unit qualify.

E. Description of Warranties. Following is a description of the limited warranties (and the limitations thereon) that will be given to you if you purchase a Unit:

1. Units. Except as provided in subparagraph 3 of this item E, we will warrant to provide and pay for the full costs of labor and materials for repair or replacement of structural, mechanical, and other elements pertaining to your Unit,

occasioned or necessitated by a defect in material or workmanship, which arise within a period of one year from the date the deed to you for your Unit is filed for record.

2. Common Elements and Facilities. We will warrant to provide and pay for the full cost of labor and materials for any repair or replacement of the roof and structural components, and mechanical, electrical, plumbing, and common service elements serving the Condominium as a whole, occasioned or necessitated by defects in material or workmanship, which arise within a period of one year from the date the deed is filed for record following the sale of the first Unit in the Condominium to a purchaser in good faith for value.
3. Appliances, etc. In the case of ranges, refrigerators, furnaces, hot water heaters, and other similar appliances, if any, installed and furnished by us as part of your Unit, we will assign to you all express and implied warranties of the manufacturer, and our warranty with respect to such items will be limited to our warranty that the same have been properly installed.
4. Extended Warranties. We will assign to you any warranties made to us that exceed the time periods for warranties that we give to you by the limited warranty.
5. Limitations.
 - a. No responsibility will be assumed for damage from any cause, whatsoever, other than to repair or replace, at our cost, property damaged by reason of the breach by us of any warranty given to you.
 - b. No responsibility will be assumed for consequential or incidental damage except to the extent, if any, not permitted to be excluded or limited by law.
 - c. Implied warranties, if any, will be limited

to one year from the date on which your Unit is deeded to you, except to the extent, if any, that limitation is not lawful.

- d. No warranty, either express or implied, is made regarding the presence or absence of radon gas at or in the vicinity of the Unit.
- e. Any claim for breach of warranty not made, in writing, and received by us within forty-eight (48) hours after expiration of the warranty period, shall be deemed waived.
- f. Any request for service must be sent in writing to us at our address previously described or at such address as we may designate, from time to time, in writing to you. We, or our designated representative, will commence performance of our obligations under the warranty within thirty (30) days after receipt of your request for service, and complete the same as soon as reasonably possible. All repairs and adjustments will be made Monday through Friday, between the hours of 8:00 a.m. and 4:00 p.m.

6. Other Rights. The limited warranty we provide will give you specific legal rights and you may also have other legal rights under law. We will also extend to you and to other Unit purchasers warranties with respect to improvements on the Common Elements, if any, which exceed the warranties we give to you.

7. Common Element Expansions. With respect to the repair and replacement of roof and structural components, and mechanical, electrical, plumbing, and common service elements in areas added to the Condominium, the one-year warranty shall commence on the date the deed or other evidence of ownership is filed for record following the sale to a purchaser in good faith for value of the first Unit added in that area.

F. Expense Projections.

1. General. Following are (a) projections of

expenditures that will be incurred by the Association and charged through assessments to Unit owners, (b) projections of expenditures that will be incurred, individually, by Unit owners and occupants, for real estate taxes and utilities, with respect to their Units, and (c) the assumptions for and bases of these projections. We have prepared these budget projections ourselves. These projections are estimates only, based upon our general knowledge and experience, and may not reflect actual costs, both because it is impossible to accurately predict future costs and because these estimates are not based on firm bids. We cannot and do not guarantee or warrant in any way that the actual budget adopted by the Association or expenses incurred by the Association or individually will be the same as these projections. The purpose of these projections is only to provide to each prospective purchaser good faith estimates by us of what we believe prospective purchasers can reasonably anticipate to pay for the items described.

2. Association Expenses. The Association will not commence the charging of assessments until the first day of a month, selected by us, that is within 60 days of the date of the closing of the first sale of a Unit to a bona fide purchaser. Except as provided in individual purchase contracts, we will pay all out-of-pocket Association expenses incurred prior to the time that assessments are charged. Assuming assessments commence upon the closing on each Unit, on Attachment 3 to this statement is our two-year projection of expenditures that will be incurred by the Association, and charged through assessments to Unit owners. Assessments shall be held in a non-interest bearing account designated as the "account for common expenses."

The projections are based on there being 58 Units in the Condominium but until such time as all of these have been completed, there will obviously be less than that. Following are the assumptions upon which the Association cost projections for the first year have been based.

a. Administrative.

- (1) Management. We anticipate hiring a professional management company to keep the records of the Association, collect assessments, arrange lawn care and repairs, and be generally responsible for administration of the Association and, through it, the Condominium property. Accordingly, we have budgeted amounts for professional management that we believe are reasonable for such services. At such time as Unit owners other than us control the Association, the Unit owners may wish to hire other professional management or decide to self-manage the Condominium. The contract we will have entered into for professional management may be cancelable by the Association pursuant to Section 3-105 of the Condominium Act.
- (2) Legal and Accounting. We believe that during the first two years only a small amount of legal and accounting assistance will be necessary. Our estimates are based on our general experience and estimates of a professional property manager.
- (3) Miscellaneous. The projections for miscellaneous expenses are based upon our general experience as to normal costs for bank charges, paper, postage, supplies, income taxes on unrelated business income, costs for Association meetings, and other miscellaneous expenditures. Additionally, these estimates, to a minor extent, have been rounded in order to permit anticipated expenses to equal anticipated receipts.

b. Operating Expenses.

- (1) Building Repair and Maintenance. Our estimates are based on the fact that some continual maintenance will probably be needed although the improvements are new and our warranties will cover defects in workmanship and materials. We believe this work will be minimal during the next two years. The projections are based on our general experience and estimates of a professional property manager.
- (2) Grounds Upkeep. It is anticipated that the Association will hire others to mow the green areas at regular intervals, apply fertilizer and weed control on a regular program, plant flowers in limited areas and perform annual tree trimming and mulching. Anticipated costs are based on our general experience and estimates of a professional property manager.
- (3) Amenity Facilities. We estimate the yearly cost of operating the community building, based on our general experience and estimates of a professional property manager, to be \$9,000.00. We recognize that until a substantial number of the 58 Units are built and made a part of the Condominium, the cost of operation of the facilities may be inordinately high for those Units then a part of the Condominium.
- (4) Asphalt Sealing. As is recommended by industry experts, it is anticipated that the Association will seal-coat all asphalt paving. This will enhance the appearance of the paving and will help resist the adverse effects of water, sunlight, and gasoline and oil spillage to the surface. Estimates are based on our general experience and estimates of a professional property manager.

- (5) Street Repair and Maintenance. It is anticipated that the Association will make occasional repairs and perform regular recommended maintenance on the streets, curbs, and street drainage system throughout the condominium property. Although we believe this work will be minimal during the next two years, we believe it is desirable to set aside funds for this work. The projection is based on our general experience and estimates of a professional property manager.
- (6) Refuse Removal. Garbage and other refuse removal will be performed by the Town of Southern Pines and therefore no costs estimates have been included in the estimated condominium dues.
- (7) Mid South Homeowners Association Dues. Annual dues paid to the Mid South master association for the general upkeep and beautification of the Mid South Master Planned Community. This estimate is based on numbers given by the association.
- (8) Mid South Club Dues. Estimate of annual dues for the Holly membership to Mid South and Talamore clubs. This estimate was provided by club officials and is subject to change on an annual basis.

c. Fixed Expenses.

- (1) Water and Sewer. Water and sewer service will be commonly metered and will be an Association expense.
- (2) Common Electric/Gas. Although each Unit will be separately metered for electrical use, the Association will be

separately metered and charged for electrical and gas use to light the exterior lighting in the Common Elements. Estimates are based on our knowledge of present rates and anticipated usage.

(3) Insurance. The estimates of the cost of insurance for the Condominium are based on general knowledge of insurance rates provided by a reputable insurance company authorized to issue such insurance, and based upon the following coverage being provided:

- a. Liability insurance concerning occurrences on the Common Areas with a limit of \$1,000,000.
- b. 100% replacement cost, blanket all risk fire and extended coverage insurance, subject to \$1,000 deductible per occurrence. (Each Unit owner should obtain insurance for the improvements located within such owner's Unit and for contents owned by the occupant of each Unit, whether such contents are located within the Unit or in Common Elements.)
- c. The cost of fidelity insurance with respect to those handling Association funds.

The estimates for insurance do not include the cost of insurance for: (1) an agent handling Association funds; or (2) officers and directors against liabilities incurred by them in connection with the performance by them of their duties, since this insurance is not readily available at reasonable rates so long as we control the Association.

d. Reserves.

(1) Operating Reserve. It is believed desirable to build up reserves to provide some funds for operations prior to the incurring of expenditures. We have provided in purchase contracts that each purchaser, at closing, will contribute to the account for common expenses an amount equal to two months of the anticipated first year assessments for an operating reserve. We believe this will provide an adequate operating reserve, but, if cash requirements in the early months of operation exceed available funds, we will advance sufficient funds to the Association, as non-interest bearing loans, to make up any shortage for a period of one year.

(2) Repair and Replacement Reserve. It is believed desirable to build up funds for future repair and replacement of capital assets. Based on present costs, we have estimated the annual amount necessary to be raised for future capital repair and replacement costs. Each year we anticipate the annual amount to be set aside for this reserve will be increased to reflect increased cost. Our estimates are based on our knowledge of these costs and predicted useful lives.

e. Unreflected Expenses. We do not provide any services and do not pay for any expenses which are not shown above and which we expect may become a subsequent common expense of the Association.

Budget figures and per Unit cost estimates have been rounded, in most cases, for convenience and simplicity. Based upon these cost estimates, the estimated total monthly costs per Unit of annual expenses necessary to operate and maintain the Common

Elements will be as set forth on Attachment 3. It is anticipated that these will be the monthly amounts of assessments that will be levied by the Association against the Units. Each Unit's monthly share of common expenses is calculated by multiplying the estimated total annual common expenses by each Unit's respective interest in the Common Elements, dividing by twelve, and rounding to the nearest dollar.

3. Individual Expenses. The owners and occupants of each Unit will incur expenses to own and operate their Units that are not the obligation of the Association and that are not included in assessments made by the Association. On Attachment 4 to this statement are our projections of such expenditures. Following are the assumptions and bases for these projections:

a. Real Estate Taxes. Real estate taxes for the year 2007, and later years, are undetermined and not yet due and payable. The taxes for the year of closing will be prorated and paid as provided in each purchaser's contract of sale. Moore County is currently conducting a property revaluation which will be effective in tax year 2008. In addition, it is anticipated that as a result of the filing of the Declaration, the County Tax Collector will revalue the property in the Condominium for the tax year 2008 to account for the improvements placed thereon and will apportion the tax value of the real estate among the various Units of the Condominium. We have no way of knowing what valuation will be placed on each Unit by the County Tax Collector when separate tax parcels are created for each Unit, nor do we know what the tax rates will be for 2007 and later tax years. However, we do not believe the taxes for the year 2007 will provide a reasonable basis for estimating taxes for later years. If the Units are valued for tax purposes for 2008 at 100% of the present prices, and if the tax rate remains at the rate established

for 2006 (the last rate which is presently available), then the real estate taxes applicable to each Unit, rounded, would be approximately as shown on Attachment 4.

These projections do not include any of the following tax liabilities:

- (1) Assessments. There are currently no unpaid assessments against the property and we have not received any notice of pending assessments or improvements to be made by public authority that could ripen into assessments.
- (2) Personal property taxes levied against any personal property purchased by and placed in the Units by occupants.
- (3) Other taxes, if any, levied upon the Unit owner and not otherwise described herein.

Real estate taxes will be levied individually against each Unit, and will be the responsibility of each Unit owner, and the Association assessments will not include amounts to pay these taxes. The Association, of course, will not have any obligation for real estate taxes.

b. Insurance. We have no way of projecting the monthly cost of the following insurance that would be carried by and paid for by the individual Unit owner or occupant:

- (1) Liability insurance carried by the Unit owner or occupant concerning occurrences within an individual Unit or that Unit's Limited Common Elements. The cost of such insurance will be affected by the extent and amount of coverage desired.
- (2) Fire and extended coverage insurance and contents insurance carried by the Unit owner or occupant covering

improvements located within the Unit and contents owned by the occupants of the Unit, whether such contents are located within the Unit or in the Common Elements. The cost of such insurance will be affected by the value of such improvements and contents and the extent of coverage desired.

(3) Any other insurance carried by the Unit owner or occupant and not otherwise described in this statement.

- c. Monthly Costs of Utilities. Each Unit will have its own central electric air conditioning system and gas furnace heating system, and each Unit will be separately metered by the utility company providing the service. The cost of this service provided to and charged against any particular Unit will vary depending upon the habits of the occupants of that Unit.
- d. Initial or Special Fees. At closing, you will be required to contribute toward the working capital fund described in the Declaration in an amount equal to the two months' assessments. There are no other initial or special fees due from you at closing.
- e. Common Element Fees. There are no current or known future fees or charges to be paid by Unit owners for the use of the Common Elements and other facilities related to the Condominium.
- f. Conversions; Rentals. This is not a conversion of an existing improved development into a condominium. It is our present intention to sell Units primarily to owner/occupants at retail prices. However, some Units may be sold to investors who will in turn rent those Units, and we reserve the right, from time to time, to rent unsold Units.

- g. Condominium Dues. These will be the monthly amounts of assessments that will be levied by the Association against the Units as projected on Attachment 4.

G. Management.

1. Unit Owners' Association. The Association will be created as a nonprofit corporation in the State of North Carolina by the filing of Articles of Incorporation with the North Carolina Secretary of State immediately prior to the time of the closing of the sale of the first Unit. We do not know of any other requirements that have to be met prior to or as a prerequisite to the creation of the Association. Each Unit owner will be a member of the Association. At closing Buyer is responsible for a \$45 transfer fee to the management company in order to cover the administrative costs and time involved in handling the transfer of units and mailing information.

2. Voting Rights Apportionment. The owner of each Unit shall have one vote in the Association for each Unit in the Condominium owned in fee simple, and a proportionate part of a vote for ownership of an undivided fee simple interest in a Unit. Upon the filing of the final amendment to the Declaration, there may be as many as 58 Units in the Condominium, and the owners of each Unit consequently would then be entitled to exercise 1/58 of the voting power of the Association. Regardless of the voting rights of members, until members of the Association other than us elect a majority of the Directors, we, in effect, will have the power to exercise the powers and responsibilities otherwise assigned by law or the Declaration to the Directors, the officers, and the Association.

The Board of Directors initially shall be those three persons named as the Directors pursuant to the provisions of the Articles, or such other person or persons as may from time to time be substituted by us. No later than the time that we have sold and conveyed Units that have a total of 25% or more of the undivided interests in the Common Elements, the Unit owners shall meet, and at that meeting the Unit owners other than us shall elect one-third (one) of the

Directors and we shall designate the other two-thirds (two) of the Directors, which three Directors shall serve until the meeting described in the next paragraph.

Within the earlier of (a) five years from the date of the establishment of the Association, or (b) thirty days after the sale and conveyance to purchasers, in good faith and for value, of Units that have a total of 75% or more of the undivided interest in the Common Elements, the Association shall meet and all Unit owners, including us, shall elect six Directors to replace all of those Directors earlier elected or designated by the owners or us, respectively. The terms of the six Directors shall be staggered, as provided in the Declaration, so that the terms of one-third (two) of the Directors will expire and successors will be elected at each annual meeting of the Association thereafter. At such annual meetings, successors to the two Directors whose terms then expire shall be elected to serve three-year terms.

For purposes of computing the percentages of interests referred to in the previous two paragraphs, we may make the percentage calculation as if there were a total of 58 Units in the Condominium (the maximum number of Units into which the Condominium may be expanded) .

Regardless of our right to appoint Directors and to vote for the election of Directors, we reserve the right and option, at our sole discretion, at any time, to waive our right to select or to vote for the election of one or more Directors.

3. Contractual Rights and Responsibilities. We have not entered into any contract with respect to or on behalf of the Association by which it has rights or responsibilities. The Association is free to enter into contracts, obtain rights, and incur responsibilities to the full extent available to and permitted by condominium associations and nonprofit corporations under law.

4. Condominium Instruments Binding: Amendments. The Condominium documents (the Declaration, the Bylaws, the Plats and Plans, and all other documents,

contracts, or instruments establishing ownership of or exerting control over the Condominium property, or a Unit) are legally binding documents. A copy of the Declaration is attached as Attachment 5. A copy of the Bylaws is attached as an exhibit to the Declaration. A copy of the Plats and Plans is attached as an exhibit to the Declaration. A copy of the Community Policies and Guidelines is attached as Attachment 6. There are no contracts and leases to be signed by purchasers at closing other than the Mid South Club/Talamore membership agreement. Other than the Management Contract discussed above in Section F, there are no contracts or leases entered into by us that will or may be subject to cancellation by the Association.

Amendment of the Condominium organizational documents will require the consent of Unit owners exercising not less than 75% of the voting power of the Unit owners, and the consent by "eligible mortgagees" whose mortgages represent a majority of the Units subject to mortgages held by eligible mortgagees. ("Eligible mortgagee" means the holder of a valid recorded first mortgage on a Unit who has given written notice to the Association stating the holder's name, address, and Unit or Units subject to its mortgage.) Notwithstanding the foregoing:

- a. The consent of all Unit owners shall be required for any amendment affecting a change in:
 - (1) the boundaries of any Unit;
 - (2) a Unit's undivided interest in the Common Areas or a Unit's share of the liability for common expenses;
 - (3) a Unit owner's voting power; or
 - (4) the fundamental purposes to which any Unit or the Common Areas are restricted.

- b. The consent of Unit owners exercising not less than 80% of the voting power of Unit owners and

the consent by eligible mortgagees whose mortgages represent 75% or more of the Units subject to mortgages held by eligible mortgagees shall be required to terminate the Condominium; and,

- c. We have reserved the right and power, for so long as we as the developer own any unit, to amend the Condominium organizational documents, to (i) conform to the requirements then governing the making of a mortgage loan or the purchase, guaranty, or insurance of mortgages by an institutional lender or an institutional guarantor or insurer of a mortgage on a Unit, provided that the consent of the appropriate percentage of eligible mortgagees is obtained (if required), or (ii) correct typographical errors or obvious factual errors or omissions the correction of which would not impair the interest of any Unit owner, mortgagee, insurer, or guarantor, provided, further, that if there is a Unit owner other than us, the Declaration shall not be amended to increase the scope or the period of control by us.

- H. Management Contracts. The Association has entered into a 1-year management contract to begin when assessments commence.

- I. Statement of Purchaser's Rights. Pursuant to the Condominium Act, you must receive a copy of this Public Offering Statement and Information Brochure before signing a contract to purchase your Unit, and no conveyance of the Unit can occur until seven calendar days following the signing of such contract. You have the absolute right to cancel the purchase contract during such seven calendar day's period, without penalty. You may also have additional rights to cancel in the event of a material change made in the proposed Declaration after a contract has been signed, but before conveyance of the Unit.

- J. Repair or Replacement Reserves. The Declaration will require the establishment of a reserve for repairs and replacement of the components of the Common Elements to which annual contributions must be made, said funds to be held in the account for common expenses. The estimated amounts to be designated as such reserve funds during the first two years of operation and the criteria for determining the amounts to be maintained as such have been

previously described.

K. Encumbrances, Easements, Liens, and Matters of Title.

Title to the Condominium property is or may be subject to one or more mortgages. Any such mortgage will be released or subjected or subordinated to the Declaration, Bylaws, and Plats and Plans of the Condominium prior to the closing of the sale of any Unit. Additionally, each Unit and its appurtenant interest in the Common Elements will be released from the lien of all mortgages (other than a mortgage or mortgages obtained by a purchaser), at the time of the closing of the sale of that Unit.

The Condominium is subject to easements for utility lines as shown on the Plats and Plans, and easements for various purposes will be created by the filing of the Declaration. We do not believe that any of these easements will unreasonably interfere with the proposed use of the Condominium for residential purposes. We have also reserved easements for access to and from the additional property and public streets, and to extend main line utility lines to the additional property, all of which are fully set forth in the Declaration.

The Condominium will also be subject to a series of restrictions that will be set forth in the Declaration. Some of these restrictions impose limitations on the rights of Unit owners with regard to uses of Units and Common Elements, renting and leasing, and remedies for violations. We believe that these limitations are necessary in order to maintain a high-quality, residential community involving close living accommodations.

The Declaration will establish a plan for the assessment and collection of assessments, by the Association, to pay common expenses incurred in fulfilling the Association's functions. These assessments are the personal obligation of Unit owners and may be perfected as liens against Units.

As previously mentioned, real estate taxes not due and payable at the time of closing will be a lien on a Unit at the time of the closing of the sale of the Unit. Each purchase contract with respect to a Unit shall set forth the specific agreement between us and the purchaser regarding all taxes and liens.

Except in our capacity as a Unit owner of unsold Units, and

the reservation of the easement rights with respect to the property that may be added to the Condominium, neither we nor any agent of ours will retain a property interest in the Common Elements.

Other known or recorded liens, defects and encumbrances affecting the Condominium are listed on Attachment 7. To the extent such matters include recorded covenants, conditions, restrictions and reservations (other than those first set forth or imposed in the Declaration itself) such documents are attached in full as a part of Attachment 7.

EACH PURCHASER IS URGED TO READ AND STUDY THE CONDOMINIUM ORGANIZATIONAL DOCUMENTS, BECAUSE OWNERSHIP AND USE OF EACH UNIT WILL BE SUBJECT TO THE ENCUMBRANCES, EASEMENTS, LIENS AND AGREEMENTS SET FORTH THEREIN.

- L. Escrow of Deposits. Any deposit or down payment made in connection with the purchase of a Unit will be held in an escrow account in an insured bank or savings and loan association in North Carolina pursuant to Sections 4-108 and 4-110 of the Condominium Act. The deposit or down payment shall be held in such account until the period of time during which you may cancel expires, or the time you cancel, whichever first occurs. Thereafter, the deposit will be applied as a progress payment and transferred to the seller's construction account, and appropriate credit will be reflected against your purchase price. The name and address of the escrow agent is Wachovia Bank, Southern Pines Broad Street Financial Center, 600 Southwest Broad Street, Southern Pines, North Carolina 28387.
- M. Restraints on Alienability. There are no restraints on the free alienability of all or any part of the Condominium.
- N. Litigation. There are no known or recorded unsatisfied judgments or pending suits against the Association. There are no pending suits material to the Condominium of which we have actual knowledge.
- O. Declarant Responsibilities. We will assume the rights and obligations of a Unit owner in our capacity as owner of Units not yet sold, from the time of the closing of the sale of the first Unit.

ATTACHMENT 1

UNIT TYPES

Type

A-2 (Cathedral Abbey). Contains a kitchen, living room, dining room, two baths, two bedrooms, a veranda, and a two-car garage, all at ground level.

C-2 (Cathedral Canterbury). Same as Cathedral Abbey except it has a den or optional third bedroom at ground level.

V-2 (Classic Villa). Contains a kitchen, living/dining room, two baths, two bedrooms or a bedroom and a den, and a garage, all at ground level.

CH-2 (Classic Chateau). Contains same rooms as a Classic Villa except that it has one and one-half baths at the first floor level, and a partial second floor level with a bedroom and a full bath.

CH-3 (Classic Chateau II). Same as the Classic Chateau with a slight layout variation to the second floor of the unit.

Unit Sizes

Type	Approximate Gross Interior Square Feet	Par Value
A-2	1,718	1.00
C-2	1,889	1.00
V-2	1,329	1.00
CH-2	1,926	1.00
CH-3	1,910	1.00

ATTACHMENT 2

UNIT INFORMATION

Building	Declarant Working Designation	Unit Type	Undivided Interest	Par Value
7	21	C-2	6.250%	1.0
	22	C-2	6.250%	1.0
	23	C-2	6.250%	1.0
	24	C-2	6.250%	1.0
14	39	C-2	6.250%	1.0
	40	C-2	6.250%	1.0
15	41	C-2	6.250%	1.0
	42	C-2	6.250%	1.0
16	43	CH-3	6.250%	1.0
	44	CH-2	6.250%	1.0
	45	V-2	6.250%	1.0
	46	CH-2	6.250%	1.0
17	47	C-2	6.250%	1.0
	48	C-2	6.250%	1.0
	49	A-2	6.250%	1.0
	50	C-2	6.250%	1.0
			100.00%	

ATTACHMENT 3

ASSOCIATION EXPENSE PROJECTIONS

Camden Villas at Mid South Club

Unit Mix	Number of Units	Par Value
Villa (V)	2	1.000
Chateau (CH)	6	1.000
Abbey (A)	6	1.000
Canterbury (C)	44	1.000
Total	58	

	Year 1 Annual budget amount	Check sum: Monthly amount per unit	Year 2 Annual budget amount
Administration			
Management Fees	\$8,352	\$12.00	\$8,603
Legal and Accounting	1,900	2.73	\$1,957
Miscellaneous and Office	500	0.72	\$515
Operating Expenses			
Building Repair and Maintenance	2,500	3.59	\$5,000
Grounds Upkeep	35,000	50.29	\$36,050
Annual Flower Program	2,000	2.87	\$2,060
Termite Program	0	0.00	\$3,500
Gutter Cleaning	1,500	2.16	\$1,545
Ice/Snow Removal	500	0.72	\$515
Trash Removal	0	0.00	\$0
Clubhouse	9,000	12.93	\$9,270
Mid South Club Dues (Holly)	53,650	77.08	\$55,260
Street Repair	0	0.00	\$500
Master Association	43,500	62.50	\$46,500
Miscellaneous Expenses	400	0.57	\$500
Cable	17,400	25.00	\$17,922
Fixed Expenses			
Water and Sewer	42,000	60.34	\$43,260
Street Light Operation	3,000	4.31	\$3,090
Insurance	14,925	21.44	\$15,373

Reserves

Operating Reserve	<i>Note 1</i>		<i>Note 1</i>
Repair and Replacement Reserve	11,000	15.80	\$11,330
Total Annual Budget	\$247,127		\$262,749

Calculation Table		Year 1		Year 2
Unit Types	Par Value	Annual amount per unit	Monthly unit as'sment	Annual amount per unit
Villa (V)	1.000	2.000	\$4,260.81	\$355.07
Chateau (CH)	1.000	6.000	4,260.81	355.07
Abbey (A)	1.000	6.000	4,260.81	355.07
Canterbury (C)	1.000	44.000	4,260.81	355.07
		58.000		

<i>Undivided Interest and Suggested Amounts for Monthly Assessments and Capital Contributions</i>				
<i>Unit Type</i>	<i>Undivided Interest</i>	<i>Monthly assessment:</i>		<i>Capital Contribution</i>
		<i>Year 1</i>	<i>Year 2</i>	
<i>Villa (V)</i>	<i>1.724%</i>	<i>\$355.00</i>	<i>\$378.00</i>	<i>\$710.00</i>
<i>Chateau (CH)</i>	<i>1.724%</i>	<i>\$355.00</i>	<i>\$378.00</i>	<i>\$710.00</i>
<i>Abbey (A)</i>	<i>1.724%</i>	<i>\$355.00</i>	<i>\$378.00</i>	<i>\$710.00</i>
<i>Canterbury (C)</i>	<i>1.724%</i>	<i>\$355.00</i>	<i>\$378.00</i>	<i>\$710.00</i>

Notes:

1. Operating Reserve will be funded by the initial capital contribution from each unit as units are sold. No Amount for Operating Reserve is included in the annual budget.

ATTACHMENT 4

INDIVIDUAL UNIT EXPENSES

Type of Unit	1 Annual Tax Liability	2 Monthly Tax Liability
Villa	\$2281.36	\$190.11
Chateau	\$2639.36-\$2728.86	\$219.95- \$227.40
Chateau II	\$2,728.86	\$227.40
Abbey	\$2415.61	\$201.30
Canterbury	\$2505.11-\$2818.36	\$208.76- 234.86

*The 2006 County tax rate is currently: \$.495/\$100.
The 2006 Town of Southern Pines tax rate is \$.40/\$100.

The above calculations are based on the base purchase price of the various units.

ATTACHMENT 5

Proposed Declaration

DECLARATION OF

CAMDEN VILLAS AT MID SOUTH CONDOMINIUM

Filed for Record _____, 200____, and Recorded in Book
, Pages _____ through _____
In the Office of the Register of Deeds for
Moore County, North Carolina

Consisting of _____ Numbered Pages including
Attached Exhibits A, B, C, D, E, F and G

Prepared by and after recording mail to:

Jim Holshauser

DECLARATION

This is the Declaration of CAMDEN VILLAS AT MID SOUTH CONDOMINIUM made by CAMDEN MID SOUTH LLC, an Ohio limited liability company ("Declarant") on or as of the _____ day of _____, 2007, pursuant to the provisions of Chapter 47C of the North Carolina General Statutes, entitled the North Carolina Condominium Act ("Condominium Act").

Recitals

Declarant is the owner in fee simple of all of the Condominium Property hereinafter described and the improvements thereon and appurtenances thereto. The Declarant desires to create on this property a site of individually owned units, and commonly owned areas and facilities, and to these ends to submit this property to condominium ownership under the Condominium Act.

Definitions

The terms used in this document shall have these meanings, unless the context requires otherwise:

1. "Additional Property" means the land and improvements thereon, that may, at a subsequent time, be added to the Condominium Property and become a part of the Condominium. The Additional Property is described at Exhibit G.
2. "Articles" and "Articles of Incorporation" mean the articles, filed with the Secretary of State of North Carolina, incorporating Camden Villas at Mid South Unit Owners Association, Inc. as a nonprofit corporation under the provisions of Chapter 55A of the North Carolina General Statutes (the State of North Carolina's enabling Nonprofit Corporation Act).
3. "Association" and "Camden Villas at Mid South Unit Owners Association, Inc. " mean the nonprofit corporation created by the filing of the Articles and is also one and the same as the association created for the Condominium under the Condominium Act.
4. "Board" and "Board of Directors " mean those persons who, as a group, serve as the Board of Directors of the Association and are also one and the same as the executive board of the Condominium established for the Condominium under the

Condominium Act.

5. "Bylaws" mean the bylaws of the Association, created under and pursuant to the provisions of the Condominium Act for the Condominium. A true copy of the Bylaws is attached hereto as Exhibit E and made a part hereof.

6. "Common Elements " means all of the Condominium Property, except that portion described in this Declaration as constituting a Unit or Units, and is that portion of the Condominium Property constituting "common elements" of the Condominium under the Condominium Act.

7. "Common Expenses" means expenditures made by or financial liabilities of the association, together with any allocations to reserves, held in an account designated as the account for common expenses.

8. "Condominium" and "Camden Villas at Mid South Club Condominium" mean the condominium regime for the Condominium Property created under and pursuant to the Condominium Act.

9. "Condominium Act" means Chapter 47C of the North Carolina General Statutes.

10. "Condominium instruments" means this Declaration, the Articles, the Bylaws, and the Plat and Plans.

11. "Condominium Organizational Documents" means the Articles, the Bylaws, the Plat and Plans, and this Declaration.

12. "Condominium Property" means the tract of land hereinafter described as being submitted to the Condominium Act, all buildings, structures and improvements situated thereon, and all easements, rights and appurtenances belonging thereto.

13. "Declarant" means whoever is designated in the recitals of this Declaration as creating the Condominium, and Declarant's successors and assigns, provided the rights specifically reserved to Declarant under the Condominium organizational documents shall accrue only to such successors and assigns as are designated in writing by Declarant as successors and assigns of such rights.

14. "Declaration" means this instrument, by which the Condominium Property is hereby submitted to the provisions of the Condominium Act.

15. "Director" and "Directors" mean that person or those persons serving, at the time pertinent, as a trustee or trustees of the Association, and mean that same person or those persons serving in the capacity of a member of the board of directors of the Association.

16. "Eligible Mortgagees" means the holders of valid first mortgages on Units who have given written notice to the Association stating their names, addresses and Units subject to their mortgages.

17. "Limited Common Elements" means the Common Elements serving exclusively one Unit or more than one but less than all Units, the enjoyment, benefit or use of which are reserved to the lawful occupants of that Unit or Units.

18. "Occupant" means a person lawfully residing in a Unit, regardless whether or not that person is a Unit owner.

19. "Person" means a natural individual, corporation, partnership, trustee, or other legal entity capable of holding title to real property.

20. "Plat and Plans" means the drawings for the Condominium, prescribed by Section 47C-2-109 of the Condominium Act. A set thereof is attached hereto, but the same may be detached and filed separately herefrom by the Register of Deeds for Moore County, North Carolina.

21. "Unit" and "Units" mean that portion or portions of the Condominium Property designated for separate ownership or occupancy, whether or not contained solely or partially within a building, together with its percentage of undivided interest in the Common Elements as set forth on Exhibit C. Each Unit is designated and delineated on the Plat and Plans of the Condominium under the provisions of the Condominium Act.

22. "Unit owner," "Unit owners," "Owner," and "Owners " mean that person or those persons owning a fee simple interest in a Unit or Units, each of whom is also a "member" of the Association. A Person having an interest in a Unit solely as security for an obligation shall not be considered a Unit Owner.

NOW, THEREFORE, Declarant hereby makes and establishes the following plan for condominium ownership of the below-described property under and pursuant to the provisions of the Condominium

Act:

ARTICLE I

THE LAND

A legal description of the land included in the Condominium Property, located in the Town of Southern Pines, Moore County, North Carolina, is attached hereto and marked "Exhibit A". The liens, defects and encumbrances affecting the Condominium Property to which the rights of Unit Owners are made subject are set out at Exhibit F.

ARTICLE II

NAME

The name by which the Condominium shall be known is "Camden Villas at Mid South Condominium".

ARTICLE III

PURPOSES: RESTRICTIONS

Section 1. Purposes. This Declaration is being made to establish separate individual Units from the Condominium Property to which fee simple interests may be conveyed; to create restrictions, covenants and easements providing for, promoting, and preserving the values of Units and the Common Elements and the well being of Unit owners and occupants; and to establish a Unit owners' association to administer the Condominium and the Condominium Property, to administer and enforce the covenants, easements, charges and restrictions hereinafter set forth, and to raise funds through assessments to accomplish these purposes.

Section 2. Restrictions . The Condominium and the Condominium Property shall be benefited by and subject to the following restrictions:

- (a) Unit Uses. Except as otherwise specifically provided in this Declaration, no Unit shall be used for any purpose other than that of a residence for individuals living together as a single housekeeping unit, and uses customarily incidental thereto, provided, however, that no Unit may be used as a rooming house, group home, commercial foster home, fraternity or sorority house, or any similar type of lodging, care

or treatment facility.

Notwithstanding the foregoing: (i) an Occupant maintaining a personal or professional library, keeping personal business or professional records or accounts, conducting personal business (provided that such use does not involve customers, employees, licensees or invitees coming to the Unit), making professional telephone calls or corresponding, in or from a Unit, is engaging in a use expressly declared customarily incidental to residential use and is not in violation of these restrictions; (ii) it shall be permissible for the Declarant to maintain, during the period of its sale or rental of Units, but for no longer than a five year period of time from the time of the closing of the first sale of a Unit to a bona fide purchaser, one or more Units as sales and rental models and offices, and for storage and maintenance purposes, provided, that Declarant may maintain and utilize one or more of the Units in property added to the Condominium for such purposes for a five year period of time from the time of the closing of the first sale of a Unit in the property so added; and (iii) one or more Units may be maintained for the use of the Association in fulfilling its responsibilities.

(b) Common Elements Uses . The Common Elements (except the Limited Common Elements) shall be used in common by Unit owners and occupants and their agents, servants, customers, invitees and licensees, in accordance with the purposes for which they are intended, reasonably suited and capable, and as may be required for the purposes of access, ingress to, egress from, use, occupancy and enjoyment of Units. Unless expressly provided otherwise herein, no Common Elements shall be used for any purpose other than the health, safety, welfare, convenience, comfort, recreation, or enjoyment of Unit owners and occupants. The Association may establish rules and regulations as to the use of the Common Areas.

(c) Limited Common Elements Uses . Those portions of the Common Elements described herein or shown on the Plat and Plans as Limited Common Elements shall be used and possessed exclusively by the Unit owners and occupants of the Unit or Units served by the same, as specified in this Declaration, and shall be used only for the purposes intended. The Association may establish rules and regulations as to the use and maintenance of the

Limited Common Areas.

- (d) Visible Areas . Nothing shall be caused or permitted to be hung or displayed on the outside or inside of windows (except interior inoffensive drapes, curtains, or louvered blinds which, from exterior observation, must be white, beige or gray, or as otherwise authorized by the Board) or placed on the outside walls of a building or otherwise outside of a Unit, or any part thereof. Subject only to such federal, state and local laws and ordinances as may lawfully impose limitations on this provision, no awning, canopy, shutter or television or citizens' band or other radio antenna or transmitter, or any other device or ornament, shall be affixed to or placed upon an exterior wall or roof or any part thereof, or the exterior of any door or window, or in, on, or over a patio, porch or balcony, visible to the exterior, unless authorized by the Board.
- (e) Offensive Activities . No noxious or offensive activity shall be carried on in any Unit, or upon the Common or Limited Common Elements, nor shall any be used in any way or for any purpose which may endanger the health of or unreasonably disturb any occupant.
- (f) Vehicles. The Board may promulgate rules and regulations restricting or prohibiting the parking of automobiles, vans, buses, inoperable vehicles, trucks, trailers, boats and recreational vehicles on the Common Elements, or parts thereof, and may enforce such regulations or restrictions by levying enforcement charges, having such vehicles towed away, or taking such other lawful actions as it, in its sole discretion, deems appropriate.
- (g) Renting and Leasing . No Unit or part thereof shall be rented or used for transient or hotel purposes, which such rental or use is defined as: (i) rental or use under which occupants are provided customary hotel services such as room service for food and beverages, maid service, the furnishing of laundry and linen, busboy service, and similar services; or (ii) rental to roomers or boarders, that is, rental to one or more persons of a portion of a Unit only. No lease may be of less than an entire Unit. Any lease agreement shall be in writing, shall provide that the lease

shall be subject in all respects to the provisions hereof, and to the rules and regulations promulgated from time to time by the Board, and shall provide that the failure by the tenant to comply with the terms of the Condominium Organizational Documents and lawful rules and regulations shall be a default under the lease. Prior to the commencement of the term of a lease the Unit owner shall notify the Board, in writing, the name or names of the tenant or tenants and the time during which the lease term shall be in effect. No lease shall be for a term of less than thirty days.

- (h) Signs. No sign of any kind shall be displayed to the public view on the Condominium Property except: (a) on the Common Elements, signs regarding and regulating the use of the Common Elements, provided they are approved by the Board; (b) on the interior side of the window of a Unit, one professionally prepared sign not in excess of nine square feet in size, advertising the Unit for sale or rent; and (c) on the Common Elements and model Units, signs advertising the sale and/or rental of Units by the Declarant during the period of its initial sale and rental of Units, provided, if these limitations on use of signs, or any part thereof, are determined to be unlawful, only the signs described in sub item (a), above, shall be permitted after Declarant's period of initial sales and rental of Units.
- (i) Replacements. Any building erected to replace an existing building containing Units shall be of new construction, be of comparable structure type, size, design and construction to that replaced, and shall contain a like number of Units of comparable size to the Units in the building replaced.
- (j) Structural Integrity. Nothing shall be done in any Unit, or in, on or to the Common or limited Common Elements, which may impair the structural integrity of any improvement.
- (k) Construction in Easements. No structure, planting or other material shall be placed or permitted to remain within the easements for the installation and maintenance of utilities and drainage facilities which may damage or interfere with the installation and

maintenance of utility lines or which may change the direction of the flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easement areas. The utility facilities within the easement areas shall be subject to the right of the Association to maintain the same, and its right to delegate that right to a public authority or utility.

- (l) Animals. Except as hereinafter provided, no animals, livestock or poultry of any kind shall be raised, bred or kept in any Unit or on the Common Elements. Notwithstanding the foregoing, household domestic pets, not bred or maintained for commercial purposes, may be maintained in a Unit, provided that: (i) no more than one pet may be maintained in any Unit, except that, if a Unit owner, prior to the commencement of occupancy of a Unit, requests the Board, in writing, for permission to maintain two pets in a Unit, the Board, in its discretion, may, in writing, authorize two pets, provided the two pets are either dogs of a miniature breed or cats who have or will have a combined mature weight not in excess of fifty (50) pounds, the pets shall be house pets only and not permitted in Common Elements, those pets are owned by the Unit owner at the time of commencement of occupancy of a Unit, and the Unit owner shall not be permitted to replace the first of those two pets who dies; (ii) the maintaining of animals shall be subject to such rules and regulations as the Board may from time to time promulgate, including, without limitation, the right to prohibit pets entirely, to place limitations on the size, number and type of such pets, and the right to levy enforcement charges against persons who do not clean up after their pets; and (iii) the right of an occupant to maintain an animal in a Unit shall be subject to termination if the Board, in its full and complete discretion, determines that maintenance of the animal constitutes a nuisance or creates a detrimental effect on the Condominium or other Units or occupants.
- (m) Conveyances. Each Unit shall be conveyed or transferred (voluntarily or involuntarily) as a separately designated and legally described freehold estate subject to the terms, conditions and provisions hereof. The undivided interest of a Unit in the

Common Elements shall be deemed to be conveyed or encumbered with the Unit even though that interest is not expressly mentioned or described in the deed, mortgage or other instrument of conveyance or encumbrance. Any conveyance, encumbrance, judicial sale, or other transfer (voluntary or involuntary) of an interest in the Common Elements will be void unless the Unit to which that interest is allocated is also transferred to the same transferee. In any instrument of conveyance or creating an encumbrance, or in any other document legally describing a Unit, it shall be sufficient to lawfully describe a Unit and its interest in the Common Area by referring to the Unit designation of the Unit and the appropriate recording references of the initial page of this Declaration and the appropriate Unit file number of the Plat and Plans. The right of a Unit owner to sell, transfer or otherwise convey that owner's Unit is not subject to any right of first refusal, and any Unit owner may transfer that owner's Unit free of any such limitation. To enable the Association to maintain accurate records of the names and addresses of Unit owners, each Unit owner agrees to notify the Association, in writing, within five days after an interest in that Unit owner's Unit has been transferred to another person. In addition, each Unit owner agrees to provide to a purchaser of that owner's Unit a copy of the Condominium organizational documents and all effective rules and regulations.

- (n) Discrimination/Handicapped Accommodation . No action shall at any time be taken by the Association or its Board which in any manner would discriminate against any Unit owner in favor of another. In addition, notwithstanding any provision hereof, or any rule or regulation, the Board shall make reasonable accommodation if necessary to afford a handicapped person equal opportunity to use and enjoy the Condominium Property, provided, that nothing contained herein shall be construed to mean or imply that any such accommodation be at the cost of the Association.
- (o) Architectural Control. No building, fence, wall, sign or other structure or improvement shall be commenced, erected or maintained upon the Condominium Property, or any part thereof, nor shall any exterior addition to or change or alteration therein be made, until the

plans and specifications showing the nature, kind, shape, height, materials, color and location of the same shall have been submitted to and approved in writing by the Board or its designated representative or representatives, in its or their sole and unfettered discretion. Nothing visible to the exterior shall be permitted to be hung, placed, displayed or maintained in Limited Common Elements unless approved, in writing, by the Board or its designated representative or representatives, in its or their sole and unfettered discretion, or unless the same is authorized by existing rule or regulation adopted by the Board.

- (p) Rules and Regulations. In addition to adopting and enforcing rules and regulations in the instances specifically hereinbefore mentioned, the Board may, from time to time, adopt and enforce such further reasonable rules and regulations as it deems necessary or desirable to promote harmony, to serve the best interests of the Unit Owners, as a whole, and the Association, and to protect and preserve the nature of the Condominium and the Condominium Property. A copy of all rules and regulations shall be furnished by the Board to the owners of each Unit prior to the time when the same shall become effective.

ARTICLE IV

IMPROVEMENT DESCRIPTIONS

Section 1. Residential Buildings. There are five residential buildings in Phase I of the Condominium. The residential buildings are of traditional architectural style with a combination of single story ranch type and two story condominium units. Most of the buildings in Phase I have quadraplex layouts so that each dwelling unit in a building faces in a different direction and so that the garage spaces in each building adjoin at the center of the building. Buildings with a duplex layout or other attached configuration may be used in later phases. If the Additional Property is developed, there will be a maximum total of 58 units in all phases of the Condominium. These buildings are of wood frame construction on concrete slabs with brick or cultured stone and wood siding and fiberglass shingle roofs. The principal materials of which these buildings are constructed are wood, glass, concrete, brick, fiberglass, shingle, and drywall. The residential

buildings are located as shown on the Plat and Plans.

Section 2. Other. Each dwelling unit has a private exterior entrance and an exterior parking area immediately in front of the attached garage, which parking area is a Limited Common Element appurtenant to that dwelling unit. Some Units have a finished veranda or porch, while others have an exterior fenced-in patio. The Condominium may also contain a community building built of similar architectural style and similar materials as the residential buildings. The community building may contain an office, two restrooms, a large lounge meeting room, a mechanical room, and an exercise room. There will be no other recreation facilities as a part of the Condominium.

ARTICLE V

UNITS

Section 1. Unit Designations. Each of the dwelling units, each of which is called "a Unit", is designated, for Declarant's internal working purposes, by a number (1-58). For conveyance purposes, a Unit's Identifying Number shall be identical with the assigned street address. The location and designation of each Unit is also shown on the Plat and Plans attached hereto as "Exhibit B". Information concerning the Units, with a listing of proper Unit designations and Identifying Numbers for conveyance purposes, is shown on the attached "Exhibit C".

Section 2. Composition of Units .

(a) Unit Composition. Each Unit constitutes a single freehold estate and consists of the space in the building designated by that Unit's designation on the Plat and Plans that is bounded by the undecorated interior surfaces of the perimeter walls, the unfinished surface of the floors, and the unfinished interior surface of the ceilings, all projected, if necessary by reason of structural divisions such as interior walls and partitions, to constitute complete enclosures of space, and all improvements within that space. Without limiting the generality of the foregoing, or, as appropriate, in addition, each Unit shall include:

(1) the decorated surfaces, including paint, lacquer, varnish, wall covering, tile and other finishing material applied to floors, ceilings, and interior and perimeter walls, carpeting, if any, and also the floors and ceilings themselves, and the drywall, paneling and other finishing wall material;

(2) all windows, skylights, if any, and screens and doors, including storm doors and windows, if any, and the frames, sashes and jambs, and the hardware therefor;

(3) all fixtures and appliances installed for the exclusive use of that Unit, commencing at the point of disconnection from the structural body of the building and from utility pipes, lines or systems serving the entire building or more than one Unit thereof, including, without limiting the generality hereof, built-in cabinets, dishwashers, garbage disposal units, refrigerators, stoves and hoods, television antennas and cables, furnaces, hot water heaters, heat pumps, air conditioning units (even though located outside the bounds of a Unit), and components of the foregoing, if any;

(4) all plumbing, electric, heating, cooling and other utility or service lines, pipes, wires, ducts, conduits and apparatus, wherever located, which serve only that Unit;

(5) all control knobs, switches, thermostats and electrical outlets and connections affixed to or projecting from the walls, floors and ceilings which service either the Unit or the fixtures located therein;

(6) all interior walls that are not necessary for support of the structure, and all components thereof and all space encompassed thereby;

(7) the portion of fireplaces actually within the interior of a Unit, and fireplace vents or chases;

(8) the space in the attached garage;

(9) in the case of a Unit with an attached porch or veranda, the space in that attached porch or veranda; and

(10) the attic space or storage space above a Unit, and the crawl space below a Unit, if any, to which the Unit has direct and exclusive access;

Excluding therefrom, however, all of the following items, whether or not located within the bounds of that Unit

(1) any supporting element of the building contained in interior walls;

(2) all plumbing, electric, heating, cooling and other utility or service lines, pipes, sump pumps and accessories thereto, wires, ducts and conduits which serve any other Unit; and

(3) fireplace brick chimneys.

(b) Unit Types, Sizes, Locations and Components. All Units are of the types described on the attached "Exhibit D", which also sets forth the size and composition of each type of Unit. The size of Units of each type is described in terms of "gross interior square feet", which means the area of space that constitutes a Unit, and is measured from the interior surfaces of exterior walls inward, and includes space occupied by interior partitions, space in the porch or veranda, and space in the attached garage. The type of each Unit is also set forth on Exhibit C and is shown on the Plat and Plans. Each Unit has its own gas furnace, hot water heater, and a fireplace. The location and composition of each Unit are also shown on the Plat and Plans.

ARTICLE VI

COMMON AND LIMITED COMMON ELEMENTS

Section 1. Common Elements - Description. All of the Condominium Property, including all of the land and all improvements thereon and appurtenances thereto, except those portions labeled or described herein or on the Plat and Plans as a part of a Unit, are Common Elements.

Section 2. Limited Common Elements - Description. Those portions of the Common Elements that are labeled or designated "limited common elements" on the Plat and Plans or herein are Limited Common Elements. In the case of each Unit these Limited Common Elements consist of a ten foot square exterior parking area immediately in front of the garage serving that Unit, and, in the case of some Units, as shown on the Plat and Plans, a contiguous fenced-in patio, and other improvements within that patio. Each such Limited Common Elements is reserved for the exclusive use of the owners and occupants of the Unit it is designed or designated to serve.

Section 3. Undivided Interest. The undivided interest in the Common Elements of each Unit is shown on the attached Exhibit C. No Unit owner may waive or release any rights in the

Common Elements. Further, the undivided interest in the Common Elements of a Unit shall not be separated from the Unit to which it appertains.

ARTICLE VII

UNIT OWNERS' ASSOCIATION

Section 1. Establishment of Association. The Association has been formed to be and to serve as the Unit owners' association of the Condominium. The Declarant is presently the sole member of the Association.

Section 2. Membership. Membership in the Unit Owners' Association shall be limited to the Unit owners, and every person or entity who is or becomes a record owner of a fee or undivided fee simple interest in a Unit is a Unit owner and shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Unit, and transfer of a Unit shall automatically transfer membership to the transferee.

Section 3. Voting Rights. Each Unit owner shall be entitled to one vote for each Unit owned in fee simple, and a proportionate part of a vote for ownership of an undivided fee simple interest in a Unit, provided, that unless timely challenged by an owner of a fee simple interest in a Unit, any owner of a fee simple interest in that Unit may cast the entire vote with respect to that Unit. The Board, from time to time, may suspend the right of a member to vote with respect to his, her, or its Unit for failure to pay assessments when due, or for failure to observe other of the terms hereof, the Bylaws, or rules and regulations of the Association, pursuant to rules and regulations duly adopted by the Board from time to time.

Section 4. Board of Directors. The Board initially shall be those three persons named as the initial Directors pursuant to the provisions of the Articles, or such other person or persons as may from time to time be substituted by Declarant. No later than the time that Units to which twenty-five percent (25%) of the undivided interests in the Common Elements appertain have been sold and conveyed by the Declarant, the Unit Owners shall meet, and the Unit owners other than the Declarant shall elect one Director at such meeting to replace whichever Director Declarant designates.

Within the earlier of (a) five years from the date of the establishment of the Association, or (b) thirty (30) days after the sale and conveyance, to purchasers in good faith and for value, of Units to which seventy-five percent (75%) of the undivided interests in the Common Elements appertain, the Association shall meet and all Unit owners, including the Declarant, shall elect six Directors to replace all of those Directors earlier elected or designated by the Unit owners or Declarant, respectively. The terms of the six Directors shall be staggered so that the terms of one-third of the Directors will expire and successors will be elected at each annual meeting of the Association. Thereafter, at such annual meetings, successors to the two Directors whose terms then expire shall be elected to serve three-year terms.

Notwithstanding the foregoing, the members, by the vote of members exercising not less than a majority of the voting power of members, may, from time to time, change the number and terms of Directors, provided, that in any such event the terms of not less than one-third of the Directors shall expire annually.

For purposes of computing undivided interests pursuant to the two immediately preceding paragraphs, those interests shall be computed by comparing the number of Units sold and conveyed to the maximum number of Units that may be in the Condominium.

Notwithstanding the foregoing, Declarant shall have the right at any time to waive its right to select one or more Directors or to vote in an election of Directors.

Section 5. Authority. The Board shall have all authority to manage, maintain, repair, replace, alter and improve the Common Elements and assess and collect funds for the payment thereof, and do all things, and exercise all rights provided by the Condominium Organizational Documents, or the Condominium Act, that are not specifically reserved to Unit owners.

Section 6. Delegation of Authority. Management Contracts
. The Board may delegate all or any portion of its authority to discharge its responsibilities to a managing agent. This delegation of authority and responsibility to a managing agent may be evidenced by one or more management contracts which may provide for the payment of reasonable compensation to such managing agent as a common expense, provided, however, that any agreement for professional management shall be terminable by the Association for cause on thirty (30) days' written notice; shall

be terminable by either party without cause and without penalty, on not more than ninety (90) days' written notice; shall not exceed one year unless renewed by agreement of the parties for successive one-year periods; and shall be bona fide and commercially reasonable at the time entered into under the circumstances then prevailing, provided that, in the case of any professional management contract entered into before control of the Association is vested in Unit owners other than Declarant, the contract must give the Association the right to terminate it without cause and without penalty at any time after control of the Association has been transferred to or assumed by Unit owners other than Declarant. Subject to the foregoing, nothing contained herein shall preclude Declarant, or any other entity designated by Declarant, from being employed as managing agent. The managing agent, or the Board, if there is no managing agent, shall have the authority to enter into contracts with Declarant or an affiliate of Declarant, as defined by an institutional first mortgagee or an agency or organization which purchases or insures first mortgages, for goods, services, or for any other thing, including, without limiting the generality of the foregoing, contracts for the providing of maintenance and repair services, provided the same are bona fide and commercially reasonable to the Unit owners at the time entered into under the circumstances then prevailing. In any case, no agreement by the Association executed prior to the transfer to or assumption of the Association by Unit owners other than Declarant shall extend more than one year subsequent to that transfer or assumption of control unless renewed by vote of Unit owners pursuant to the provisions of the Bylaws.

ARTICLE VIII

AGENT FOR SERVICE

The name of the person to receive service of process for the Association, the Association's "Registered Agent", and that person's residence or place of business, which is in the State of North Carolina, is:

J. E. Holshouser, Jr.
100 Market Square
Pinehurst, NC 28374

ARTICLE IX

MAINTENANCE AND REPAIR

Section 1. Association Responsibility. The Association, to the extent and at such times as the Board, in its exercise of business judgment, determines to allocate funds therefore, shall maintain, repair and replace all improvements constituting a part of the Common Elements, including the Limited Common Elements, and including but not limited to utility facilities serving more than one Unit, utility lines in the Common Elements, lawns, shrubs, trees, walkways, drives, parking areas, fireplace brick chimneys, and the structural portions and exterior portions of all buildings and improvements which are a part of the Common Elements, including the Limited Common Elements, and that do not constitute part of a Unit, provided that the Association shall not be responsible for the cleaning and housekeeping of Limited Common Elements or components thereof. The Association shall maintain adequate reserve funds in the account for common expenses for the periodic maintenance, repair and replacement of improvements a part of the Common Elements, including the Limited Common Elements. Except to the extent, if any, that a loss is covered by insurance maintained by the Association, the Association shall not have responsibility to repair or maintain any Unit, or component thereof, or personal property within a Unit.

Section 2. Individual Responsibility. Each Unit owner shall repair and maintain the Unit or Units, and all components thereof, owned by that Unit owner, and perform cleaning and housekeeping with respect to Limited Common Elements appurtenant to that owner's Unit. Without limiting the generality of the foregoing, this repair and maintenance responsibility of a Unit owner shall include repair, maintenance, and replacement of all windows, screens, and doors, including the frames, sashes and jambs, and the hardware therefor. In the event a Unit owner shall fail to make a repair or perform maintenance required of that Unit owner, or in the event the need for maintenance or repair of any part of the Common Elements or Limited Common Elements is caused by the negligent or intentional act of any Unit owner or occupant or is as a result of the failure of any Unit owner or his, her or its predecessors in title to timely pursue to conclusion a claim under any warranty, express, implied, or imposed by law, the Association may perform the same, and if the cost of such repair or maintenance is not covered by insurance, whether because of a deductible or otherwise, the cost thereof shall constitute a special individual Unit assessment, as hereinafter defined, on the Unit owned by that Unit owner and on that Unit owner. The determination that such maintenance or repair is necessary, or

has been so caused, shall be made by the Board.

ARTICLE X

UTILITY SERVICES

Each Unit owner, by acceptance of a deed to a Unit, agrees to pay for utility services separately metered or separately charged by the utility company to that Unit, and to reimburse the Association for that owner's Unit's share of any utility cost that the Board reasonably determines is attributable to use by that owner's Unit. All other utility costs shall be common expenses and paid by the Association.

ARTICLE XI

INSURANCE: LOSSES

Section 1. Fire and Extended Coverage Insurance. The Board shall have the authority to and shall obtain insurance for all buildings, structures, fixtures and equipment, and Common personal property and supplies now or at any time hereafter constituting a part of the Common Elements, the Limited Common Elements, or common property of the Association, against loss or damage by fire, lightning, and such other perils as are ordinarily insured against by standard extended coverage endorsements, and all other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available, issued in the locale of the Condominium Property, or, if the policy does not include an "all risks" endorsement, a policy that includes the "broad form" covered causes of loss, in amounts at all times sufficient to prevent the Unit owners from becoming co-insurers under the terms of any applicable coinsurance clause or provision and not less than one hundred percent (100%) of the current insurable replacement cost of such items (exclusive of land, foundations, footings, excavations, and other items normally excluded from coverage). This insurance shall also:

(a) provide coverage for built-in or installed improvements, fixtures and equipment that are part of a Unit, and shall provide for coverage of interior walls, windows and doors and the frames, sashes, jambs and hardware therefor, even though these improvements may be parts of Units;

(b) have (i) an agreed amount and inflation guard

endorsement, when that can be obtained, (ii) building ordinance or law endorsement, if any building, zoning, or land-use law will result in loss or damage, increased cost of repairs or reconstruction, or additional demolition and removal costs, providing for contingent liability from the operation of building laws, demolition costs, and increased costs of construction; and, (iii) when applicable, a steam boiler and machinery coverage endorsement, which provides that the insurer's minimum liability per accident at least equals the lesser of Two Million Dollars or the insurable value of the building or buildings housing the boiler or machinery (or a separate stand-alone boiler and machinery coverage policy);

(c) provide that no assessment may be made against a first mortgage lender, or its insurer or guarantor, and that any assessment under such policy made against others may not become a lien on a Unit and its appurtenant interests superior to a first mortgage;

(d) be written in the name of the Association for the use and benefit of the Unit owners, or its authorized representative, including any insurance trustee with whom the Association has entered into an insurance trust agreement, or any successor to such trustee, for the use and benefit of the individual Unit owners;

(e) contain or have attached the standard mortgagee clause commonly accepted by institutional first mortgage holders, insurers, and guarantors, which (i) must provide that the carrier shall notify the named insured and each first mortgagee named in the mortgage clause at least thirty days in advance of the effective date of any reduction in, cancellation of, or substantial change in the policy, and (ii) must be endorsed to provide that any loss shall be paid to the Association (or its insurance trustee), as a trustee for each Unit owner and each such Unit owner's mortgagee, and, unless otherwise prohibited by a nationally recognized institutional first mortgage holder, insurer, or guarantor, to the holders of first mortgages on Units;

(f) have a deductible amount no greater than the lesser of ten thousand dollars or one percent of the policy face amount;

(g) be paid for by the Association, as a common expense;

(h) contain a waiver of subrogation of rights by the carrier as to the Association, its officers and Directors, and

all Unit owners;

(i) provide that the insurance shall not be prejudiced by any acts or omissions of individual Unit owners who are not under the control of the Association; and

(j) be primary, even if a Unit owner has other insurance that covers the same loss.

Section 2. Liability Insurance. The Association shall obtain and maintain, at the Association's cost and as a common expense, a commercial policy of general liability insurance covering all of the Common Elements, public ways and any other areas under the Association's supervision, and Units, if any, owned by the Association, even if leased to others, insuring the Association, the Directors, and the Unit owners and occupants, with such limits as the Board may determine, but no less than the greater of (a) the amounts generally required by institutional first mortgage holders, insurers, and guarantors for projects similar in construction, location and use, and (b) one million dollars, for bodily injury, including deaths of persons, and property damage, arising out of a single occurrence. This insurance shall contain a "severability of interest" provision, or, if it does not, an endorsement which shall preclude the insurer from denying the claim of a Unit owner because of negligent acts of the Association, the Board, or other Unit owners, and shall include, without limitation, coverage for legal liability of the insured's for property damage, bodily injuries and deaths of persons resulting from the operation, maintenance or use of the Common Elements, and legal liability arising out of lawsuits related to employment contracts in which the Association is a party. Each such policy must provide that it may not be canceled or substantially modified, by any party, without at least thirty days' prior written notice to the Association and to each holder of a first mortgage on a Unit.

Section 3. Fidelity Coverage. The Board shall obtain and maintain, at the Association's cost and as a common expense, fidelity insurance providing coverage for the Association against dishonest acts on the part of directors, managers, employees, agents, and volunteers responsible for or handling funds belonging to or administered by the Association. The fidelity insurance policy must name the Association as the named insured and shall be written in an amount sufficient to provide protection, which is in no event less than the greater of (a) an amount equal to the Association's reserve funds plus three

months' assessments on all Units, or (b) the maximum amount that will be in the custody of the Association or its managing agent at any time while the policy is in force. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. The policy shall provide that it shall not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty days' prior written notice to the Association, and any insurance trustee, and any servicer on behalf of any holder, guarantor, or insurer of any mortgage on a Unit who requires such rights.

Any management agent who handles funds of the Association shall maintain a policy of fidelity insurance providing coverage no less than that required of the Association, which bond or insurance policy names the Association as an additional insured.

Section 4. Hazard Insurance Carrier. Each policy of hazard insurance obtained pursuant hereto shall be obtained from an insurance company authorized to write such insurance in the State of North Carolina which has a "B" or better general policyholder's rating or a "6" or better financial performance index rating in Best's *Insurance Reports*, an "A" or better general policyholder's rating and a financial size category of "VIII" or better in Best's *Insurance Reports-International Edition*, an "A" or better rating in Demotech's *Hazard Insurance Financial Stability Ratings*, a "BBBq" qualified solvency ratio or a "BBB" or better claims-paying ability rating in Standard and Poor's *Insurer Solvency Review*, or a "BBB" or better claims-paying ability rating in Standard and Poor's *International Confidential Rating Service*. Insurance issued by a carrier that does not meet the foregoing rating requirements will be acceptable if the carrier is covered by reinsurance with a company that meets either one of the A.M. Best general policyholder's ratings or one of the Standard and Poor's claims-paying ability ratings mentioned above.

Section 5. Other Association Insurance. In addition, the Board may purchase and maintain, at the Association's cost and as a common expense, contractual liability insurance, directors' and officers' liability insurance, and such other insurance as the Board may determine.

Section 6. Insurance Representative. Power of Attorney. There may be named, under any policy obtained by the Association, as an insured on behalf of the Association, its

authorized representative, including any trustee with whom the Association may enter into any insurance trust agreement (but the Association shall be deemed to be the insurance trustee in the absence of any such agreement), or any successor to such trustee, who shall have exclusive authority to negotiate losses under any such policy. Each Unit owner, by acceptance of a deed to a Unit, irrevocably appoints the Association or such designated representative, or such successor, as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including: the collection and appropriate disposition of the proceeds thereof; the negotiation of losses and execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or such designated representative, or such successor, shall receive, hold, or otherwise properly dispose of any proceeds of insurance, in trust, for Unit owners and their first mortgage holders, as their interests may appear. This power is for the benefit of each and every Unit owner, and their respective first mortgage holders, and the Association, and the Condominium, runs with the land, and is coupled with an interest.

Section 7. Unit Owners' Insurance. Any Unit owner or occupant may carry such insurance in addition to that provided by the Association pursuant hereto as that Unit owner or occupant may determine, subject to the provisions hereof, and provided that no Unit owner or occupant may at any time purchase individual policies of insurance against loss by fire or other casualty covered by the insurance carried pursuant hereto by the Association. In the event any Unit owner or occupant violates this provision, any diminution in insurance proceeds resulting from the existence of such other insurance shall be chargeable to the Unit owner who acquired or whose occupant acquired such other insurance, who shall be liable to the Association to the extent of any diminution and/or loss of proceeds. Without limiting the foregoing, a Unit owner or occupant may obtain insurance against liability for events occurring within a Unit, losses with respect to personal property and furnishings, and losses to improvements owned by the Unit owner or occupant, provided that if the Association obtains insurance for permanent improvements and built-in fixtures and equipment, then the insurance obtained by the Unit owner with respect to improvements within the Unit shall be limited to the type and nature of coverage commonly referred to as "tenants' improvements and betterments." All such insurance separately carried shall contain a waiver of subrogation rights by the carrier as to the Association, its officers and Directors, and

all other Unit owners and occupants.

Section 8. Sufficient Insurance. In the event the improvements forming a part of the Common Elements or any portion thereof shall suffer damage or destruction from any cause or peril insured against and the proceeds of any policy or policies insuring against such loss or damage and payable by reason thereof shall be sufficient to pay the cost of repair or restoration or reconstruction, then such repair, restoration or reconstruction shall be undertaken by the Association and the insurance proceeds shall be used in payment therefore; provided, however, that in the event that within sixty (60) days after such damage or destruction the Unit owners and eligible mortgagees, if they are entitled to do so pursuant to the provisions of this Declaration, shall elect to terminate the Condominium, then such repair, restoration or reconstruction shall not be undertaken.

Section 9. Insufficient Insurance. In the event the improvements forming a part of the Common Elements or any portion thereof shall suffer damage or destruction from any cause or peril which is not insured against, or, if insured against, the insurance proceeds from which shall not be sufficient to pay the cost of repair, restoration or reconstruction, then, unless the Unit owners and eligible mortgagees if they are entitled to do so pursuant to the provisions of this Declaration, shall elect within sixty (60) days after such damage or destruction not to make such repair, restoration or reconstruction, the Association shall make repairs, restoration or reconstruction of the Common Elements so damaged or destroyed at the expense (to the extent not covered by insurance) of all Unit owners in proportion to their respective undivided interests in the Common Elements. Should any Unit owner refuse or fail after reasonable notice to pay that Unit owner's share of such cost in excess of available insurance proceeds, the amount so advanced by the Association shall be assessed against the Unit of such Unit owner and that assessment shall have the same force and effect, and, if not paid, may be enforced in the same manner as herein provided for the nonpayment of assessments.

Section 10. Lender Requirements. Notwithstanding the foregoing provisions of this Article, the Association shall at all times maintain hazard insurance, liability insurance, and fidelity insurance coverage conforming with the requirements then governing the making of a first mortgage loan, or the purchase, guaranty, or insurance of first mortgages, by national

institutional lenders, guarantors or insurers of first mortgage loans on condominium units, including the requirements of the Federal National Mortgage Association.

ARTICLE XII

DAMAGE: RESTORATION: REHABILITATION AND RENEWAL: TERMINATION

Section 1. Restoration of Substantial Damage or Destruction. In the event of substantial damage to or destruction of all Units in a residential building, or the taking of one or more Units in any condemnation or eminent domain proceedings, the Association shall promptly restore or replace the same, unless an election is made not to do so, as hereinafter provided.

Section 2. Election Not to Restore; Termination. The Association may, with the consent of Unit owners entitled to exercise not less than eighty percent (80%) of the voting power of Unit owners, and the consent of eligible mortgagees hereinafter provided, both given within sixty (60) days after damage or destruction, determine not to repair or restore the damage or destruction, and to terminate the Condominium. In any such an event, all of the Condominium Property shall be sold as upon partition. In the event of such an election not to repair or restore substantial damage or destruction or reconstruct such Unit or Units, the net proceeds of insurance paid by reason of such damage or destruction, or the net amount of any award or proceeds of settlement arising from such proceedings, together with the proceeds received from the sale as upon partition, or in the case of an election otherwise to terminate the Condominium, the net proceeds from the partition sale, shall be distributed among the owners of the Units, and the holders of their respective first mortgage liens, (as their interests may appear), in the proportions of their undivided interests in the Common Elements.

Section 3. Rehabilitation and Renewal. The Association, with the consent of Unit owners entitled to exercise not less than seventy-five percent (75%) of the voting power of Unit owners, and the consent of eligible mortgagees hereinafter provided, may determine that the Condominium is obsolete in whole or in part and elect to have the same renewed and rehabilitated. The Board shall thereupon proceed with such renewal and rehabilitation, and the cost thereof shall be a common expense.

ARTICLE XIII

CONDEMNATION

Section 1. Standing. Except as hereinafter provided, the Association, or its designated representative, or authorized successor, as trustee, shall represent the Unit owners in any condemnation or eminent domain proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of all or any part of the Condominium Property, and shall have the sole and exclusive right to settle losses with the condemning authority and to receive the award or proceeds of settlement, for the use and benefit of the Unit owners and their mortgagees as their interests may appear. Notwithstanding the foregoing, in the event that a Unit owner may lawfully separately pursue and realize upon a claim for incidental and consequential losses or damage to that Unit owner resulting from a taking under the power of eminent domain, such as for relocation and moving expenses, loss of favorable mortgage terms, and other such individual incidental or consequential losses, that Unit owner may, at his, her or its election, separately pursue such claim, provided, that the pursuing of the same, or the realization of an award thereof, neither jeopardizes, in any way, an action by the Association to recoup the losses incurred by it, or any other Unit owner, or the direct loss with respect to the Unit itself, or with regard to the usability thereof, nor diminishes any award for any such loss.

Section 2. Use of Proceeds. The award or proceeds of settlement in any actual or threatened condemnation or eminent domain proceedings, after reduction of the costs, if any, incurred in obtaining the same, shall be applied first to the cost of restoring or replacing all damaged or taken improvements on the remaining Condominium Property in accordance with the Plat and Plans, or in accordance with any new plans and specifications therefore approved by Unit owners exercising no less than seventy-five percent (75%) of the voting power of Unit owners, and the consent of eligible mortgagees hereinafter provided.

Section 3. Insufficient Proceeds. If the award or proceeds are insufficient for such purpose, the excess cost shall be paid by the Association and, to the extent funds of the Association are insufficient therefore, in the judgment of the Board, such excess cost shall be a common expense and assessed among the Units in the same manner as special assessments for capital improvements are assessed. Except as hereinafter

provided, the balance of any such award or proceeds of settlement, if there is an excess, shall be allocated and disbursed to the Unit owners, and their first mortgagees, as their interests may appear, in proportion to the relative undivided interests of the Units in the Common Elements.

Section 4. Non-Restorable Unit. Notwithstanding the foregoing, in the event that as a result of any such taking, and consequent restoration or replacement, any Unit could not reasonably be restored to a condition comparable to that which existed prior to the taking, or could not be replaced, prior to the allocation and disbursement of any sum to any other Unit owner or his, her or its mortgagee, there shall be allocated and disbursed from such award or proceeds, to each Unit owner whose Unit cannot be so restored or replaced, and his, her or its respective first mortgagee, as their interests may appear, such amount as is equal to the then fair market value of the Unit that cannot be so restored or replaced. Thereupon, such Unit or Units, and the owners thereof, shall be immediately and automatically divested of any interest in the Condominium, the Condominium property, and the Association, including, without limiting the generality of the foregoing, divestment of an undivided interest, vote, membership in the Association, and liability for common expenses. All such rights and interests shall be reallocated among all other Units and Unit owners in the same relative proportions as those rights and interests were prior to such taking. To illustrate, upon a Unit being divested from the Condominium, (a) the voting right of that Unit will be equally allocated among all other Units, since each Unit prior thereto had an equal vote, and (b) the undivided interest of that Unit will be reallocated among all other Units in the proportions of their relative undivided interests prior to such taking.

Section 5. Power of Attorney. Each Unit owner, by acceptance of a deed to a Unit, appoints the Association, or its designated representative, as his, her or its attorney-in-fact to represent that Unit owner, settle losses, receive and utilize the award or proceeds of settlement, and do all things necessary or desirable for such attorney-in-fact to exercise the rights and fulfill the responsibilities of the Association set forth in this Article with respect to condemnation or eminent domain proceedings. This power is for the benefit of each and every Unit owner, each holder of a first mortgage on a Unit, the Association, and the real estate to which it is applicable, runs with land, is coupled with an interest and is irrevocable.

ARTICLE XIV

GRANTS AND RESERVATIONS OF RIGHTS AND EASEMENTS

Section 1. Easements of Enjoyment; Limitations. Every Unit owner shall have a right and easement of enjoyment in, over and upon the Common Elements and an unrestricted right of access to and from his, her or its Unit, which rights and easements shall be appurtenant to and shall pass with the title to a Unit, subject to the right of the Board to make reasonable rules and regulations concerning the use and management of the Common Elements and the Limited Common Elements, provided that no such rule or regulation shall limit or prohibit the right of ingress and egress to a Unit, or any part thereof, or to that Unit's parking facilities. Each Unit owner shall be deemed to have delegated that Unit owner's right of enjoyment to the Common Elements and to ingress and egress to the occupants of that owner's Unit.

Section 2. Right of Entry for Repair; Maintenance and Restoration. The Association shall have a right of entry and access to, over, upon and through all of the Condominium Property, including each Unit and the Limited Common Elements, to enable the Association to perform its obligations, rights and duties pursuant hereto with regard to maintenance, repair, restoration and/or servicing of any items, things or areas of or in the Condominium Property. In the event of an emergency, the Association's right of entry to a Unit and its appurtenant Limited Common Elements may be exercised without notice; otherwise, the Association shall give the owners or occupants of a Unit no less than twenty-four hours advance notice prior to entering a Unit or its appurtenant Limited Common Elements.

Section 3. Easements for Encroachments. Each Unit and the Common Elements and Limited Common Elements shall be subject to and benefited by easements for encroachments on or by any other Unit and upon the Common Elements and Limited Common Elements created or arising by reason of overhangs; or by reason of deviations in construction, reconstruction, repair, shifting, settlement, or other movement of any portion of the improvements; or by reason of errors on the Plat and Plans. Valid easements for these encroachments and for the maintenance of same, as long as the physical boundaries of the Units after the construction, reconstruction, repairs, etc. will be in substantial accord with the description of those boundaries that appears herein or on the Plat and Plans, shall and do exist so long as the encroachments remain.

Section 4. Easement for Support. Every portion of a building or utility line or any improvement on any portion of the Condominium Property contributing to the support of another building, utility line or improvement on another portion of the Condominium Property shall be burdened with an easement of support for the benefit of all other such buildings, utility lines, improvement and other portions of the Condominium Property.

Section 5. Easements for Proper Operations. Easements to the Association shall exist upon, over and under all of the Condominium Property for ingress to and egress from, and the installation, replacing, repairing and maintaining of, all utilities, including, but not limited to water, sewer, gas, telephone, electricity, security systems, master television antennas and cable television, and the road system and all walkways, and for all other purposes necessary for the proper operation of the Condominium Property. By these easements it shall be expressly permissible for the Association to grant to the appropriate public authorities and/or the providing companies and contractors permission to construct and maintain the necessary appurtenances and improvements on, above, across and under the Condominium Property, so long as such appurtenances and improvements do not unreasonably interfere with the use and enjoyment of the Condominium Property. Should any public authority or other company furnishing a service request a specific easement, permit, or license, the Board shall have the right to grant such easement, permit, or license without conflicting with the terms hereof. In addition, in the event the Board determines that the grant of easement rights to others is in the best interests of the Association, the Association shall have the right to grant the same, provided that use of the same would not, in the sole judgment of the Board, unreasonably interfere with the use and enjoyment of the Condominium Property by owners and occupants.

Section 6. Easement for Services. Non-exclusive easements are hereby granted to all police, fire fighters, ambulance operators, mail carriers, delivery personnel, garbage and trash removal personnel, and all similar persons, and to the local governmental authorities and the Association, but not to the public in general, to enter upon the Common Elements in the performance of their duties, subject to such reasonable rules and regulations as the Board may establish, from time to time.

Section 7. Easements Reserved to Declarant. Non-exclusive

easements are hereby reserved to Declarant, its successors and assigns, over and upon the Common Elements and Limited Common Elements (a) for a one year period of time from the date of the closing by Declarant of the first sale of a Unit to a bona fide purchaser, for access to and for the purpose of completing improvements for which provision is made in this Declaration, provided that such right of access shall be to the extent, but only to the extent, that access thereto is not otherwise reasonably available, (b) for the periods provided for warranties hereunder or by law, for purposes of making repairs required pursuant to those warranties or pursuant to contracts of sale made with Unit purchasers, and (c) for the initial sales and rental period, but for no longer than two years from the time of the closing of the first sale of a Unit to a bona fide purchaser, to maintain and utilize one or more Units and appurtenances thereto, for sales and management offices and for storage and maintenance, and model Units, parking areas for sales and rental purposes, and advertising signs.

In addition, a non-exclusive perpetual easement is hereby reserved to Declarant, its successors and assigns, for their benefit and the benefit of future owners and occupants of the area into which the Condominium may be expanded (the Additional Property) for pedestrian and vehicular access over the streets and walkways that may from time to time be a part of the Condominium Property, for ingress to and egress from the Additional Property, and each part thereof, and a public street, and to extend the same onto the Additional Property. The Association, at all times, shall maintain an unimpeded route of vehicular and pedestrian ingress and egress over and upon the Condominium Property to and from the Additional Property and a public street. Additionally, Declarant, for itself and its successors and assigns, reserves the right so long as it or its successors control the Condominium Property or the Association, to extend utility lines from the Common Elements onto the Additional Property, and thereafter to service and maintain the same.

All rights and easements reserved to Declarant, its successors and assigns, pursuant to this section, shall be exercised and utilized, as the case may be, in a reasonable manner, and in such way as not to unreasonably interfere with the operation of the Association and the rights of owners and occupants of Units.

Section 8. Power of Attorney. Each Unit owner, by acceptance of a deed to a Unit, appoints the Association or its

designated representative, as his, her or its attorney-in-fact, to execute, deliver, acknowledge and record, for and in the name of such Unit owner, such deeds of easement, licenses, permits, and other instruments as may be necessary or desirable, in the sole discretion of the Board, or its authorized representative, to further establish or effectuate the foregoing easements and rights. This power is for the benefit of each and every Unit owner, the Association, and the real estate to which it is applicable, runs with the land, is coupled with an interest, and is irrevocable.

Section 9. General. The easements and grants provided here in shall in no way affect any other recorded grant or easement. Failure to refer specifically to any or all of the easements and/or rights described in this Declaration in any deed of conveyance or in any mortgage or other evidence of obligation shall not defeat or fail to reserve said rights or easements but the same shall be deemed conveyed or encumbered, as the case may be, along with the Unit.

ARTICLE XV

ASSESSMENTS AND ASSESSMENT LIENS: RESERVE FUNDS

Section 1. Types of Assessments. The Declarant for each Unit within the Condominium hereby covenants and agrees, and each Unit owner by acceptance of a deed to a Unit (whether or not it shall be so expressed in such deed) is deemed to covenant and agree, to pay to the Association (a) annual operating assessments, (b) special assessments for capital improvements, and (c) special individual Unit assessments, all of such assessments to be established and collected as hereinafter provided, and maintained in an account designated as the account for common expenses.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote and provide for the health, safety, and welfare of Unit owners and occupants and the best interests of the Condominium Property.

Section 3. Elements; Apportionment; Due Dates.

(a) Annual Operating Assessments.

(1) Prior to the time any Unit owner is to be charged assessments by the Association, and in any event within sixty (60) days after the first closing of the sale of a

Unit by Declarant and prior to the beginning of each fiscal year of the Association after the period for which the assessments are first levied, the Board shall estimate, and prorate among all Units and their owners on the basis of the undivided interest of each Unit in the Common Elements, common expenses of the Association, consisting of the following:

(a) the estimated next fiscal year's cost of the maintenance, repair, and other services to be provided or paid for by the Association;

(b) the estimated next fiscal year's costs for insurance premiums to be provided and paid for by the Association;

(c) the estimated next fiscal year's costs for utility services not separately metered or charged to Unit owners;

(d) the estimated amount required to be collected to maintain sufficient working capital reserve fund, to assure availability of funds for normal operations of the Association, in an amount deemed adequate by the Board, but in no event less than an amount equal to two months' currently estimated assessments on all Units;

(e) an amount deemed adequate by the Board to maintain sufficient reserve funds for the cost of unexpected repairs and replacements of capital improvements and for the repair and replacement of major improvements for which cash reserves over a period of time in excess of one year ought to be maintained; and

(f) the estimated next fiscal year's costs for the operation, management and administration of the Association, including, but not limited to, fees for property management, fees for legal and accounting services, costs of mailing, postage, supplies and materials for operating the Association, and the salaries, wages, payroll charges and other costs to perform these services, and any other costs constituting common expenses not otherwise herein specifically included.

(2) The Board shall thereupon allocate to each Unit that Unit's share of all of these items, prorated in accordance with each respective Unit's undivided interest

in the Common Elements, and thereby establish the annual operating assessment for each separate Unit. For administrative convenience, any such assessment may be rounded so that monthly installments will be in whole dollars.

(3) The annual operating assessment shall be payable in advance, in equal monthly installments, provided that nothing contained herein shall prohibit any Unit owner from prepaying assessments in annual, semiannual, or quarterly increments. The due dates of any such installments shall be established by the Board, or, if it fails to do so, an equal monthly pro rata share of the annual operating assessment for a Unit shall be due the first day of each month.

(4) If the amounts so collected are, at any time, insufficient to meet all obligations for which those funds are to be used, the deficiency shall be assessed by the Board among the Units on the same basis as heretofore set forth, provided, that if common expenses are incurred by the Association prior to the time the Association commences to levy assessments against Units, Declarant shall pay the same (subject to its right, if any, to reimbursement from Unit purchasers contained in individual contracts for the sale of a Unit or Units).

(5) If assessments collected during any fiscal year are in excess of the funds necessary to meet the anticipated expenses for which the same have been collected, the excess shall be retained as reserves, or as reductions in future assessments, as determined by the Board, in its sole discretion, and shall in no event be deemed profits nor available, except on dissolution of the Association, for distribution to Unit owners.

(6) So long as the Declarant is in control of the Association, Declarant shall not use any funds from the account for common expenses to defray Declarant's expenses, reserve contributions or construction costs, or to make up any budget deficits, and shall maintain the account for common expenses in a segregated account and transfer control of the same to the Association at or prior to the time Unit owners other than Declarant control the Association. Each Unit's share of the working capital reserve fund shall be collected either at the time the sale of the Unit is closed or when control of the Association is

vested in Unit owners other than Declarant, whichever is earlier, without prejudice to Declarant's right to recover its contribution from purchasers of Units from Declarant subsequent to such vesting of control.

(b) Special Assessments for Capital Improvements.

(1) In addition to the annual operating assessments, the Board may levy at any time, special assessments to construct, reconstruct or replace capital improvements on the Common Elements to the extent that reserves therefore are insufficient, provided that new capital improvements not replacing existing improvements (except new capital improvements required to comply with applicable law or governmental regulation, or to correct any deficiency or defect creating a safety or health hazard to occupants) shall not be constructed nor funds assessed therefore, if the cost thereof in any fiscal year would exceed an amount equal to five percent (5%) or more of that fiscal year's budget, without the prior consent of Unit owners exercising not less than seventy-five percent (75%) of the voting power of Unit owners and the consent of eligible mortgagees hereinafter provided.

(2) Any such assessment shall be prorated among all Units in proportion to their respective undivided interests in the Common Element, and shall become due and payable on such date or dates as the Board determines following written notice to the Unit owners.

(c) Special Individual Unit Assessments. The Board shall levy assessments against an individual Unit, or Units, and the owner or owners thereof, to reimburse the Association for those costs incurred in connection with that Unit or Units properly chargeable by the terms hereof to a particular Unit (such as, but not limited to, the cost of making repairs the responsibility of a Unit owner, and a Unit owner's interest, late charge, enforcement, and arbitration charges). Any such assessment shall become due and payable on such date as the Board determines, and gives written notice to the Unit owners subject thereto. Additionally, during the first years of the Condominium's existence, and until such time as real estate taxes and assessments are split into separate tax bills for each Unit, the Association shall have the right to pay the real estate taxes and assessments attributable to the Condominium Property in the event the same have not been

paid, when due, and assess each Unit owner for his, her or its share of such real estate taxes and assessments as a special individual Unit assessment. The share of those taxes and assessments attributable to a Unit shall be computed by multiplying the total taxes and assessments for all of the Condominium Property by the undivided interest in Common Elements attributable to that Unit. The calculation by the Association of the Units' shares of taxes and assessments shall be binding upon all Unit owners.

Section 4. Effective Date of Assessment. Any assessment created pursuant hereto shall be effective, provided it is created as provided herein, if written notice of the amount thereof is sent by the Board to the Unit owner subject thereto at least ten (10) days prior to the due date thereof, or if to be paid in installments, the due date of the first installment thereof. Written notice mailed or delivered to a Unit owner's Unit shall constitute notice to that Unit owner, unless the Unit owner has delivered written notice to the Board of a different address for such notices, in which event the mailing of the same to that last designated address shall constitute notice to that Unit owner.

Section 5. Effect of Nonpayment of Assessment; Remedies of the Association.

(a) If any installment of an assessment is not paid within at least ten (10) days after the same is due, the entire unpaid balance of the assessment shall immediately become due and payable, without demand or notice, unless the Board, in its sole discretion, determines not to accelerate the installments.

(b) If any installment of an assessment is not paid within at least ten (10) days after the same is due, the Board, at its option, provided a 15 day notice of intent is provided to the unit owner, may (i) charge interest on the entire unpaid balance (including the accelerated portion thereof) at such rate as the Board, from time to time, establishes by rule; or if the Board fails to establish a rate by rule, at the rate of eight percent (8%) per annum, (ii) charge a reasonable, uniform, late fee, as established from time to time by the Board, by rule, and (iii) charge the cost of collection, including attorney fees and other out-of-pocket expenses.

(c) Annual operating and both types of special assessments, together with interest, late fees, and costs,

including attorney fees, shall be a charge in favor of the Association upon the Unit against which each such assessment is made.

(d) At any time after any assessment or an installment of an assessment levied pursuant hereto remains unpaid for thirty (30) or more days after the same has become due and payable, a certificate of lien for the unpaid balance of that assessment, including all future installments thereof, interest, late fees, and costs, including attorney fees, may be filed in the Office of the Clerk of Superior Court for Moore County, pursuant to authorization given by the Board. The certificate shall contain a description or other sufficient legal identification of the Unit against which the lien exists, the name or names of the record owner or owners thereof, and the amount of the unpaid portion of the assessments and charges, and shall be signed by the president or other chief officer of the Association.

(e) The lien provided for herein shall become effective from the time a certificate of lien or renewal certificate was duly filed therefore, and shall continue for a period of five (5) years unless sooner released or satisfied, or discharged by the final judgment or order of a court in an action brought to discharge the lien.

(f) Each such assessment together with interest, late fees, and costs, including attorney fees, shall also be the joint and several personal obligation of the Unit owners who owned the Unit at the time when the assessment fell due. The obligation for delinquent assessments, interest, late charges and costs shall not be the personal obligation of that owner or owners' successors in title unless expressly assumed by the successors, or required by applicable law, provided, however, that the right of the Association to a lien against that Unit, or to foreclose any lien thereon for these delinquent assessments, interest, late charges and costs, shall not be impaired or abridged by reason of the transfer, but shall continue unaffected thereby, except as provided in Section 6 of this Article.

(g) The Association, as authorized by the Board, may file a lien or liens to secure payment of delinquent assessments, interest, late fees, and costs, including attorney fees, bring or join in an action at law against the owner or owners personally obligated to pay the same, and an action to foreclose a lien, or anyone or more of these. Any foreclosure action involving a Unit or Units shall be entitled to become a

purchaser at the foreclosure sale. In any such foreclosure action, interest and costs of such action (including attorneys' fees) shall be added to the amount of any such assessment, to the extent permitted by North Carolina law.

(h) No claim of the Association for assessments and charges shall be subject to setoffs, off sets, or counterclaims.

(i) No owner may waive or otherwise escape liability for the assessments provided for in this Declaration by non-use of the Common Elements, or any part thereof, or by abandonment of his, her or its Unit.

(j) Assessments shall run with the land, are necessary to continue the care, repair and maintenance of Units and their undivided interests in the Condominium, and to continue to provide utility and security service, and, accordingly, assessments accruing or becoming due during the pendency of bankruptcy proceedings shall constitute administrative expenses of the bankrupt estate.

Section 6. Subordination of the Lien to First Mortgages. The lien of the assessments and charges provided for herein shall be subject and subordinate to the lien of any duly executed first mortgage on a Unit recorded prior to the date on which such lien of the Association was docketed in the Office of the Clerk of Superior Court, and any holder of such first mortgage which comes into possession of a Unit pursuant to the remedies provided in the mortgage, foreclosure of the mortgage, or deed or assignment in lieu of foreclosure, and any purchaser at a foreclosure sale, shall take the property free of any claims for unpaid installments of assessments and charges against the mortgaged Unit which became due and payable prior, in the case of foreclosure, to the date of the sale, and, in all other cases, to the date legal title vested in the successor owner. The foregoing will not relieve any successor owner from the obligation for assessments accruing thereafter.

Section 7. Certificate Regarding Assessments. The Board shall, upon demand, for a reasonable charge, furnish a certificate signed by the president, treasurer, secretary or other designated representative of the Association, setting forth whether the assessments on a specified Unit have been paid. This certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

ARTICLE XVI

EXPANSIONS

Section 1. Reservation of Expansion Option. Declarant expressly reserves the option to expand the Condominium Property but only within the limitations and subject to the terms set forth in this article.

Section 2. Limitations on Option. Declarant has no limitations on its option to expand the Condominium Property except as provided in this article, or elsewhere in this Declaration, and except as otherwise so expressly limited, has the sole right, power, and authority to expand the Condominium Property.

Section 3. Maximum Expansion Time. Except as hereinafter provided, Declarant's option to expand the Condominium Property shall expire and terminate at the end of seven years from the date this Declaration is filed for record. Notwithstanding the foregoing, Declarant, with the consent of a majority of the Unit owners other than it, may extend its option to expand the Condominium Property for an additional seven years, if it exercises its right to so renew within six months prior to the expiration of that initial seven year period. Declarant shall have the right to waive its option to expand at any time. There are no other circumstances that will terminate the option prior to the expiration of the time limit.

Section 4. Legal Description. A legal description, by metes and bounds, of all of the land that, through exercise of Declarant's option, may be added to the Condominium Property by submission to the Condominium Act as part of this condominium, is attached hereto and marked "Exhibit G", and, together with any improvements placed thereon and added hereto, is referred to herein as "the Additional Property".

Section 5. Composition of Portions Added. Neither all nor any portion of the Additional Property must be added to the Condominium Property, nor, if any of the Additional Property is added, shall it be required that a particular portion of the Additional Property must be added, provided that portions added meet all other requirements set forth in this Article and provided, further, that all improvements in the Additional Property added to the Condominium Property shall be substantially completed prior to the addition. There are no limitations fixing the boundaries of portions added, or regulating the order in which portions are added.

Section 6. Time for Adding Portions. Portions of the Additional Property may be added to the Condominium Property from time to time, and at different times, within the time limits previously described.

Section 7. Improvement Location Limitations. There are no established or defined limitations as to the location of any improvements that may be made on any portion of the Additional Property added to the Condominium Property except such limitations as may then be in effect by reason of the laws and lawful rules and regulations of the appropriate governmental bodies and authorities having jurisdiction.

Section 8. Maximum Number of Units. The maximum total number of Units that may be created on the Additional Property and added to the Condominium Property is 42, provided, that the foregoing shall neither limit nor restrict nor be so construed as to limit or restrict the number of dwelling units or other improvements that may be constructed on all or any portion of the Additional Property that is not added to the Condominium Property. Subject to the foregoing total maximum of Units that may be added to the Condominium Property, there is no limit as to the maximum number of units per acre that may be created on any portion of the Additional Property added to the Condominium Property other than as may, from time to time, be imposed by law.

Section 9. Non-Residential Uses. No Units may be created on the Additional Property or portions thereof and added to the Condominium Property that are not restricted exclusively to residential use.

Section 10. Compatibility of Structures. All structures erected on all or any portion of the Additional Property and added to the Condominium Property will be consistent and compatible with structures then on the Condominium Property in terms of structure type, quality of construction, the principal materials to be used, and architectural style, and design. Comparable style and design shall be deemed to exist if the exterior appearance of the structures on the Additional Property is compatible and harmonious with those then on the Condominium Property. Design shall not be deemed to be incompatible or not comparable because of changes in the number of dwelling units in a building, variances in setbacks or locations of structures in relation to other improvements, or minor changes in design or finish detail.

Section 11. Improvements Other than Structures. If all or a portion of the Additional Property is added to the Condominium Property, drives, sidewalks, yard areas, and other improvements similar to those then on the Condominium Property shall be constructed on that Additional Property, and no other non-structural improvements. Improvements other than structures added to the Condominium Property shall not include improvements except of substantially the same kind, style, design, and quality as those improvements then on the Condominium Property.

Section 12. Types of Units. All Units that are created on all or any portion of the Additional Property and added to the Condominium Property shall be of the same types as the types of Units then on the Condominium Property, or as otherwise described herein, provided, however, that any such Units shall be deemed of the same types, notwithstanding changes in interior layout, or minor changes in design or finish detail, or in size.

Section 13. Limited Common Elements. Declarant reserves the right with respect to all or any portion of the Additional Property added to the Condominium Property to create Limited Common Elements therein of substantially the same type and size as those areas now so designated as such in the Condominium Property. The precise size and number of such newly created Limited Common Elements cannot be ascertained precisely, because those facts will depend on how large each portion added may be, the size and location of the buildings and other improvements on each portion, and other factors presently undetermined.

Section 14. Supplementary Drawings. Attached hereto and marked "Exhibit B" is the Plat and Plans showing the location and dimensions of the presently completed Condominium Property. At such time as Declarant adds all or any portion of the Additional Property to the Condominium Property it shall file drawings with respect to the Additional Property as required by the Condominium Act.

Section 15. Procedures for Expansion. All or any portion of the Additional Property shall be added to the Condominium Property by the execution and filing for record by the Declarant, or its successor as owner of the portion added and as assignee of the right to expand the Condominium, in the manner provided by the Condominium Act, of an amendment to the Declaration that contains the information and drawings with respect to the Additional Property and improvements thereon added required by the Condominium Act.

Section 16. Effects of Expansion. Except as hereinafter specifically provided otherwise, upon the recording with the appropriate county recorder of an amendment to the Declaration adding all or any portion of the Additional Property to the Condominium Property:

- (a) the added portion shall thereafter be subject to and benefited by all of the terms and provisions hereof, to the same extent and with the same effect as if that added portion had been provided herein as constituting part of the Condominium Property, that is, the rights, easements, covenants, restrictions, and assessment plan set forth herein shall run with, bind, and benefit the added portion in the same manner, to the same extent, and with the same force and effect as the terms of this Declaration apply to the Condominium Property, provided, that non-exclusive easements are reserved to Declarant, its successors and assigns, over and upon the Common Elements and Limited Common Elements in property added to the Condominium (i) for a one year period of time from the date of the closing by Declarant of the first sale of a Unit in that property added to a bona fide purchaser, for access to and for the purpose of completing improvements in that portion added, (ii) for the periods provided for warranties, or by law, for purposes of making repairs required pursuant to warranties, and (iii) for the initial sales and rental period for Units in that property added, but for no longer than two years from the time of closing of the first sale of a Unit in that property added to a bona fide purchaser, to maintain and utilize one or more of those Units and appurtenances thereto, for sales and management offices and for storage and maintenance, and model Units, parking areas for sales and rental purposes, and advertising signs.
- (b) The owner or owners of a Unit or Units in the added portion shall thereupon become members, to the same extent, with the same effect, subject to the same obligations, and imbued with the same rights, as all other members, including, without limiting the generality of the foregoing, one vote for each Unit owned by that owner or owners;
- (c) the undivided interests of Units in the Common

Elements, as so expanded, shall be reallocated on the basis of par values for each type of Unit, as set forth on Exhibit D, so that the undivided interest of each Unit of each type added shall be the same as each other Unit of that type, and so that the undivided interest of a Unit of one type to one of another type is in the same ratio as those interests are with respect to the Units initially a part of the Condominium, subject to the right of Declarant to make adjustments, of thousandths of a percent, so that the total of all interests equals precisely 100%; and

- (d) in all other respects, all of the provisions of this Declaration shall include and apply to such additional portions, and to the owners, mortgagees, and lessees thereof, with equal meaning and of like force and effect.

Notwithstanding the foregoing, for administrative convenience, assessments with respect to Units added to the Condominium shall not commence until the calendar month next following the calendar month in which the amendment adding those Units is recorded in the Office of the Register of Deeds.

ARTICLE XVII

NOTICES TO AND VOTING RIGHTS OF LENDING INSTITUTIONS

Section 1. Notices. Any eligible mortgagee, upon written request to the Association (which request states the name and address of such eligible mortgagee and the Unit designation), shall be entitled to timely written notice by the Association of:

- (a) any proposed addition to, change in, or amendment of the Condominium organizational documents of a material nature, including any addition to, change in, or amendment of any provision establishing, providing for, governing, or regulating: (i) voting rights; (ii) increases in assessments that raise the previously assessed amount by more than twenty-five percent (25%), assessment liens, or priority of such liens; (iii) reductions in reserves for maintenance, repair, and replacement of Common Elements; (iv) responsibility for maintenance and repairs; (v) reallocation of interests in the Common Elements (including the Limited Common Elements), or rights to

their use; (vi) redefinition of boundaries of any Unit; (vii) convertibility of Units into Common Elements or vice versa; (viii) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium; (ix) hazard or fidelity insurance requirements; (x) imposition of any restrictions on the leasing of Units, (xi) imposition of any restrictions on a Unit owner's right to sell or transfer that owner's Unit; (xii) if the Condominium consists of fifty (50) or more Units, a decision by the Association to establish self-management if professional management had been required previously by the Condominium instruments or by an eligible mortgagee; (xiii) restoration or repair of the Condominium Property after damage or partial condemnation in a manner other than specified in the Condominium instruments; (xiv) termination of the legal status of the Condominium after substantial destruction or condemnation occurs; or (xv) expressly benefiting mortgage holders, insurers, or guarantors. No addition to, change in, or amendment of the Condominium organizational documents shall be considered material if it is for the purpose of correcting technical errors, or for clarification only.

- (b) any proposed decision or action that: (i) terminates professional management and establishes self-management when professional management has been required previously by an eligible mortgagee; (ii) causes restoration or repair of the Condominium Property (after a hazard damage or partial condemnation) in a manner other than that specified in the Condominium organizational documents; (iii) substantial damage or destruction not be restored; (iv) the Condominium Property be renewed or rehabilitated; (v) significant new capital improvements not replacing existing improvements be constructed; or (vi) would, without addition to, change in, or amendment of the Condominium organizational documents, make any change with respect to the items described in subparagraph (a) of Section 1 of this Article.
- (c) (i) any condemnation or casualty loss that affects either a material portion of the Condominium Property

or the Unit securing its mortgage; (ii) any delinquency for sixty (60) days in the payment of assessments or charges owed by the owner of any Unit on which it holds the mortgage; (iii) any lapse, cancellation, or material modification of any insurance policy maintained by the Association; and (iv) any proposed action that requires the consent of a specified percentage of eligible mortgagees. A holder, insurer or guarantor of a first mortgage lien on a Unit which has sent a written request to the Association stating both its name and address and the Unit designation or address of the Unit on which it holds, insures or guarantees the mortgage shall be entitled to timely written notices of the events described in this subsection (c).

Section 2. Voting Rights. No action with respect to which eligible mortgagees are entitled to notice, as provided in subparagraphs (a) or (b) of Section 1 of this Article, may be taken without the consent of the eligible mortgagees of Units to which at least fifty-one percent (51%) of the votes of the Units subject to mortgages held by eligible mortgagees appertain; provided, further, that no action to terminate the Condominium or that would have that effect other than by reason of substantial destruction or condemnation of the Condominium property, shall be taken without the consent of eligible mortgagees of Units to which at least seventy-five percent (75%) of the votes of the Units subject to mortgages held by eligible mortgagees appertain.

ARTICLE XVIII

AMENDMENTS

Section 1. Power to Amend. Except as otherwise specifically provided herein, and except as may be allowed pursuant to Section 47C-2-117 of the Condominium Act, additions to, changes in, or amendment of this Declaration (or other Condominium Organizational Document) shall, in addition to the consents required of eligible mortgagees, if any, as hereinbefore provided, require the consent of Unit owners exercising not less than seventy-five percent (75%) of the voting power of Unit owners. Notwithstanding the foregoing:

(a) the consent of all Unit Owners shall be required for any amendment effecting a change in:

(i) the boundaries of any Unit;

(ii) the undivided interest in the Common Elements appertaining to a Unit or the liability for common expenses appertaining thereto;

(iii) the number of votes in the Association appertaining to any Unit; or

(iv) the fundamental purposes to which any Unit or the Common Elements are restricted;

(b) the consent of Unit owners exercising not less than eighty percent (80%) of the voting power of Unit owners shall be required to terminate the Condominium; and

(c) in any event, Declarant reserves the right and power, and each Unit owner by acceptance of a deed to a Unit is deemed to and does give and grant to Declarant a power of attorney, which right and power is coupled with an interest and runs with the title to a Unit and is irrevocable (except by Declarant), for a period of three (3) years from the date of the filing of the Declaration, to amend the Condominium Organizational Documents, to the extent necessary to (i) conform to the requirements then governing the making of a mortgage loan or the purchase, guaranty, or insurance of mortgages by an institutional lender or an institutional guarantor or insurer of a mortgage of a Unit, provided that the appropriate percentage (as described elsewhere herein) of eligible mortgagees is obtained (if required), or (ii) correct typographical errors or obvious factual errors or omissions the correction of which would not impair the interest of any Unit owner, mortgagee, insurer, or guarantor, provided, further, that if there is a Unit owner other than the Declarant, the Declaration shall not be amended to increase the scope or the period of control of the Declarant.

An eligible mortgagee of a Unit who received a written request to approve changes, additions, or amendments sent by certified or registered mail, return receipt requested, and who does not deliver or post to the requesting party a negative response within thirty (30) days after receipt of the same, shall be deemed to have approved such request.

Section 2. Method to Amend. An amendment to this Declaration (or the Plat and Plans or the Bylaws), adopted with the consents of Unit owners and eligible mortgagees hereinbefore

required, shall be executed with the same formalities as to execution as this Declaration by two officers of the Association and shall contain their certification that such amendment was duly adopted in accordance with the foregoing provisions. Any amendment adopted by the Declarant or a duly empowered successor Declarant pursuant to authority granted it pursuant to the Declaration shall be duly executed by it with the same formalities as to execution as this Declaration and shall contain the certification of such signor or signors that such amendment is made pursuant to authority vested in Declarant or any duly empowered successor Declarant by the Declaration. Any amendment duly adopted and executed in accordance with the foregoing provisions shall be effective upon the filing of the same in the Office of the Register of Deeds for Moore County, North Carolina.

ARTICLE XIX

GENERAL PROVISIONS

Section 1. Covenants Running With the Land. The covenants, conditions, restrictions, easements, reservations, liens and charges created hereunder or hereby shall run with and bind the land, and each part thereof, shall be binding upon and inure to the benefit of all parties having any right, title or interest in or to all or any part of the Condominium Property, and the Association, and their respective heirs, executors, administrators, successor and assigns.

Section 2. Actions. In addition to any other remedies provided in this Declaration, Declarant, (only with respect to those rights directly benefiting the Declarant), the Association, and each Unit owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, easements, reservations, liens and charges set forth herein or in the Bylaws or now or hereafter imposed by or through the Association's rules and regulations. Failure by Declarant, the Association or by any Unit owner to proceed with such enforcement shall in no event be deemed a waiver of the right to enforce at a later date the original violation or a subsequent violation, nor shall the doctrine of laches nor any statute of limitations bar the enforcement of any such restriction, condition, covenant, reservation, easement, lien or charge. Further, the Association and each Unit owner shall have rights of action against each other for failure to comply with the provisions of the Condominium Organizational Documents, rules and regulations, and applicable law, and with

respect to decisions made pursuant to authority granted thereunder, provided, the Association shall have the right to assess reasonable charges against a Unit owner who fails to comply with the same, including the right to assess charges for the costs of enforcement and arbitration, and provided, further, that neither the Association nor its directors, officers, or other representatives, shall be liable to any Unit owner, occupant or invitee, or for injury to such person, unless the damage or injury was proximately caused by the gross negligence or the intentional tortuous act of the Association or such director, officer or other representative or such director, officer or other representatives. Notwithstanding the foregoing, in the event of any dispute between them, no Unit owner or Unit Owners shall institute legal proceedings against the Association without first submitting the dispute to arbitration in accordance with and pursuant to the provisions of the arbitration law of the State of North Carolina by a single independent arbitrator selected by the Board. In addition to all other remedies available by law, the Association may use summary abatement or similar means to enforce any provisions hereof or restrictions against the Unit or its use, provided that judicial proceedings shall be instituted before any items of construction may be altered or demolished by summary means.

Section 3. Severability. Invalidation of any one or more of these covenants, conditions, restrictions or easements by judgment or court order shall in no way affect any other provisions, which provisions shall remain in full force and effect. In the event any language of this Declaration conflicts with mandatory provisions of the Condominium Act, the latter's requirements shall prevail and the conflicting language shall be deemed to be invalid and void, provided that such invalidity shall in no wise affect any other provision of this Declaration, which provisions remain in full force and effect.

Section 4. Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporation, partnerships, men or women, shall in all cases be assumed as though in such case fully expressed.

Section 5. Captions. The captions of the various provision of this Declaration are not part of the context hereof, but are merely labels to assist in locating the various provisions hereof.

IN WITNESS WHEREOF, the undersigned has executed this instrument this _____ day of _____, 2007.

CAMDEN MID SOUTH LLC

By: Group 90 LLC
ITS: Manager

Name: _____
Title: Member

STATE OF OHIO

COUNTY OF

I, _____, a Notary Public for _____ County and said State, do hereby certify that _____ personally appeared before me this day and acknowledged that he is a Member of Group 90 LLC, the Manager of CAMDEN MID SOUTH LLC, ("Manager"), a Ohio limited liability company (the "Company") and further acknowledged the due execution by him of this instrument in his capacity as Member of the Manager on behalf of and as the act and deed of the said Company.

Witness my hand and official stamp or seal, this the _____ day of _____, 2007.

[Notary Seal]

Notary Public

My Commission Expires:

CONSENT OF MORTGAGEE

Sky Bank, being the Beneficiary under that certain Deed of Trust from _____, to Camden Mid South LLC, Trustee, recorded in Book _____, Page ____ in the Moore County Registry, does hereby consent to the recordation of this Declaration of Camden Villas at Mid South Club Condominium ("Declaration"), and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Declaration shall be superior to the lien of said Deed of Trust on the property described therein. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. Trustee also joins in and executes this Consent as Trustee of said Deed of Trust for the said purposes hereinabove set forth.

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the _____ day of _____, 2007.

Camden Mid South LLC, Trustee
BY: Group 90 LLC
ITS: Manager

BY: _____
ITS: Member

SKY BANK (SEAL)

By: _____
ITS: _____

STATE OF _____

COUNTY OF _____

This _____ day of _____, 2007
personally came before me

_____, Member of Camden Mid South LLC, Trustee, who, being by me duly sworn, acknowledged the due execution of the foregoing instrument.

Notary Public

(NOTARIAL SEAL)

My commission expires:

STATE OF _____
COUNTY OF _____

This _____ day of _____, 2007,
personally came before me _____, who
being by me duly sworn, says that he is a _____
_____ of Sky Bank, and that said writing was
signed and sealed by him, on behalf of said Company by its
authority duly given. And the said _____
acknowledged the said writing to be the act and deed of said
Company.

Notary Public

(NOTARIAL SEAL)

My commission expires:

EXHIBIT A
DECLARATION OF CONDOMINIUM
CAMDEN VILLAS AT MID SOUTH CLUB CONDOMINIUM
LEGAL DESCRIPTION
CONDOMINIUM PROPERTY

PHASE 1 - CAMDEN VILLAS

Being a portion of the 13.01-acre tract of land lying and being within the Mid-South Golf Course, (west of golf holes 1 and 2 and east of golf hole 9), approximately 3900 feet south of Midland Road (NC Hwy. #2), being in the Town of Southern Pines, McNeill Township, Moore County, North Carolina. Bounded on the Northeast and South by Mid Tal Golf, LLC, on the North, West and Southeast by Group 90, LLC and being more particularly described as follows:

BEGINNING at a point in the eastern property line of the 13.01 acre tract within the Mid-South Golf Course and being located S 27°17'32" E 165.09 feet and S 34°04'40" E 117.28 feet from an existing iron rod (having N.C.G.S. NAD 83 coordinates of N=523,885.1831 feet and E=1,874,724.6932 feet) at the northernmost corner of the 13.01 acre tract of which this is a part; thence running as the eastern property line of the 13.01 acre tract, S 34°04'40" E 70.47 feet to an existing iron rod, the point of curvature of a curve running counter-clockwise to the left having a radius of 295.00 feet, an arc length of 153.85 feet, a chord bearing and distance of S 48°18'54" E 152.11 feet to an existing iron rod; thence S 63°13'32" E 127.12 feet to an existing iron rod; thence S 63°13'12" E 51.35 feet to an existing iron rod; thence S 63°15'26" E 42.71 feet to an existing iron rod, the point of curvature of a curve running counter-clockwise to the left having a radius of 295.00 feet, an arc length of 92.21 feet, a chord bearing and distance of S 72°08'53" E 91.84 feet to a point; thence as a new line, passing through the 13.01 acre tract, S 16°23'24" W 230.69 feet to a pointing the southern property line of the 13.01 acre tract; thence as a curve running clockwise to the right having a radius of 525.00 feet, an arc length of 134.46 feet, a chord bearing and distance of N 70°41'36" W 134.09 feet to an existing iron rod; thence N 63°21'22" W 73.81 feet to an existing iron rod; thence S 26°38'38" W 75.64 feet to an existing iron rod; thence S 89°35'42" W 87.81 feet to an existing iron rod; thence S 75°33'24" W 109.36 feet to a point; thence as a new line, N

06°29'50" W 210.27 feet to a point; thence as a new line, N 30°56'56" W 229.52 feet to a point; thence as a new line, N 57°24'03" E 224.46 feet to the **BEGINNING** containing 4.04 acres, more or less as computed by coordinates and being a portion of the 13.01 acre tract of land located within the Mid-South Golf Course as conveyed to Group 90, LLC by deed recorded in Deed Book _____ Page _____, Moore County Registry. Bearings herein are to the North Meridian of Plat Cabinet 11 Slide 463, Moore County Registry and distances are horizontal ground.

EXHIBIT B

DECLARATION OF CONDOMINIUM

CAMDEN VILLAS AT MID SOUTH CLUB CONDOMINIUM

Plat and Plans

The Plat of Survey for Camden Villas at Mid South Club Condominium dated _____ prepared by Hobbs, Upchurch & Associates, P.A., entitled Camden Villas at Mid South Club Condominium, Phase 1 and the plans for the condominium prepared by _____, Architect, which were attached to this Declaration at the time it was filed for record are duly recorded in the Moore County Registry in _____, and are incorporated herein by reference as though fully set out herein.

EXHIBIT C

DECLARATION OF CONDOMINIUM

CAMDEN VILLAS AT MID SOUTH CLUB CONDOMINIUM

Unit Information Sheet

Building	Declarant Working Designation	Unit Type	Undivided Interest	Par Value
7	21	C-2	6.250%	1.0
	22	C-2	6.250%	1.0
	23	C-2	6.250%	1.0
	24	C-2	6.250%	1.0
14	39	C-2	6.250%	1.0
	40	C-2	6.250%	1.0
15	41	C-2	6.250%	1.0
	42	C-2	6.250%	1.0
16	43	Ch-3	6.250%	1.0
	44	Ch-2	6.250%	1.0
	45	V-2	6.250%	1.0
	46	Ch-2	6.250%	1.0
17	47	C-2	6.250%	1.0
	48	C-2	6.250%	1.0
	49	A-2	6.250%	1.0
	50	C-2	6.250%	1.0
			<u>100.00%</u>	

EXHIBIT D

DECLARATION OF CONDOMINIUM

CAMDEN VILLAS AT MID SOUTH CONDOMINIUM

Unit Types

A-2 (Cathedral Abbey). Contains a kitchen, living room, dining room, two baths, two bedrooms, a finished veranda and a garage, all at ground level. Unit will have a 2-car garage.

C-2 (Cathedral Canterbury). Same as Cathedral Abbey except it has a den or optional third bedroom at ground level.

V-1, V-2 (Classic Villa). Contains a kitchen, living/dining room, two baths, two bedrooms or a bedroom and a den, and a garage, all at ground level. Unit will have a 2-car garage.

CH-2 (Classic Chateau). Contains same rooms as a Classic Villa except that it has one and one-half baths at the first floor level, and a partial second floor level with a bedroom and a full bath.

CH-3 (Classic Chateau II). Same as the Classic Chateau with a slight layout variation to the second floor of the unit.

Type	Approximate Gross Interior Square Feet	Par Value
A-2	1,718	1.00
C-2	1,889	1.00
V-1, V-2	1,329	1.00
CH-2	1,926	1.00
CH-3	1,910	1.00

EXHIBIT E

DECLARATION OF CONDOMINIUM

CAMDEN VILLAS AT MID SOUTH CONDOMINIUM

BYLAWS

BYLAWS

OF

CAMDEN VILLAS at MID SOUTH CONDOMINIUM
UNIT OWNERS ASSOCIATION, INC.

BYLAWS
OF
CAMDEN VILLAS AT MID SOUTH CONDOMINIUM
UNIT OWNERS ASSOCIATION

ARTICLE I
NAME AND LOCATION

The name of the Association is Camden Villas at Mid South Condominium Unit Owners Association, Inc. ("the Association"), which nonprofit corporation, is created pursuant to the provisions of Chapter 55A of the North Carolina General Statutes, and which Association is also created pursuant to the provisions of Chapter 47C of the North Carolina General Statutes as the unit owners' association for Camden Villas at Mid South Condominium. The principal office of the Association shall be as set forth in its Articles of Incorporation ("the Articles"), and the place of meetings of Unit owners (members) and of the Directors (Board of Directors) of the Association shall be at such place in the county in which the Condominium Property is located as the Board of Directors ("the Board"), may from time to time designate.

ARTICLE II
DEFINITIONS

All of the terms used herein shall have the same meanings as set forth in the Declaration of Condominium, ("the Declaration"), recorded in the office of the Register of Deeds for Moore County, North Carolina.

ARTICLE III
UNIT OWNERS/MEMBERS

Section 1. Composition. Each Unit owner, as defined in the Declaration, is a member of the Association.

Section 2. Annual Meetings. Regular annual meetings of the Unit owners shall be held in the second calendar quarter of each year hereafter, on a date and at an hour established, from time to time, by the Board, provided, that, in any event, there shall be no more than fourteen (14) months between annual meetings of the members.

Section 3. Special Meetings. Special meetings of the Unit owners may be called at any time by the president or by the Board, or upon written request of Unit owners entitled to

exercise one-tenth (1/10) or more of the voting power of Unit owners, and when required by the Condominium Act.

Section 4. Notice of Meetings. Written notice of each meeting of Unit owners shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least five days before such meeting, to each Unit owner entitled to vote at such meeting, addressed to the Unit owner's address last appearing on the books of the Association, or supplied by such Unit owner to the Association for the purpose of notice, or by delivering a copy of that notice at such address at least five (5) days before the meeting. The notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 5. Quorum; Adjournment. The presence of twenty percent of the Unit owners, in person or by proxy, at any duly called and noticed meeting of Unit owners, shall constitute a quorum for such meeting. Unit owners entitled to exercise a majority of the voting power of Unit owners represented at a meeting may, at any time, adjourn such meeting. If any meeting is so adjourned, notice of such adjournment need not be given if the time and place to which such meeting is adjourned are fixed and announced at such meeting.

Section 6. Proxies. At any meeting of Unit owners, a Unit owner may vote in person or by proxy. All proxies shall be in writing and filed with the secretary prior to the meeting. A telegram, cablegram, or email appearing to have been transmitted by a Unit owner, or a photographic, photo static, or equivalent reproduction of a writing, appointing a proxy, is a sufficient writing. Every proxy shall be revocable and shall automatically cease upon conveyance by a Unit owner of his, her or its Unit, and, in any event, shall not be valid after the expiration of eleven months after it is made unless it specifies the date on which it is to expire or the length of time it is to continue in force.

Section 7. Voting Power. Except as otherwise provided in the Condominium Organizational Documents, or by law, a majority of the voting power of Unit owners voting on any matter that may be determined by the Unit owners at a duly called noticed meeting shall be sufficient to determine that matter. The rules of Roberts Rules of Order shall apply to the conduct of all meetings of Unit owners except as otherwise specifically provided in the Condominium Organizational Documents or by law.

Section 8. Forms of Action in Writing Without Meeting.

Any action that could be taken by Unit owners at a meeting may be taken without a meeting with the affirmative vote or approval, in a writing or writings, of all Unit owners. Action may also be taken without a meeting through the use of written ballots. Such ballots shall be delivered to every Unit owner and shall set forth each proposed action and provide for the opportunity to vote for or against such proposed action. Approval by this means shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the same total number of votes were cast. All solicitations for votes by written ballot shall indicate the time by which a ballot shall be received by the Association in order to be counted. A written ballot shall not be revoked.

ARTICLE IV
BOARD OF DIRECTORS

Section 1. Initial Directors. The initial directors shall be those three persons named as the initial Directors in the Articles, or such other person or persons as may from time to time be substituted by the Declarant.

Section 2. Successor Directors. The number, times of election, and terms of office of those who will serve as Directors of the Association to succeed the initial Directors, shall be as provided in the Declaration. Each successor Director shall be a Unit owner or spouse of a member, or an officer, employee, or principal of an entity that is a member.

Section 3. Removal. Excepting only Directors named in the Articles or selected by Declarant, any Director may be removed from the Board with or without cause, by a majority vote of the Unit owners. In the event of the death, resignation or removal of a Director other than one named in the Articles or a substitute selected by the Declarant, that Director's successor shall be selected by the remaining members of the Board and shall serve until the next annual meeting of Unit owners, when a Director shall be elected to complete the term of such deceased, resigned or removed Director. Declarant shall have the sole right to remove, with or without cause, any Director designated in the Articles, or a substitute selected by the Declarant, and select the successor of any Director so selected who dies,

resigns, is removed or leaves office for any reason before the election of Directors by all of the Unit owners as provided in the Declaration.

Section 4. Nomination. Nominations for the election of Directors to be elected by the Unit owners shall be made by a nominating committee. Nominations may also be made from the floor at the meetings. The nominating committee shall consist of a chairman, who shall be a member of the Board, and two or more Unit owners, who are not members of the Board, appointed by the Board. The nominating committee shall make as many nominations for election to the Board as it shall, in its discretion, determine, but no less than the number of vacancies that are to be filled.

Section 5. Election. Unless there are no more nominees than vacancies, election to the Board by the Unit owners shall be by secret written ballot. At such elections, the Unit owners or their proxies may cast, in respect to each vacancy, such number of votes as they are entitled to under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected, and, likewise, those receiving the largest number of votes shall be elected to the longest terms. In cases of ties, the winner shall be determined by lot. Cumulative voting is not permitted.

Section 6. Compensation. Unless otherwise determined by the Unit owners at a meeting duly called and noticed for such purpose, no Director shall receive compensation for any service rendered to the Association as a Director. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of duties.

Section 7. Regular Meetings. Regular meetings of the Board shall be held on such dates and at such places and times as may be fixed from time to time by resolution of the Board, but not less than quarterly.

Section 8. Special Meetings. Special meetings of the Board shall be held when called by the president of the Board, or by a majority of the Directors, after not less than three days notice to each Director.

Section 9. Quorum. The presence at any duly called and noticed meeting of Directors entitled to cast a majority of the voting power of Directors, in person and/or by participation by means of communications equipment if all persons participating

can hear each other and participate, shall constitute a quorum for such meeting.

Section 10. Voting Power. Each Director shall be entitled to a single vote, and, except as otherwise provided in the Condominium organizational documents, or by law, vote of a majority of the Directors voting on any matter that may be determined by the Board at a duly called and noticed meeting at which a quorum is present, in person or by participation as provided in Section 9, above, shall be sufficient to determine that matter.

Section 11. Action In Writing Without Meeting. Any action that could be taken by the Board at a meeting may be taken without a meeting with the affirmative vote or approval, in a writing or writings, of all of the Directors.

Section 12. Powers. The Board shall exercise all powers and authority, under law, and under the provisions of the Condominium Organizational Documents, that are not specifically and exclusively reserved to the Unit owners by law or by other provisions thereof, and without limiting the generality of the foregoing, the Board shall have the right, power and authority to:

- (a) take all actions deemed necessary or desirable to comply with all requirements of law, and the Condominium organizational documents;
- (b) obtain insurance coverage no less than that required pursuant to the Declaration;
- (c) enforce the covenants, conditions and restrictions set forth in the Declaration (but nothing herein shall prevent the enforcement of same by any other party legally entitled to do so);
- (d) repair, maintain and improve the Common Elements;
- (e) establish, enforce, levy and collect assessments, late fees, delinquent interest, and such other charges as are provided for in the Declaration;
- (f) adopt and publish rules and regulations governing the use of the Common Elements and the personal conduct of Unit owners, occupants and their guests thereon, and establish and levy enforcement charges for the

infraction thereof:

- (g) suspend the voting rights of a Unit owner during any period in which such Unit owner shall be in default in the payment of any charge levied by the Association (such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for each infraction of published rules and regulations or of any provisions of the Condominium Organizational Documents):
- (h) declare the office of a member of the Board to be vacant in the event such Director shall be absent from three consecutive regular meetings of the Board;
- (i) subject to such approvals, if any, as may be required pursuant to the provisions of Condominium Organizational Documents, authorize the officers to enter into one or more agreements necessary or desirable to fulfill the purposes and objectives of the Association, including, without limitation, management agreements, purchase agreements and loan documents, all on such terms and conditions as the Board in its sole and absolute discretion may determine;
- (j) cause funds of the Association to be invested in such reasonable investments as the Board may from time to time determine:
- (k) borrow funds, as needed, and pledge such security and rights of the Association as might be necessary or desirable to obtain any such loan; and
- (l) do all things and take all actions permitted to be taken by the Association by law, or the Condominium organizational documents not specifically reserved thereby to others.

Section 13. Duties. It shall be the duty of the Board to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Unit owners at each annual meeting of Unit owners, or at any special meeting when such statement is requested in writing by Unit owners representing one-half (1/2) or more of the voting power of Unit

owners:

- (b) supervise all officers, agents and employees of the Association and see that their duties are properly performed;
- (c) cause an annual budget to be prepared:
- (d) as more fully provided in the Declaration, to establish, levy, enforce and collect assessments;
- (e) issue, or to cause an appropriate representative to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid;
- (f) procure and maintain insurance and bonds as provided in the Declaration, and as the Board deems advisable:
- (g) cause the property subject to the Association's jurisdiction to be maintained within the scope of authority provided in the Declaration;
- (h) cause the restrictions created by the Declaration to be enforced; and
- (i) take all other actions required to comply with all requirements of law and the Condominium organizational documents.

ARTICLE V OFFICERS

Section 1. Enumeration of Officers. The officers of this Association shall be a president, a secretary, a treasurer and such other officers as the Board may from time to time determine. No officer other than the President need be a member of the Association, nor need any officer be a Director. The same person may hold more than one office.

Section 2. Selection and Term. Except as otherwise specifically provided in the Declaration or by law, the officers of the Association shall be selected by the Board, from time to time, to serve until the Board selects their successors.

Section 3. Special Appointments. The Board may elect such other officers as the affairs of the Association may require,

each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 4. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time by giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Duties. The duties of the officers shall be as the Board may from time to time determine. Unless the Board otherwise determines, the duties of the officers shall be as follows:

- (a) President. The president shall preside at all meetings of the Board, shall have the authority to see that orders and resolutions of the Board are carried out, and shall sign all legal instruments on behalf of the Association.
- (b) Secretary. The secretary shall record the votes and keep the minutes and proceedings of meetings of the Board and of the Unit owners, serve notice of meetings of the Board and of the Unit owners, keep appropriate current records showing the names of Unit owners of the Association together with their addresses, and shall act in the place and stead of the president in the event of the president's absence or refusal to act.
- (c) Treasurer. The treasurer shall assume responsibility for the receipt and deposit in such bank accounts, and investment of funds in such vehicles, as the Board directs, the disbursement of such funds as directed by the Board, the keeping of proper books of account, the preparation of a proposed annual budget and a statement of income and expenditures to be presented to the Unit owners at annual meetings, and the delivery or mailing of a copy of each to each of the Unit owners.

ARTICLE VI
COMMITTEES

The Board shall appoint a nominating committee and may

appoint such other committees as it deems appropriate in carrying out its purposes.

ARTICLE VII
BOOKS AND RECORDS

The books, records and financial statements of the Association, including annual audited financial statements when such are prepared, shall be available during normal business hours or under other reasonable circumstances, upon request to the Association, for inspection by Unit owners and the holders, insurers and guarantors of first mortgages on Units. Likewise, during normal business hours or under other reasonable circumstances, the Association shall have available for inspection by Unit owners, holders, insurers and guarantors of first mortgages on Units, and prospective purchasers, current copies of the Condominium organizational documents and the rules and regulations governing operation of the Condominium.

ARTICLE VIII
AUDITS

The Board shall cause the preparation and furnishing of an audited financial statement for the immediately preceding fiscal year, within a reasonable time following request (provided that no such statement need be furnished earlier than one hundred twenty (120) days following the end of such fiscal year), in the following circumstances.

1. to each requesting Unit owner, at the expense of the Association, upon the affirmative vote of Unit owners exercising a majority of the voting power of Unit owners;

2. to each holder, insurer, or guarantor of a first mortgage upon a Unit who requests the same, in writing, provided the audit, if an audited statement is not already available, shall be prepared at the expense of such requesting party; and

3. during such time, if any, as the Condominium contains fifty (50) or more Units, to each holder, insurer or guarantor of a first mortgage on a Unit who makes written request therefor, at the expense of the Association.

ARTICLE IX
FISCAL YEAR

Unless otherwise changed by the Board, the fiscal year of the

Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of this Association.

ARTICLE X
AMENDMENTS

Any modification or amendment of these Bylaws shall be made only by means of an amendment to the Declaration, in the manner and subject to the approvals, terms and conditions set forth therein, and shall be effective from the time a certificate setting forth such modification or amendment is delivered for recording to the Recorder of the county in which the Condominium is located.

EXHIBIT F

DECLARATION OF CONDOMINIUM
CAMDEN VILLAS AT MID SOUTH CONDOMINIUM

Liens, Defects and Encumbrances

Title Matters

1. Taxes for the current year and subsequent years, not yet due and payable.
2. Restrictive Covenants recorded in Book 2135, Page 1, Moore County Registry, and Declaration of Camden Villas at Mid South Club Condominium to be recorded in the Office of the Register of Deeds of Moore County, together with any amendments thereto.
3. Rights of way to Carolina Power and Light Company recorded in Book 117, Page 367 and Book 636, Page 95, Moore County Registry.
4. Easement to Carolina Power and Light Company recorded in Book 434, Page 335, Moore County Registry.
5. Agreement in favor of Carolina Power and Light Company recorded in Book 475, Page 171, Moore County Registry.
6. Easement to Town of Southern Pines, recorded in Book 877, Page 1, and Book 471, Page 377, Moore County Registry (affects access easement only).
7. Right of way to Dixie Pipeline Company recorded in Book 250, Page 347, Moore County Registry (affects access easement only).

EXHIBIT G

DECLARATION OF CONDOMINIUM

CAMDEN VILLAS AT MID SOUTH CONDOMINIUM

Legal Description

Additional Property

13.01 ACRE PARCEL

ALL THAT PARCEL OR TRACT OF LAND LYING WITHIN THE MID SOUTH GOLF COURSE APPROXIMATELY 3900 FEET SOUTH OF MIDLAND ROAD (NC HWY. #2), BEING IN THE TOWN OF SOUTHERN PINES, McNeill TOWNSHIP, MOORE COUNTY, NORTH CAROLINA. BOUNDED ON THE NORTH, EAST, SOUTH AND WEST BY MID TAL GOLF, LLC AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT AN EXISTING IRON ROD AT THE NORTHERNMOST CORNER OF AN ORIGINAL TRACT OF LAND AS SHOWN ON A PLAT ENTITLED "MAP OF SURVEY OF MID-SOUTH GOLF COURSE FOR PLANTATION INVESTORS, LLC" AS RECORDED IN PLAT CABINET 11 SLIDE 463, MOORE COUNTY REGISTRY, BEING LOCATED N 77°36'30" W 689.56 FEET FROM AN EXISTING IRON PIPE AT THE SOUTHWESTERN CORNER OF JAMES E. PUGH (DB 503 PG 610) AND COMMON WITH A CORNER IN A NORTHERN PROPERTY LINE OF THE ORIGINAL TRACT OF LAND OF WHICH THIS IS A PART; THENCE AS A CURVE RUNNING COUNTER-CLOCKWISE TO THE LEFT HAVING A RADIUS OF 591.84 FEET, AN ARC LENGTH OF 165.63 FEET, A CHORD BEARING AND DISTANCE OF S 27°17'32" E 165.09 FEET TO AN EXISTING IRON ROD; THENCE S 34°04'40"E 187.76 FEET TO AN EXISTING IRON ROD, THE PC OF A CURVE RUNNING COUNTER-CLOCKWISE TO THE LEFT HAVING A RADIUS OF 295.00 FEET, AN ARC LENGTH OF 153.85 FEET, A CHORD BEARING AND DISTANCE OF S 48°18'54" E 152.11 FEET TO A NEW IRON ROD SET; THENCE S 63°13'32" E 127.12 FEET TO AN EXISTING IRON ROD; THENCE S 63°13'12" E 51.35 FEET TO AN EXISTING IRON ROD; THENCE S 63°15'26" E 42.71 FEET TO AN EXISTING IRON ROD THE PC OF A CURVE RUNNING COUNTER-CLOCKWISE TO THE LEFT HAVING A RADIUS OF 295.00 FEET, AN ARC LENGTH OF 185.50 FEET, A CHORD BEARING AND DISTANCE OF S 81°12'24" E 182.45 FEET TO AN EXISTING IRON ROD, THE PC OF A CURVE RUNNING CLOCKWISE TO THE RIGHT HAVING A RADIUS OF 577.97 FEET, AN ARC LENGTH OF 265.55 FEET, A CHORD BEARING AND DISTANCE OF S 79°01'07" E 263.22 FEET TO A NEW IRON ROD SET NEAR THE EDGE OF A POND; THENCE CONTINUING AS SAID CURVE, AN ARC LENGTH OF 74.52 FEET, A CHORD BEARING AND DISTANCE OF S 62° 09'46" E 74.47 FEET TO A POINT IN A POND; THENCE RUNNING AS THE WESTERN EDGE OF THE POND THE FOLLOWING COURSES

AND DISTANCES; S 70°21'25" E 47.09 FEET TO A POINT; S 56°49'02" E 25.12 FEET TO A POINT; S 36°05'10" E 45.48 FEET TO A POINT; S 24°11'29" E 31.27 FEET TO A POINT; S 08°34'37" E 33.83 FEET TO A POINT; S 25°23'35" E 82.28 FEET TO A POINT; S 30°05'36" E 27.60 FEET TO A POINT; S 05°23'57" W 31.43 FEET TO A POINT; S 20°47'09" W 29.99 FEET TO A POINT; S 58°16'55" W 29.48 FEET TO A POINT; S 77°22'55" W 13.27 FEET TO A POINT; S 64°03'23" W 42.97 FEET TO A POINT; S 39°40'29" W 25.67 FEET TO A POINT; S 17°11'46" W 19.72 FEET TO A POINT; THENCE LEAVING SAID POND EDGE, N 58°58'25" W 111.50 FEET (PASSING OVER A NEW IRON ROD AT 10.00 FEET) TO AN EXISTING IRON ROD; THENCE N 80°51'39" W 258.87 FEET TO A NEW IRON ROD SET; THENCE N 06°08'33" W 118.67 FEET TO AN EXISTING IRON ROD ON A CURVE RUNNING CLOCKWISE TO THE RIGHT HAVING A RADIUS OF 525.00 FEET, AN ARC LENGTH OF 300.42 FEET A CHORD BEARING AND DISTANCE OF N 79°44'58" W 296.34 FEET TO A NEW IRON ROD SET; THENCE N 63°21'22" W 73.81 FEET TO A NEW IRON ROD SET; THENCE S 26°38'38" W 75.64 FEET TO AN EXISTING IRON ROD; THENCE S 89°35'42" W 87.81 FEET TO A NEW IRON ROD SET; THENCE S 75°33'24" W 204.46 FEET TO AN EXISTING IRON ROD; THENCE S 61°29'27" W 155.20 FEET TO AN EXISTING IRON ROD; THENCE N 41°44'20" W 94.60 FEET TO AN EXISTING IRON ROD, THE PC OF A CURVE RUNNING COUNTER-CLOCKWISE TO THE LEFT HAVING A RADIUS OF 345.47 FEET, AN ARC LENGTH OF 319.04 FEET A CHORD BEARING AND DISTANCE OF N 02°05'00" E 307.83 FEET TO AN EXISTING IRON ROD; THENCE N 32°25'43" W 351.68 FEET TO AN EXISTING IRON ROD; THENCE N 77°10'30" E 126.31 FEET TO AN EXISTING IRON ROD; THENCE N 56°41'48" E 300.97 FEET TO THE BEGINNING CONTAINING 13.01 ACRES, MORE OR LESS, AS COMPUTED BY COORDINATES AND BEING A PORTION OF THE LANDS CONVEYED TO PLANTATION INVESTORS, LLC BY DEED RECORDED IN DEED BOOK 2069 PAGE 533 MOORE COUNTY REGISTRY. BEARINGS HEREIN ARE ROTATED TO THE NORTH MERIDIAN OF PLAT CABINET 11 SLIDE 463, MOORE COUNTY REGISTRY AND DISTANCES ARE HORIZONTAL GROUND.

EXCLUDED FROM ABOVE IS THAT PROPERTY DISCRIBED IN EXHIBIT A.

ATTACHMENT 6

COMMUNITY POLICIES AND GUIDELINES

Restrictions, Entry and Rules and Regulations

Restrictions on Use. The following restrictions on the use and enjoyment of the Condominium Units, Common Areas, Limited Areas and the Property shall be applicable to Camden Villas at Mid South Condominium and are in addition to those set forth in the Declaration.

I. Personal Property

All personal property, such as lawn chairs, bicycles, tables, etc. must be kept inside the patio or porch area or the garage. Personal property maintained within the patio area may not be visible above the patio fence, with the exception of patio table umbrellas.

Nothing may be hung or displayed, nor may signs, awnings, canopies, shutters, antennae or satellite dishes or any other device or ornament be affixed to or placed upon any part of the Common Area or Limited Area, including the exterior walls, doors, fences, patio or roof without the prior written approval of the Board of Directors.

II. Decorative Items

A. Prohibited Items. Until such time as the Board of Directors has been elected and minimum guidelines for decorative items are established, display of any of the following is not allowed: Wreaths (door or wall); Bird feeders or bird baths (tree-hanging or freestanding); flower/plant pots; garden hose hangers; ground/landscape lights or stepping stones; wall plaques; windsocks/wind chimes/decorative flags.

B. Holiday Decorations. Christmas lights and decorations are permitted to be placed in the Limited Areas and/or on building exteriors provided the decorations do not damage the Limited Areas, Building, gutters or siding. They may not be displayed before Thanksgiving Day, and must be removed no later than January 7th of the following year. Other holiday decorations are permitted under the same guidelines and may not be displayed more than one week

before or one week after the holiday.

C. The American Flag. The American Flag may be flown or displayed at anytime following normal flag protocol provided that such American Flag does not exceed three (3) feet by five (5) feet and is flown or displayed in a location and manner approved by the Board of Directors.

III. Flowers/Landscape Plants

A. Flowers. Flowers may be planted inside the patio fence or directly outside the patio fence or finished porch in the existing mulched area. Flowers are not permitted around any tree. Only annuals which will not exceed the height of the patio fence shall be used. Maintenance of the flowers is the responsibility of the Owner and dead annuals are to be removed at the end of the season. Annuals which are not maintained during the growing season will be removed. The cost of such removal will be billed to the Owner.

B. Landscape Plants. Any planting of new shrubs outside the patio area must receive prior written approval of the Board of Directors. Variance request forms are available from the sales office.

1. Additional landscape plants which may be considered will be of a species already in use in Camden Villas at Mid South Condominium and which, at maturity, will not exceed the height of the patio fence.

2. Any new planting beds will be limited in size by the Board of Directors.

3. New beds must be mulched with matching hardwood.

4. New plants will become the property of the Association, who will provide future mulching, pruning and fertilization. However, should any of the plants die, the Owner is responsible for replacement.

IV. Other Items.

A. Prohibited Items. The following items will be strictly prohibited in any Common Area: any type of yard sign, statue, statuette, yard or lawn ornament, artificial flowers, ornamental rocks or stones, cypress mulch, swing

sets, mounted hose reels, laundry poles or clotheslines, or other such items. Laundry may not be hung over any patio fence (swim suits, towels, rugs, etc., included).

V. Exterior Alterations.

No alterations, additions, fences, walls, patios, decks, etc., may be made to the exterior surface of the building, nor may any trees or shrubs be planted, transplanted or removed without prior written approval of the Board of Directors.

A. Patio Gates. Patio gates may be installed at the Owner's expense using only the approved design and specifications. Copies of the design and specifications are available at the sales office.

B. Storm Doors. Storm doors may be added at the Owner's expense using only the approved design and color. Specific information about approved storm doors may be obtained from the sales office.

VI. Windows and Window Coverings

All window coverings, whether draperies, blinds (vertical or horizontal) or valances must be white, off-white, light beige or light gray on the exterior side.

VII. Signs.

Nothing may be hung or displayed from inside the windows except professionally prepared "For Sale" and "For Rent" signs or security system decals, which shall be limited in size and number. No real estate signs are permitted in any Common Area.

VIII. Animals.

A. No more than one household domestic pet, not bred or maintained for commercial purposes, may be kept in any Condominium Unit. Pets shall be limited to dogs or cats. However, if an Owner has more than one pet when he or she moves into the Condominium Unit; and, such pets comply with the requirements of the Declaration, up to two (2) pets may be kept by the Owner.

B. All animals, when outdoors, shall be restrained on a leash not more than eight (8) feet in length. They shall be supervised by a responsible individual at all times. Such individuals shall be responsible for the immediate clean up of all pet litter.

C. No pet shall be tethered outside in the lawn or Common Area; nor shall any pet be tied to any patio fence.

D. Pet owners may be fined for violation of these policies, at the rate of \$10.00 for the first offense and \$25.00 for each additional offense. If pets become a nuisance, the Board of Directors, at its discretion, may require the removal of such pet(s).

IX. Parking/Vehicles

No boats, trailers, motor homes, trucks (larger than a 3/4 ton pickup), travel trailers, or any vehicle with commercial advertising may be parked on any street or driveway overnight. Other vehicles used for recreation (van conversions/RVs) that cannot be parked in a garage, will be permitted to park in Limited Areas (in front of the garage) for not more than forty-eight (48) hours to allow for loading and unloading. Such vehicles must not exceed twenty (20) feet in length and must not block normal access of other residents. Commercial moving vans, when conducting contract business, and commercial trucks when in the area to perform service or repair work are an authorized exception to this restriction.

All parking by Owners or guests must be: (a) within the garage, (b) in the Limited Areas in front of the garage door, (c) in the parking spaces at the clubhouse parking area, or (d) on the side drive in such a manner so as not to block any other residents access to the garage or street. PARKING IS PROHIBITED IN ANY "TURN AROUND" AREA. No vehicle may be parked in the clubhouse parking areas for more than forty-eight (48) consecutive hours. Vehicles parked there for more than forty-eight (48) consecutive hours are subject to being towed.

Inoperable vehicles (with flat tires, expired license tags, etc.), or vehicles which cannot be identified as belonging to an Owner or a resident, which are parked in any Common Area or Limited Areas for more than forty-eight (48) consecutive hours may be towed off the premises at the

vehicle owner's expense. No repair work is permitted on vehicles in Limited Areas or Common Area except for short-term emergency work (flat tire, battery charge, etc.).

No vehicle shall be parked in any manner which blocks any street or driveway, or the ingress/egress to any garage other than the garage belonging to such Owner. The speed limit within the community is 14 mph. Reckless operation, excessive speed, and parking or driving on the lawn areas is prohibited.

X. Community Center (Clubhouse).

The Community Center is for the private use of the Owners. It is available for rental to Owners only for non-profit parties or meetings. The following policy applies:

A. A \$100.00 refundable deposit is required. Reservations are granted on a first request basis.

B. Children and teenage parties are prohibited.

C. The Owner with the reservation will have exclusive use of the party room only; the Owner's guests may not use the exercise equipment. No party items will be furnished by the Corporation.

D. Damages to the Community Center or equipment and any follow-up cleaning done by the Association will be deducted from the deposit. If the deposit is an insufficient amount, the Owner who rented the Community Center will be billed for the differences.

XI. Trash Collection

Trash collection regulations require that trash containers not be set out prior to 5:00 o'clock p.m. the day preceding collection, and the containers must be picked up and put away by 9:00 o'clock p.m. the day of collection. Only trash containers with lids, or securely tied plastic bags are permitted for trash disposal.

All trash for collection must be set out at the main street, next to the driveway. Trash containers, when not set out for collection, must be kept inside the garage. Residents will be responsible for clean-up or trash spillages from the containers.

XII. Solicitation and Garage Sales.

Solicitation by commercial enterprises is not authorized within the community. In a like manner and due to restricted parking availability, garage sales and tag sales are specifically prohibited, unless approved by the Corporation as a planned community activity.

XIII. Utilities

Owners are responsible for maintenance and payment of their own gas, electric, telephone, and for calling to initiate service on the date of possession. Water and sewage utilities are paid for by the Corporation as part of the Common Expenses.

XIV. Condominium Sales

Any Owner who sells his or her Condominium Unit is responsible for:

- A. Making certain the Managing Agent is aware of ownership changes at the time a closing date is established.
- B. Making certain all condominium dues are current.
- C. Making certain new owners receive the Declaration, Bylaws and Rules and Regulations.

XV. Condominium Rentals

(A) No Owner may rent or lease his Condominium Unit for transient or hotel purposes.

(B) Any Owner who leases a Condominium Unit shall lease the entire Condominium Unit for at least a thirty day (30) period and shall have a written lease. Such lease shall provide that the lease is subject to the provisions of the Declaration, the By-Laws, and the Rules and Regulations as adopted by the Board of Directors and any failure of the lessee to comply with the terms of such documents shall be a default under the lease. A copy of the lease shall be delivered to the Corporation or Managing Agent.

ATTACHMENT 7

Title Matters

8. Taxes for the current year and subsequent years, not yet due and payable.
9. Restrictive Covenants recorded in Book 2135, Page 1, Moore County Registry, and Declaration of Camden Villas at Mid South Club Condominium to be recorded in the Office of the Register of Deeds of Moore County, together with any amendments thereto.
10. Rights of way to Carolina Power and Light Company recorded in Book 117, Page 367 and Book 636, Page 95, Moore County Registry.
11. Easement to Carolina Power and Light Company recorded in Book 434, Page 335, Moore County Registry.
12. Agreement in favor of Carolina Power and Light Company recorded in Book 475, Page 171, Moore County Registry.
13. Easement to Town of Southern Pines, recorded in Book 877, Page 1, and Book 471, Page 377, Moore County Registry (affects access easement only).
14. Right of way to Dixie Pipeline Company recorded in Book 250, Page 347, Moore County Registry (affects access easement only).