

Bailey + Thomas Box

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DECLARATION
OF
SOUTH WIND VILLAS

Kennedy Associates, a General Partnership of Forsyth County, North Carolina (hereinafter called "Developer") does hereby make, declare and establish this Declaration of Condominiums as and for the plat of dwelling ownership of Section One, Building Units 1-16 as built, being the property and improvements hereinafter described.

1. ESTABLISHMENT OF CONDOMINIUM. Developer is the owner of the fee simple title to that certain real property situate in Broadbay Township, Forsyth County, North Carolina, and which property is more particularly described in Exhibit "A" attached hereto and incorporated herein by reference, and on which property there has been constructed two (2) buildings and their supporting facilities and other appurtenant improvements. The buildings are constructed of wood and concrete. Developer does hereby submit the above-described property and improvements to condominium ownership under the provisions of Chapter 47A of the General Statutes of North Carolina (Unit Ownership Act) and hereby declares the same to be a condominium to be known as SOUTH WIND VILLAS (hereinafter called "Condominium").

2. SURVEY AND DESCRIPTION OF IMPROVEMENTS. Filed simultaneously herewith and expressly made a part hereof in Condominium and Unit Ownership Book No. 1 (herein "Unit Ownership File"), page(s) 99-101, is a survey of the land and graphic descriptions and plans of the improvements constituting the Condominium, identifying the Condominium Units, Common Areas and Facilities, and the Limited Common Areas, as said terms are hereinafter defined, and their respective locations and approximate dimensions. Each Condominium Unit is identified by specific numerical designation in said Unit Ownership File, and no Condominium Unit bears the same description as any other Condominium Unit.

3. DEFINITIONS. The Condominium consists of Condominium Units, Common Areas and Facilities and Limited Common Areas, said terms are hereinafter defined.

A. "Association of Unit Owners" means all of the Unit Owners acting as a group in accordance with the Bylaws and Declaration.

B. "Building" means a building, or a group of buildings, each building containing one or more units, and comprising a part of the property; provided that the property shall contain not less than two units.

C. "Common Areas and Facilities," unless otherwise provided in this Declaration or lawful amendments thereto, means and includes:

i. The land on which the building stands and such other land and improvements thereon as may be specifically included in this Declaration, except any portion thereof included in a unit;

ii. The foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, stairs, stairways, fire escapes, and entrances and exits of the building;

iii. The basements, yards, gardens, parking areas and storage spaces;

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iv. The premises for the lodging of janitors or persons in charge of property;

v. Installations of central services such as power, light, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating;

vi. The elevators, tanks, pumps, motors, fans, compressors, ducts, and in general, all apparatus and installations existing for common use;

vii. Such community and commercial facilities as may be provided for in this Declaration; and

viii. All other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

D. "Common expenses" means and includes:

i. All sums lawfully assessed against the Unit Owners by the Association of Unit Owners;

ii. Expenses of administration, maintenance, repair or replacement of the Common Areas and Facilities;

iii. Expenses agreed upon as common expenses by the Association of Unit Owners;

iv. Hazard insurance premiums.

E. "Common profits" means the balance of all income, rents, profits, and revenues from the Common Areas and Facilities remaining after the deductions of the common expenses.

F. "Condominium" means the ownership of single units in a multi-unit structure with Common Areas and Facilities.

G. "Limited Common Areas and Facilities" means and includes those Common Areas and Facilities which are agreed upon by all the Unit Owners to be reserved for the use of a certain number of units to the exclusion of the other units, such as special corridors, stairways and elevators, sanitary services common to the units of a particular floor, and the like.

H. "Majority" or "Majority of Unit Owners" means the owners of more than fifty percent (50%) of the aggregate interest in the Common Areas and Facilities as established by this Declaration assembled at a duly called meeting of the Unit Owners.

I. "Person" means individual, corporation, partnership, association, trustee, or other legal entity.

J. "Property" means and includes the land, the building, all improvements and structures thereon and all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith, which have been or are intended to be submitted to the provisions of this Declaration.

K. "Unit" or "Condominium Unit" means an enclosed space consisting of one or more rooms occupying all or a part of a floor or floors in a building of one or more floors or stories and shall include such accessory spaces and areas as may be described in this Declaration, such as garage space, storage space, balcony, terrace or patio, provided it has a direct exit to a thoroughfare or to a given common space leading to a thoroughfare.

L. "Unit designation" means the number, letter, or combination thereof designating the unit in this Declaration.

M. "Unit Owner" means a person, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a unit within the building.

4. NATURE AND INCIDENTS OF UNIT OWNERSHIP. Unit Ownership as created and defined in this Declaration shall vest in the holder exclusive ownership and possession with all the incidents of real property. A Condominium Unit in the building may be individually conveyed, leased and encumbered and may be inherited or devised by will, as if it were solely and entirely independent of the other Condominium Units in the building of which it forms a part. Such a unit may be held and owned by more than one person either as tenants in common or tenants by the entirety or in any other manner recognized under the laws of this State.

5. UNDIVIDED INTERESTS IN COMMON AREAS AND FACILITIES.

A. Each Unit Owner shall be entitled to an undivided interest in the Common Areas and Facilities in the ratio expressed in this Declaration. Such ratio shall be in the approximate relation that the fair market value of the unit at the date of this Declaration bears to the then aggregate fair market value of all the units having an interest in said Common Areas and Facilities.

B. The ratio of the undivided interest of each Unit Owner in the Common Areas and Facilities as expressed in this Declaration shall have a permanent character and shall not be altered except with the unanimous consent (which consent is absolutely granted as stated in paragraphs below) of all Unit Owners expressed in an amended declaration duly recorded.

C. The Declarant presently owns the property solely and entirely in fee simple and Declarant gives, grants, dedicates and covenants its consent to any and all amendments to this Declaration that may be necessary to bring about any and all annexations, future sections and future Condominium Units or mergers that may be necessary or desirable to accomplish the full and ultimate development of South Wind Villas at 168 units through phases. In giving, granting, dedicating and covenanting its consent as it appears herein, the Declarant intends to forever and irrevocably bind itself, its purchasers, its successors and assigns and specifically its successors in title to the property and any part thereof to the provisions and terms and conditions as stated immediately below.

The Declarant anticipates on developing future sections of Condominium Units and annexations and thereby increasing the Common Area. The percentage of interest of any Unit Owner in the Common Area will, therefore, decrease as future Common Areas increase through annexations and development. In order to show the adjusted decrease in percentage of ownership in Common Property by any Unit Owner, it becomes necessary to amend the charter by unanimous consent of all Unit Owners.

To that end, all present and future Unit Owners and successors in title, and their mortgagees, grant the absolute and irrevocable right to Declarant to amend the Declaration in order to properly reflect the correct percentage of interest of any Unit Owner in the Common Area as future sections, Condominium Units and annexations are made.

The Declarant is deemed to have the absolute and irrevocable consent of all Unit Owners or future Unit Owners to amend the Declaration for the purpose of adjusting the Unit Owners' percentage

of interest in Common Areas without any further acknowledgement or consent from a Unit Owner or successor in title of any Unit Owner or mortgagee to make such amended Declaration or Declarations.

Declarant intends to forever and irrevocably bind itself, its purchasers, successors and assigns and specifically its successors in title to the property or any part thereof to the end that:

- i. Its consent shall be an appurtenance to the property and title thereto and to such units that shall appear thereon;
- ii. The laws of the State of North Carolina, more particularly Chapter 47A of the General Statutes of North Carolina and specifically G. S. 47A-6 shall be observed;
- iii. Unanimous consent of all Unit Owners to amendment of the Declaration for the purposes stated shall be assured.

The intent of this section is to provide for the orderly phased development of South Wind Villas according to plan, which shall be approved by the local municipal or governmental body. If for any reason successors in title to the property or any part thereof shall challenge or otherwise object to an amendment to the Declaration as and for reasons contemplated herein being unanimously consented to as herein sought to be accomplished, then they and each of them, by assuming title, covenant and agree to and do give their consent to such amendment even if that requires or affects a change on the face of or amendment to that portion of their deed which relates to undivided interest in Common Area.

This section shall serve as notice to any person or entity acquiring an undivided interest in the Common Area, or a security interest therein, that the ratio of the undivided interest in the Common Area that he acquires with title may (will likely) change and decrease from time to time as annexations or mergers take place as herein permitted, by unanimous consent to amendment to the Declaration, for the purposes set out herein, being given, granted, dedicated and covenanted--until ultimately, and permanently, the ratio of undivided interest of all Unit Owners in the Common Area will be based on a ratio which shall be in the approximate relation that the fair market value of each respective unit bears to the aggregate fair market value of all units having an interest in the Common Area.

The undivided interest appurtenant to each unit in Section One of South Wind Villas shall be as set out in Exhibit "B" attached hereto, incorporated herein by reference, and made a part hereof. The undivided interest in the Common Area that is appurtenant to each unit has been determined by the ratio of the approximate fair market value of each unit to the aggregate approximate fair market value of all of the units having an undivided interest in the Common Area at the date of this Declaration (or of any supplements or amendments hereto which affect undivided interests in Common Area); the term "unit" as used in this and the succeeding sentence is limited to refer only to dwellings (existing or planned) at or upon the property; the fair market value of each unit and the aggregate fair market value of all the units have been determined by the Declarant and are binding upon all Unit Owners. For purposes of establishing fair market value of units as referred to herein (and whether for the existing or for future valuations), the conclusive presumption is created that one square foot of any unit is of exactly the same value as one square foot of any other unit; the rebuttable presumption is created that the certificate of a licensed architect or engineer setting out the approximate square footage of each unit is accurate. The percentage of undivided interest in the Common Area assigned to each unit shall not be changed except as provided by law or elsewhere herein. Purchasers will be asked to execute the deed to them to evidence their agreement that their proportionate interest in the common area may be reduced in the event the condominium is expanded as set forth above.

6. RESTRICTIONS AGAINST FURTHER SUBDIVISION OF CONDOMINIUM UNITS:
SEPARATE CONVEYANCE OF APPURTENANT COMMON PROPERTY PROHIBITED: No Condominium Unit may be divided or subdivided into a smaller Unit or Units than as shown in the Unit Ownership File nor shall any Condominium Unit or portion thereof be added to or incorporated into any other Condominium Unit. The undivided interest in the Common Property declared to be an appurtenance to each Condominium Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Condominium Unit, and the undivided interest in Common Property appurtenant to each Condominium Unit shall be deemed, conveyed, devised, encumbered or otherwise included with the Condominium Unit even though such undivided interest with the Condominium Unit is not expressly mentioned or described in the instrument, conveying, devising, encumbering or otherwise dealing with such Condominium Unit. Any conveyance, mortgage or other instrument which purport to grant any right, interest or lien in, to, or upon a Condominium Unit, shall be null and void insofar as its purports to affect any interest in a Condominium Unit and its appurtenant undivided interest in Common Property, unless it purports to convey, devise or encumber the entire Condominium Unit, which describes said Condominium Unit by the numerical designation assigned thereto in the Unit Ownership File shall be construed to affect the entire Condominium Unit and its appurtenant undivided Common Property. No limitation is placed on the ownership of any Condominium Unit by any person as tenants in common, joint tenants, or as tenants by the entirety.

7. THE CONDOMINIUM SUBJECT TO RESTRICTIONS. The Condominium Units, Common Property and Limited Common Areas are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established herein governing the use of said Condominium Units, Common Property and Limited Common Areas and setting forth the obligations and responsibilities incident to ownership of each Condominium Unit and its appurtenant undivided interest in the Common Property and said Condominium Units, Common Property and Limited Common Areas are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the land and improvements of the Condominium.

8. PERPETUAL NON-EXCLUSIVE EASEMENT IN COMMON PROPERTY: The Common Property is hereby declared to be subject to a perpetual non-exclusive easement in favor of all of the Owners of Condominium Units for their use and the use of their immediate families, guests, and invitees, for all property purposes and for the furnishing of services and facilities for which they are intended, and for the enjoyment of the Owners. Notwithstanding the foregoing, the Association, hereinafter defined, shall have the exclusive right to establish the rules and regulations pursuant to which the Owner of any Condominium Unit his family, guest and invitees, may be entitled to use the Common Property, including the right to assign parking spaces, and to establish the regulations concerning their use. The Owners of Condominium Units shall be responsible for all acts of their guests, invitees or lessees in connection with the provisions of this Declaration.

9. EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS: In the event that any Condominium Unit or any of its appurtenant improvements shall encroach upon any Common Property, or any other Condominium Unit for any reason not caused by the purposeful or negligent act of the Condominium Unit Owners, then an easement appurtenant to such Condominium Unit shall exist for the continuance of such encroachment upon the Common Property or upon a Condominium Unit for as long as such encroachment shall naturally exist; and, in the event that any portion of the Common Property shall encroach upon any Condominium Unit, then an easement shall exist for the continuance of such encroachment of the Common Property upon any Condominium Unit for so long as such encroachment shall naturally exist. If any Condominium Unit or Common Property shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings and, if upon reconstruction of such Unit and/or Common Property in accordance with Article 21 hereof, there exist encroachments of portions of the Common Property upon and Condominium Unit, or of any Condominium Unit upon and other Condominium Unit or upon any portion of the Common Property, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

10. RESTRAINT UPON SEPARATION AND PARTITION OF COMMON PROPERTY.

Recognizing that the proper use of a Condominium Unit by an Owner or Owners is dependent upon the use and enjoyment of the Common Property in common with the Owners of all other Condominium Units, and that it is in the interest of all Owners that the Ownership of the Common Property be retained in common by the Owners, it is hereby declared that the proportional undivided interest in the Common Property appurtenant to each Condominium Unit shall remain undivided and no unit owner shall bring or have any right to bring any action for partition of division, unless and until the Condominiums are terminated in accordance with N.C.G.S. 47A-17 and 47A-25.

11. ADMINISTRATION OF THE CONDOMINIUM BY SOUTH WIND VILLAS

HOMEOWNER'S ASSOCIATION. To efficiently and effectively provide for the administration of the Condominium by the Owners of the Condominium Units, a non-profit North Carolina corporation known and designated as **SOUTH WIND VILLAS HOMEOWNER'S ASSOCIATION** (hereinafter called "Association") has been organized and said corporation shall administer the operation and management of the Condominium and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and By-Laws. A true copy of said By-Laws and Articles of Incorporation are annexed hereto and expressly made a part hereof as Exhibit "C" and "D", respectively. The Owner or Owners of each Condominium Unit shall automatically become members of the Association upon acquiring an ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Property; such membership shall terminate automatically upon the Owner or Owners being divested of such ownership interest in the title to such Condominium Unit, regardless of how such ownership may be divested. No person, firm or corporation holding any lien, mortgage, or other encumbrance upon any Condominium Unit shall be entitled by virtue of such lien, mortgage, or other encumbrance, to membership in the Association or to any of the rights or privileges of such membership. In the administration of the operation and management of the Condominium, the Association is hereby granted the authority and power to enforce the provisions of this Declaration to levy and to collect assessments in the manner hereinafter provided, and to adopt, promulgate and enforce such rules and regulations governing the use of the Condominium Units and Common Property as its Board of Directors may deem to be in its best interest.

12. RESIDENTIAL USE RESTRICTIONS APPLICABLE TO CONDOMINIUM UNITS.

Each Condominium Unit is hereby restricted to residential use by its Owner, his immediate family, guests, invitees and lessees. With the exception of a Lender in possession of a Condominium Unit following a default in a first deed of trust, a foreclosure proceeding or any deed in lieu of foreclosure, no Unit Owner shall lease his Unit for a transient, hotel or commercial purpose. No Unit Owner may lease less than the entire Unit. Any lease agreement must provide that it shall be subject to the provisions of this Declaration, and that any failure by the Lessee to comply with the terms hereof shall be a default under the Lease, and shall be in writing. There is no other restriction on the right of any Unit Owner to lease his Unit, provided said Lease term shall not be less than six (6) months. The Developer shall not be limited to the above six (6) month restriction, except as to any Unit re-purchased by the Developer.

13. USE OF COMMON PROPERTY SUBJECT TO RULES OF ASSOCIATION. The use of all Common Property by the Owner or Owners of all Condominium Units, and all other parties authorized to use the same, shall be subject to such rules and regulations as may be prescribed and established by the Association.

14. THE CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES: RESTRICTIONS AGAINST NUISANCES. No immoral, improper, offensive or unlawful use shall be made of any Condominium Unit or of the Common Property, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No owner of any Condominium Unit shall permit anything to be done or kept in his Condominium Unit, or on the Common Property, which will increase the rate of insurance on the Condominium, or which will interfere with the rights of other occupants of the Condominium or annoy them by unreasonable noises, nor shall any owner undertake any use which shall constitute a nuisance to any other Owner of a Condominium Unit,

or which interferes with the peaceful possession and proper use of any other Condominium Unit of the Common Property.

15. RIGHT OF ENTRY INTO CONDOMINIUM UNITS IN EMERGENCIES AND FOR MAINTENANCE OF COMMON PROPERTY. In case of any emergency originating in or threatening any Condominium Unit, regardless of whether the owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, shall have the right to enter such Condominium Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry may be immediate.

Whenever it may be necessary to enter any Condominium Unit in order to perform any maintenance, alteration or repair to any portion of the Common Property, the Owner of each Condominium Unit shall permit representatives or agents of the Association to enter such Condominium Unit for such purpose, provided that the entry shall be made only at reasonable times and with reasonable advance notice.

16. LIMITATION UPON RIGHT OF OWNERS TO ALTER AND MODIFY CONDOMINIUM UNITS: NO RIGHT TO ALTER COMMON PROPERTY. No owner of a Condominium Unit shall permit any structural modification or alteration to be made to such Condominium Unit without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of the Association shall determine that such structural modifications or alterations would adversely affect or in any manner endanger the Condominium in part or in its entirety. No owner shall cause any improvements or changes to be made on the exterior of the Condominium (including any improvements or changes which exist at the time of the filing of the Declaration of Condominium, and also including painting or other decoration, or the installation of electrical wiring, television or radio antennae or any other objects or machines which may protrude through the walls or roof of the Condominium, except the Owner may locate central heating and air-conditioning units in the Limited Common Areas) or in any manner alter the appearance of the exterior portion of any building without the written consent of the Association being first obtained. No Unit Owner shall cause any object to be affixed to the Common Property or to any Limited Common Area (including the location or construction of fences and the planting or growing of flowers, trees, shrubs, or any other vegetation) or in any manner change the appearance of the Common Property or Limited Common Area without the written consent of the Association being first obtained.

17. RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON PROPERTY AND ASSESSMENT THEREFOR. The Association shall have the right to make such alterations or improvements to the Common Property which do not prejudice the rights of the Owner of any Condominium Unit in the use and enjoyment of his or her Condominium Unit, provided the making of such alterations and improvements are approved by the Board of Directors of the Association, and their costs shall be common expenses to be assessed and collected from all of the Owners of Condominium Units. However, where any alterations and improvements are exclusively or substantially for the benefit of the Owner or Owners of certain Condominium Unit or Units requesting them, then the cost of such alterations or improvements shall be assessed against and collected solely from the Owner or Owners of the Condominium Unit or Units exclusively or substantially benefitted, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

18. MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS. Every Owner shall perform promptly all maintenance and repair work in and out of his or her Condominium Unit, which, if omitted, would affect the Condominiums either in its entirety or in a part belonging to other Owners, every Owner being expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Condominium shall be liable and responsible for the maintenance, repair, and replacement of all heating and air-conditioning equipment, if any, stoves, refrigerators, fans, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, gas, sewage and sanitary service to his Condominium Unit. Such Owner shall further be responsible and liable for the maintenance, repair and replacement of the interior surfaces of all walls, ceilings

and floors within his Unit including painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his Condominium Unit. Owners shall be responsible for maintenance of any improvements in the Limited Common Areas adjacent to their Condominium Units, to include but not be limited to patios, porches, and fences. The Board of Directors shall set maintenance standards, and in the event any individual Owner fails to properly maintain the improvements in accordance with such standards, the Board of Directors shall give the Owner written notice of its maintenance requirements and thirty (30) days to meet these requirements. Upon the Owner's failure to meet these requirements within the time allowed, the Board of Directors shall cause the maintenance to be done and shall add such costs to the Owner's next monthly assessment after such maintenance is completed. The Association shall have all rights to collect these sums in accordance with Paragraph 24 of this Declaration. Whenever the maintenance, repair and replacement of any item for which the Owner is obligated to maintain, replace or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received shall be used for the purpose of making such maintenance, repair or replacement except that the Owner of such Condominium Unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement. The Owner of a Condominium Unit who has exclusive use of any Limited Common Area shall maintain all floor and building supports. All doors, window frames, panes and screens are a part of the respective Condominium Units and shall be maintained by the respective Unit Owners, save and except painting.

19. MAINTENANCE AND REPAIR OF COMMON PROPERTY BY THE ASSOCIATION.

The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Common Property, including those portions thereof which contribute to the support of the buildings and conduits, ducts, plumbing, gas lines, water lines outside the dedicated street right-of-way, wiring, and other facilities located in the Common Property for the furnishing of utility and other services to the Condominium Units and said Common Property, and should any incidental damage be caused to any Condominium Unit by virtue of any work which may be done by the Association in the maintenance, repair or replacement of any Common Property, the Association shall, at its expense, repair such incidental damage. Whenever the maintenance, repair and replacement of any item for which the Association is obligated to maintain, replace or repair as its expense is occasioned by any act of a Condominium Unit Owner, his immediate family, guests or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association shall be used for the purpose of making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or by his family, guests or invitees) shall be required to pay such portion of the cost of applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

20. INSURANCE AND AUTHORITY TO PURCHASE INSURANCE.

Insurance policies upon the Property (other than title insurance) shall be purchased by the Association in the name of the Board of Directors of the Association, as Trustees for the Condominium Unit Owners and their respective mortgages as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the Condominium Units of any of them, and if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against Condominium Unit Owners, the Association and their respective servants, agents, and guests. Each Condominium Unit Owner may obtain insurance, at his own expense, affording coverage upon his Condominium Unit, his personal property and for his personal liability and as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation referred to above if available.

21. INSURANCE COVERAGE TO BE MAINTAINED: USE AND DISTRIBUTION OF INSURANCE PROCEEDS.

A. The following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Condominium Units and Common Property:

(1) Casualty Insurance by a company having a Best Rating of A+ covering the buildings and all improvements upon the land and all personal property described in Exhibit "A" except such personal property as may be owned by the Condominium Unit Owners, shall be procured in an amount equal to the maximum insurance replacement value thereof (exclusive of excavation, foundations, streets and parking facilities), to be adjusted annually in accordance with increased construction cost in the local area. Such coverage shall afford protection against: (a) the loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location, and use, including vandalism and malicious mischief. For the purpose of clarity, underground utilities and any system of utilities owned by others will not be covered by insurance.

(2) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association, including legal liability, hired automobile, non-owned automobile and off-premise employee coverages.

(3) All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owners as a group to a Condominium Unit Owner.

B. Premiums upon insurance policies purchased by the Association shall be paid by the Association as common expenses to be assessed and collected from all of the Owners of Condominium Units.

C. All insurance policies purchased by the Association shall be for the benefit of the Association and the Condominium Unit Owners and their mortgages, as their respective interests may appear, and shall provide that all proceeds in trust for the benefit of the Association, the Condominium Unit Owners and their respective mortgages in the following shares:

(1) Proceeds on account of damage to common property: in undivided shares for each Condominium Unit Owner and his mortgages, if any, which shares are shown on Exhibit "B" or as subsequently adjusted.

(2) Proceeds on account of damages to Condominium Units shall be held in the following undivided shares:

(a) Partial destruction when the Condominium is to be restored: for the Owners of damaged Condominium Units in proportion to the costs of repairing the damage suffered by each damaged Condominium Unit;

(b) Total destruction of the Condominium or where the Condominium is not to be restored; for all Condominium Unit Owners and their mortgages, the share of each being set forth in Exhibit "B" or as subsequently adjusted.

D. In the event a mortgagee endorsement has been issued as to a Condominium Unit, the share of the Condominium Unit Owner shall be held for the mortgagee and the Condominium Unit Owner as their interests may appear, but no mortgagee shall have the right to participate in the determination of reconstruction or repair.

E. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficial Condominium Unit Owners in the following manner:

(1) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs. Any proceeds remaining after defraying such costs shall be distributed to

the beneficial Condominium Unit Owners, all remittances to Condominium Unit Owners and their mortgages being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Condominium Unit and may be enforced by him.

(2) If it is determined that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial Condominium Unit Owners, remittances to Condominium Unit Owners and their mortgages being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Condominium Unit and may be enforced by him.

F. Each Unit Owner, at his expense, shall keep in force comprehensive personal liability insurance covering liability for damages to person or property of others located within such Owner's Unit, or another Unit, or upon the Common Area and facilities in such amounts as the Board of Directors shall, from time to time, determine, but in no case less than \$100,000 for each occurrence.

22. RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE: DAMAGE TO COMMON PROPERTY: DAMAGE TO CONDOMINIUM UNITS.

A. If any part of the Common Property shall be damaged by casualty, the determination of whether or not to reconstruct or repair it shall be made as follows:

(1) Partial destruction shall be destruction which renders less than seventy-five percent (75%) of the Condominium Units untenable. In the event of partial destruction, the Common Property shall be reconstructed or repaired unless this Declaration is terminated by the unanimous vote of all of the Condominium Unit Owners at a meeting of the members of the Association called and held prior to commencement of such reconstruction or repair.

(2) Total destruction shall be destruction which renders seventy-five percent (75%) or more of the Condominium Units untenable. In the event of total destruction, the Common Property shall not be reconstructed or repaired, if, at a meeting which shall be called within thirty (30) days after the occurrence of the casualty, or if by such date the insurance loss has not been finally adjusted, then within thirty (30) days after such adjustment, Condominium Unit Owners who own three-fourths (3/4) or more of the Condominium Units vote against reconstruction or repair.

(3) Any such reconstruction or repair shall be substantially in accordance with the plans and specifications of the original construction.

B. If the damage is only to those parts of one or more Condominium Units for which the responsibility for the maintenance and repair is that of the Unit Owner, then the Condominium Unit Owner shall be responsible for reconstruction and repair after the casualty. In all other instances, the responsibility of reconstruction and repair after casualty shall be that of the Association as follows:

(1) Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Board of Directors deems appropriate.

(2) When the damage is to both Common Property and Condominium Units, the insurance proceeds shall be applied first to the costs of repairing the Common Property and the balance of the Condominium Units.

C. Each Condominium Unit Owner delegates to the Board of Directors of the Association his right to adjust with insurance companies all losses under policies purchased by the Association, except in any case where the damage is restricted to one Condominium Unit.

23. ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGES. The Association shall maintain a Register setting forth the names of the Owners of all of the Condominium Units. In the event of the transfer of any Condominium Unit to a third party, the transferee shall notify the Association in writing, of his interest in such Condominium Unit, together with the recording information necessary to identify the instrument by which the transferee has acquired his interest. The Owner of each Condominium Unit shall also notify the Association of the parties holding any mortgage on any Condominium Unit, the amount of such mortgage and recording information necessary to identify the mortgage. The holder of any mortgage upon any Condominium Unit may notify the Association of the existence of any mortgage and the Association shall register in its records all pertinent information relating thereto.

24. ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT. The Association is given the authority to administer the operation and management of the Condominium as being in the best interest of the Owners of all Condominium Units. To properly administer the operation and management of the Condominium, the Association will incur for the mutual benefit of all of the Owners of Condominium Units, costs and expenses (here "common expenses"). To provide the funds necessary for such proper operation, management and capital improvements, the Association has been granted the right to make, levy, and collect assessments against the Unit Owners and their Condominium Units. In furtherance thereof, the following provisions shall be operative and binding upon the Owners of all Condominium Units.

A. All assessments levied against the Unit Owners and their Condominium Units shall be uniform and, unless specifically otherwise provided for herein, all assessments made by the Association shall be in such an amount that any assessment levied against a Unit Owner and his Condominium Unit shall bear the same ratio to the total assessment made against all Unit Owners and their Condominium Units as the undivided interest in Common property appurtenant to each Condominium Unit bears to the total undivided interest in Common Property appurtenant to all Condominium Units. Should the Association be the Owner of a Condominium Unit or Units, the assessment which would otherwise be due and payable to the Association by the Owner of such Unit or Units, reduced by the amount of income which may be derived from the leasing of such Unit or Units by the Association, shall be apportioned and assessment therefor levied ratable among the Owners of all Units which are not owned by the Association, based upon their proportionate interests in Common Property exclusive of the interests therein appurtenant to any Unit or Units by the Association.

B. Assessments provided for herein shall be payable in monthly installments, or in such other manner as the Board of Directors of the Association shall determine. Such assessments shall commence for each Unit on the first day of the first month following the sale by the Developer.

C. The assessments to be paid by Developer to the Homeowner's Association will be a maximum of \$ 15.00 per Unit as long as any Unit is owned by the Developer and is vacant. If any Unit is not vacant, Developer will pay regular assessment. This provision will be in effect for three (3) years from the date of recordation of this Declaration.

D. The Board of Directors of the Association shall establish an Annual Budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Condominium Unit). Such budget shall project all expenses for

the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies and reserves, such budget to take into account anticipated income which is to be applied in reduction of the amounts required to be collected as an assessment each year. The Board of Directors shall keep separate, in accordance with Paragraph "E" hereof, items relating to operation and maintenance from items relating to capital improvements. Upon adoption of such Annual Budget by the Board of Directors of the Association, copies shall be delivered to each Owner of a Condominium Unit although the delivery of a copy of it to each Owner shall not affect the liability of any Owner for such assessment. Should the Board of Directors at any time determine that the assessments levied are insufficient to pay the costs of operation and management of the Condominium or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessments it may deem necessary.

E. The Board of Directors of the Association, in establishing the Annual Budget for operation, management, and maintenance of the Condominium shall designate a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the Common Property (herein "Capital Improvement Fund") which shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Property, and the replacement of personal property constituting a portion of the Common Property held for the joint use and benefit of the Owners of the Condominium Units. The amount to be allocated to the Capital Improvement Fund may be established by the Board of Directors to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Common Property. The amount collected for the Capital Improvement Fund shall be maintained in a separate account by the Association, and shall be used only to make capital improvements to Common Property. Any interest earned on the Capital Improvement Fund may be expended for current operation and maintenance.

F. All funds collected by the Association shall be treated as the separate property of the Association, and such funds may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by this Declaration, the Articles of Incorporation, and the By-Laws of the Association. Although all funds and common surplus including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of Common Property, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his Condominium Unit. When the Owner of a Condominium Unit shall cease to be a member of the Association, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all funds which any Owner has paid to the Association shall constitute an asset of the Association which may be used in the operation and management of the Condominium.

G. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of its due date. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the highest rate allowed by law until paid in full by the Association.

H. The Owner or Owners of each Condominium Unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such Condominium Unit while such party or parties are Owner or Owners of a Condominium Unit. In the event that any Unit Owner or Owners are in default in the payment of any assessment or installment owed to the Association, such Unit Owner or Owners shall be personally liable, jointly

and severally for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment and interest thereon, including reasonable attorney's fees, whether suit be brought or not.

I. No Owner of a Condominium Unit may exempt himself from liability for any assessment levied against his or her Condominium Unit by waiver of the use or enjoyment of any of the Common Property, or by abandonment of the Condominium Unit, or in any other way.

J. Recognizing that property operation and management of the Condominium requires the continuing payment of costs and expenses therefor, and that such proper operation and maintenance results in benefit to all of the Owners of Condominium Units, and that the payment of such common expenses represented by the assessments levied and collected by the Association is necessary in order to preserve and protect the investment of each Unit Owner, the Association is hereby granted a lien upon each Condominium Unit and its appurtenant undivided interest in Common Property, levied against the Owner of each such Condominium Unit, which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said Condominium Unit. The lien granted to the Association may be enforced under Article B, Chapter 44 of the N. C. G. S. and under N. C. G. S. 47A-22. The lien granted to the Association shall further secure such advances for taxes and payments on account of superior mortgages, liens or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, including interest at the highest legal rate on any such advances so made. All persons who shall acquire any interest in the ownership of any Condominium Unit, or who may be given or acquire a mortgage, lien, or other encumbrances thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any Condominium Unit expressly subject to such lien rights.

K. The lien herein granted to the Association shall be enforceable from the time of recording a claim of lien in the Public Records of Forsyth County, North Carolina, which claim shall state the description of the Condominium Unit encumbered thereby, the name of the record owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by the said lien shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon. It shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, it shall be satisfied of record.

The lien provided for herein shall be subordinate to any first mortgage or Deed of Trust. Any person, firm, or corporation acquiring title to any Condominium Unit and its appurtenant undivided interest in Common Property by any foreclosure, deed in lieu of foreclosure, or judicial sale, shall be liable and obligated only for assessments as shall accrue and become due and payable for said Condominium Unit and its appurtenant undivided interest in Common Property subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a Condominium Unit by foreclosure, deed in lieu of foreclosure, or judicial sale, any assessment which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all Condominium Units as a part of the common expense, although nothing herein contained shall release the party liable for such delinquent assessment by means other than foreclosure. As to the lien of those assessments and common expenses accruing after foreclosure or after recording of a deed in lieu of foreclosure, these assessments and common expenses shall continue to be subordinate to the lien of a first mortgage or Deed of Trust.

L. Whenever any Condominium Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Unit Owner, shall furnish to the proposed lessee, purchaser or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by such Unit. Such statement shall be executed

by any officer of the Association, and any lessee, purchaser or mortgagee may rely upon such statement in concluding the proposed lease, purchase or mortgage transaction, and the Association shall be bound by such a statement.

In the event that a Condominium Unit is to be leased, sold or mortgaged at the time when payment of any assessment against the Owner of the Condominium Unit and such Condominium Unit due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds of such purchase or mortgage proceeds, shall be applied by the lessee, purchaser or mortgagee first to the payment of any then delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase or mortgage proceeds to the Owner of any Condominium Unit who is responsible for payment of such delinquent assessment.

Institution of a lawsuit to attempt to collect the payment of any delinquent assessment shall not be an election by the Association which shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to the Association.

25. COMMON SURPLUS. "Common Surplus", meaning all funds and other assets of the Association (including excess of receipts of the Association, including but not limited to assessments, rents, profits, and revenues from whatever source over amount of the common expense), shall be owned by the Owners of all Condominium Units in the same proportion that the undivided interest in Common Property appurtenant to each Owner's Condominium bears to the total of all undivided interest in Common Property appurtenant to all Condominium Units; provided, however, that said common surplus shall be held by the Association in the manner and subject to the terms, provisions, and conditions of this Declaration, imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance indemnity herein provided, or upon termination of the Condominium, any attribution or distribution of common surplus which may be made from time to time shall be made to the then Owners of Condominium Units in accordance with their percentage interest in common surplus as declared herein.

26. TERMINATION. The Condominium shall be terminated, if at all, in the following manner:

A. The termination of the Condominium may be effected only by the unanimous agreement of all Condominium Unit Owners expressed in an instrument duly recorded; and, provided that the holders of all liens affecting any of the Condominium Units consent thereunto, or agree, by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the Condominium Unit Owner in the Property as provided in sub-paragraph "C" below. The termination shall become effective when such agreement has been recorded in the public records of Forsyth County, North Carolina.

B. If it is determined in the manner elsewhere provided that the Condominium shall not be reconstructed after casualty, the Condominium ownership shall be terminated and the Declaration of Condominium revoked. The determination not to reconstruct after casualty shall be evidenced by a Certificate of the Association certifying as to the facts affecting the termination, which Certificate shall become effective upon being recorded in the public records of Forsyth County, North Carolina.

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

D. Following termination, the property may be partitioned and sold upon the application of any Condominium Unit Owner. Following a termination, if the Board of Directors determines by not less than three-fourths (3/4) vote to accept an offer for the sale of the property, each Condominium Unit Owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such form as the Board of Directors directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

E. The members of the Board of Directors acting collectively as agent for all Condominium Unit Owners, shall continue to have such powers as granted herein, even though the Association may be dissolved upon a termination.

27. AMENDMENTS. Developer may amend this Declaration pursuant to Paragraph 5; otherwise, Items A, B, and C below will apply.

A. An amendment to this Declaration of Condominium may be proposed by the Board of Directors of the Association acting upon a vote of a majority of the Directors, or by the members of the Association owning a majority of the Condominium Units, whether meeting as members or by instrument in writing signed by them. Upon any Amendment to this Declaration being proposed by the Board of Directors or members, such proposed Amendment shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the members of the Association for a date not sooner than twenty (20) days not later than sixty (60) days from receipt by him of the proposed Amendment. It shall be the duty of the Secretary to give each member written notice of such special meeting, stating the time and place, and reciting the proposed Amendment in reasonably detailed form which notice, if mailed, shall be mailed not less than ten (10) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his Post Office Address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the Amendment proposed must be approved by an affirmative vote of sixty-six percent (66%) of the members owning Units in the Condominium in order for such Amendment to become effective. At any meeting held to consider such Amendment, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting. Thereupon such Amendment of this Declaration shall be transcribed and certified by the President and Secretary of this Association as having been duly adopted. The original or an executed copy of such Amendment so certified and executed with the same formalities as a Deed, shall be recorded in the Forsyth County Public Registry within ten (10) days from the date on which the same became effective.

B. No alteration in the percentage of ownership of Common Property appurtenant to each Condominium Unit, or alteration of the basis for sharing common expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or alteration of the basis of ownership of Common Surplus, or alteration of voting rights in the Association, shall be made without the prior written consent of all of the Owners of all Condominium Units and all of the Lenders holding first mortgages or first deeds or trust on the Condominium Units.

C. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Lender shall be made without prior written consent of all Lenders holding mortgages on Condominium Units in the Condominium being first had and obtained.

28. REMEDIED IN EVENT OF DEFAULT. The Owner or Owners of Each Condominium Unit shall be governed by and shall comply with the provisions of this Declaration and the Articles of Incorporation and By-Laws of the Association as they may be amended from time to time. A default by the Owner of any Condominium Unit shall entitle the Association or the Owner of other Condominium Units to the following relief:

A. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Articles of Incorporation or By-Laws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sum due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

B. Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agent or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a Condominium Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies or rights of subrogation.

C. In any proceeding arising because of an alleged default by a Unit Owner, the Association shall be entitled to recover the costs of the proceeding and reasonable attorney's fees.

D. The failure of the Association or any Unit Owner to enforce any right, provisions, covenant or condition which may be granted by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or of the Unit Owner to enforce such right, provisions, covenant or condition in the future.

E. All rights, remedies and privileges granted to the Association or the Owner or Owners of a Condominium Unit pursuant to any terms, provisions, covenants or conditions of this Declaration or other above-mentioned documents, shall be cumulative, and the exercise of any one or more shall not constitute an election of remedies, nor shall preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

F. The failure of Developer to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or other above-mentioned documents shall not constitute a waiver of right of the Developer to thereafter enforce such right, provisions, covenant or condition in the future.

G. The failure of a lender to enforce any right, provision, privilege, covenant or condition which may be granted to it or them by this Declaration or other above-mentioned documents, shall not constitute a waiver of right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

29. RIGHTS RESERVED UNTO LENDERS AND FIRST MORTGAGE HOLDERS. As long as any lender or First Mortgage Holder shall hold any mortgage upon any Condominium Unit or Units, or shall be the Owner of any Condominium Unit or Units, such Lender or First Mortgage Holder shall have the following rights:

A. To examine upon request and at reasonable times and upon reasonable notice, the books and records of the Association; and to be furnished at least one copy of the Annual Audited Financial Statement and Report of the Association prepared by a Public Accountant designated by the Association,

such Financial Statement and Report to be furnished by April of each calendar year.

B. To be given written notice by the Association of the call of any meeting of the membership, which notice shall state the purpose of such meeting, and to designate a representative to attend.

C. To be given written notice of default by any Owner owning a Condominium Unit encumbered by a mortgage held by the Lender or First Mortgage Holder, such notice to be sent to the place which it may designate in writing.

D. To be given written notice of any loss to, or taking of, the common elements of the Condominium if such loss or taking exceeds \$10,000.00 or damage to a Condominium is in excess of \$1,000.

E. To receive written notice of any condemnation or eminent domain proceeding or proposed acquisition by a condemning authority.

Whenever any Lender or First Mortgage Holder desires the provisions of this Declaration to be applicable to it, it shall serve written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein, identifying the Condominium Unit or Units upon which any such Lender or First Mortgage Holder holds any mortgage, or identifying any Condominium Units owned by it, together with sufficient facts to identify such mortgages and which notice shall designate the place to which the notices are to be given by the Association to such Lender or First Mortgage Holder.

30. RIGHTS OF DEVELOPER TO REPRESENTATION ON BOARD OF DIRECTORS OF THE ASSOCIATION. So long as the Developer owns five (5) or more Condominium Units in the Condominium, but in any event no longer than thirty-six (36) months from recordation of Declaration, Developer shall have the right to designate and select a majority of the persons who shall serve as members of the Board of Directors of the Association.

Whenever Developer shall be entitled to designate and select any person to serve on the Board of Directors of the Association, the manner in which such person shall be designated shall be as provided in the Articles of Incorporation and/or By-Laws of the Association, and Developer shall have the right to remove any person selected by it to act and serve on said Board of Directors and to replace such person with another person to act and serve in the place of any Director so removed for the remainder of the unexpired term of any Director so removed. Any Director designated and selected by Developer need not be a resident in the Condominium.

31. ADDITIONAL PROVISIONS.

A. All pets must be housed and kept inside the units and pets shall not be allowed outside the units unless said pet is on a leash and accompanied by the Unit Owner or the Unit Owner's Representative.

B. No Unit Owner shall have more than two (2) animals as pets.

C. Barking or noisy animals. If any animal anywhere within the Common Area or anywhere within the Unit Owner's Condominium shall make noise to such an extent that said noise or barking can be heard in another unit or heard anywhere in the Common Area, then in such event, the Unit Owner must remove said animal from the Condominium Unit and from the Common Area, and such animal must be housed elsewhere.

D. No business activity shall be conducted in any Unit or in any Common Area or Limited Common Area.

E. No tractor-trailer or other unusually large vehicles, equipment or machinery may be allowed to be parked for more than one (1) hour in any Common Area.

F. No boats, campers or other unlicensed vehicles may be allowed within any Common Area without the express written consent of the Board of Directors of the Condominium.

G. No Unit Owners shall have more than two (2) parking spaces in the Common Area without the express written consent of the Board of Directors of the Condominium.

32. MISCELLANEOUS.

A. In the event that any of the terms, provisions or covenants of this Declaration are held to be partially or wholly invalid or unenforceable, such holding shall not effect, alter modify or impair in any manner any of the other terms, provisions or covenants hereof or the remaining portions of any term, provisions or covenants held to be partially invalid or unenforceable.

B. The provisions of this Declaration shall be liberally construed to effectuate its purposes of creating a uniform plan of Condominium ownership. Throughout this Declaration, whenever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter. The Article headings are for convenience or reference only and shall not be considered terms of this Declaration.

C. The restrictions and burdens imposed by the covenants of this Declaration shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Condominium Unit, and its appurtenant undivided interest in Common Property. This Declaration shall be binding upon Developer, its successors and assigns, and upon all parties who may subsequently become Owners of the Condominium Units in the Condominium and their respective heirs, legal representatives, successors and assigns.

D. The following named individual is designated as the person to receive service of process of the Association.

Mr. John Yarbrough
Unit #115, South Bend Drive
South Wind Villas Condominiums
Winston-Salem, NC 27107

IN TESTIMONY WHEREOF, the undersigned have hereunto set their hands and seals, this the 27th day of August, 1981.

KENNEDY ASSOCIATES

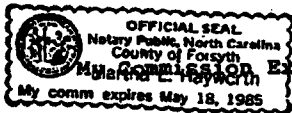
Shad J. Bingham (SEAL) General Partner
Mark C. Bingham (SEAL) General Partner
William J. Bingham (SEAL) General Partner
James J. Bingham (SEAL) General Partner

NORTH CAROLINA)
)
FORSYTH COUNTY)

I, Martha L. Hayworth, a Notary Public for said County and State, do hereby certify that Thad J. Bingham, Max C. Bingham, Edwin L. Kennedy, and Jimmie J. Taylor, all of whom are General Partners of Kennedy Associates, each personally appeared before me this day and acknowledged the due execution of the foregoing Declaration of South Wind Villas.

Witness my hand and notarial seal, this the 27th day of August, 1981.

Martha L. Hayworth
Notary Public



Expires: 5-18-85

STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate of Martha L. Hayworth n.p.
(these give name and official title of the officer signing the certificate, printed upon)

Forsyth Co., N.C.

is (are) certified to be correct. This the 31 day of August 19 81.

Probate fee \$1.00 paid.

PRESENTED FOR
REGISTRATION
AND RECORDED

Eunice Ayers, Register of Deeds

By Stacy Lewis Deputy Assistant

AUG 31 3 28 PM '81

EUNICE AYERS
REGISTER OF DEEDS
FORSYTH CTY. N.C.

\$58.00 pd sl

DCR1343P0970

EXHIBIT "A"

All that property as described in Condominium and Unit Owner-
ship Book 1 Page(s) 99 — 101 as recorded
in the Office of the Register of Deeds of Forsyth County, North
Carolina.

BOOK 1343P0971

BK1804 -P0103

EXHIBIT "B"

All that property as described in Condominium and Unit Ownership Book No. 1., Pages 99 through 101 and all additions subsequently recorded in Unit Ownership Books of SOUTH WIND VILLAS CONDOMINIUMS as recorded in the Office of the Register of Deeds of Forsyth County, North Carolina.

BK1804 P0104

EXHIBIT "C"

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, SECTION ONE

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
101	.6172840
102	.6172840
103	.6172840
104	.6172840
105	.6172840
106	.6172840
107	.6172840
108	.6172840
109	.6172840
110	.6172840
111	.6172840
112	.6172840
113	.6172840
114	.6172840
115	.6172840
116	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTHWIND VILLAS CONDOMINIUM, SECTION TWO

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
149	.6172840
150	.6172840
151	.6172840
152	.6172840
153	.6172840
154	.6172840
155	.6172840
156	.6172840
157	.6172840
158	.6172840
159	.6172840
160	.6172840
161	.6172840
162	.6172840
163	.6172840
164	.6172840

BK1804 P0105

EXHIBIT "C" CONTINUED:

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, SECTION THREE

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
141	.6172840
142	.6172840
143	.6172840
144	.6172840
145	.6172840
146	.6172840
147	.6172840
148	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, SECTION FOUR

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
133	.6172840
134	.6172840
135	.6172840
136	.6172840
137	.6172840
138	.6172840
139	.6172840
140	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, SECTION FIVE

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
125	.6172840
126	.6172840
127	.6172840
128	.6172840
129	.6172840
130	.6172840
131	.6172840
132	.6172840

EXHIBIT "C" CONTINUED

BK1804 P0106

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, SECTION SIX

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
119	.6172840
120	.6172840
121	.6172840
122	.6172840
123	.6172840
124	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE II - SECTION ONE

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
165	.6172840
166	.6172840
167	.6172840
168	.6172840
169	.6172840
170	.6172840
173	.6172840
174	.6172840
175	.6172840
176	.6172840
177	.6172840
178	.6172840
179	.6172840
180	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE II - SECTION TWO

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
181	.6172840
182	.6172840
183	.6172840
184	.6172840
185	.6172840
186	.6172840
187	.6172840
188	.6172840

RK1804 P0107

EXHIBIT "C" CONTINUED

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE II - SECTION THREE

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
189	.6172840
190	.6172840
191	.6172840
192	.6172840
193	.6172840
194	.6172840
195	.6172840
196	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE II - SECTION FOUR

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
197	.6172840
198	.6172840
199	.6172840
200	.6172840
201	.6172840
202	.6172840
203	.6172840
204	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE II - SECTION FIVE

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
205	.6172840
206	.6172840
207	.6172840
208	.6172840
209	.6172840
210	.6172840
211	.6172840
212	.6172840

BK1804 P0108

EXHIBIT "C" CONTINUED

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE II - SECTION SIX

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
213	.6172840
214	.6172840
215	.6172840
216	.6172840
217	.6172840
218	.6172840
219	.6172840
220	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE II - SECTION SEVEN

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
221	.6172840
222	.6172840
223	.6172840
224	.6172840
225	.6172840
226	.6172840
227	.6172840
228	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE III - SECTION ONE

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
229	.6172840
230	.6172840
231	.6172840
232	.6172840
233	.6172840
234	.6172840
235	.6172840
236	.6172840

BK1804 P0109

EXHIBIT "C" CONTINUED

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE III - SECTION TWO

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
237	.6172840
238	.6172840
239	.6172840
240	.6172840
241	.6172840
242	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE III - SECTION THREE

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
245	.6172840
246	.6172840
247	.6172840
248	.6172840
249	.6172840
250	.6172840
251	.6172840
252	.6172840

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE III - SECTION FOUR

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
253	.6172840
254	.6172840
255	.6172840
256	.6172840
257	.6172840
258	.6172840
259	.6172840
260	.6172840

BK1804 P0110

EXHIBIT "C" CONTINUED

PERCENTAGE OF UNIT OWNERSHIP

SOUTH WIND VILLAS CONDOMINIUM, PHASE III - SECTION FIVE

<u>UNIT #</u>	<u>PERCENTAGE OF OWNERSHIP</u>
261	.6172840
262	.6172840
263	.6172840
264	.6172840
265	.6172840
266	.6172840
267	.6172840
268	.6172840

BK1681 P1624

NORTH CAROLINA
FORSYTH COUNTY

I, Lisa Vaughn, a Notary Public for said County and State, do hereby certify that THAD J. BINGHAM, MAX C. BINGHAM, TED L. HILL, and WINNIE L. KENNEDY, all of whom are General Partners of Kennedy Associates, a General Partnership each personally appeared before me this day and acknowledged the due execution of the foregoing Declaration of South Wind Villas Condominium, Phase II - Section Seven.

Witness my hand and notarial seal, this the 30 day of November, 19 89.

NOTARY PUBLIC

My Commission Expires:

12/18/91



NORTH CAROLINA - Forsyth County

The foregoing certificate(s) of Lisa Vaughn, N.P., Forsyth County is (are) certified to be correct.

This the 30 day of Nov, 19 89.

LAVERNE SPEAS, REGISTER OF DEEDS

Laverne Speas
Deputy Assistant

Probate and filing fees:

\$26.00

DRAFTED BY: GEORGE S. THOMAS

PRESENTED FOR
REGISTRATION
AND RECORDED

Nov 30 3 07 PM '89

L.E. SPEAS
REGISTER OF DEEDS
FORSYTH COUNTY

JS

BK1681 P161

BY WHEROF, the undersigned have hereunto set their hands and
the 30th day of November, 1989.

KENNEDY ASSOCIATES, a General
Partnership

William L. Kennedy (SEAL)
General Partner

Robert J. Bingham (SEAL)
General Partner

Max C. Bingham (SEAL)
General Partner

Ted L. Hill (SEAL)
General Partner

BY-LAWS
OF
SOUTH WIND VILLAS HOMEOWNER'S ASSOCIATION

(A corporation not for profit under
the laws of the State of North Carolina)

1. IDENTIFY. These are the By-Laws of South Wind Villas Homeowner's Association, a non-profit corporation under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State (hereinafter called "Association"). It has been organized for the purpose of administering the operation and management of South Wind Villas, condominiums to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Forsyth County, North Carolina, and described in Exhibit "A" of the Declaration of Condominium and incorporated herein by reference (hereinafter called "Condominium").

A. The provisions of these By-Laws are applicable to the Condominium, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions, and authorization contained in the Articles of Incorporation and in the Declaration of Condominium which will be recorded in the Forsyth County Public Registry, North Carolina, at the time said property and the improvements now situated thereon are submitted to the plan of condominium ownership, the terms and provisions of said Articles of Incorporation and Declaration of Condominium to be controlling wherever they may be in conflict herewith.

B. All present or future owners, tenants, future tenants, or their employees, or any other person that might use the Condominium or any of the facilities thereof in any manner, are subject to the regulations set forth in these By-Laws and in said Articles of Incorporation and Declaration of Condominium.

C. The office of the Association shall be at such place in Forsyth County, North Carolina as the Board of Directors shall designate from time to time.

D. The fiscal year of the Association shall be the calendar year, except that in the initial year of operation of the Condominium, the fiscal year shall commence with the closing of the sale of the first Condominium Unit.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES.

A. The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be as set forth in Article VI of the Articles of Incorporation of the Association, the provisions of which said Article VI of the Articles of Incorporation are incorporated herein by reference.

B. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person and for the purpose of determining a quorum.

C. The vote of the Owners of a Condominium Unit owned by more than one person or by a corporation or other entity shall be cast by the one person named in a Certificate signed by all of the Owners of the Condominium Unit and filed with the Secretary of the Association, and such Certificate shall be valid until revoked by subsequent Certificate. If such a Certificate is not on file, the vote of such Owners shall not be considered for any purpose.

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D. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed date of the meeting.

E. Approval or disapproval of a Unit Owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such Owner if in an Association meeting.

F. Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these By-Laws, the Declaration of Condominium, or whether the same may otherwise be required by law, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

3. ANNUAL AND SPECIAL MEETING OF MEMBERSHIP.

A. The Annual Members' Meeting shall be held at a time and place designated by the Board of Directors, on the first Tuesday in March of each year that is not a legal holiday for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members.

B. Special Members' Meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors and must be called by such Officers upon receipt of written request from members of the Association owning a majority of the Condominium Units.

C. Notice of all members' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other Officer of the Association in absence of said Officers, to each member, unless waived in writing, such notice to be written and to state the time, place and purpose for which the meeting is called. Such notice shall be given to each member not less than ten (10) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or delivered personally to each member within said time. If delivered personally, receipt of such notice shall be signed by the member indicating the date on which it was properly given. When deposited in the United States Mail, it shall be addressed to the member at his post office address as it appears on the Register of Owners of the Association as of the date of mailing such notice, the postage prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice and, when filed in the records of the Association, whether before or after the holding of the meeting, such waiver shall be deemed equivalent to the giving of notice to the member. If any members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or the Declaration of Condominium) the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

D. The order of business as far as practical at any members' meetings shall be:

1. Calling of the roll and certifying of proxies;
2. Proof of notice of meeting or waiver of notice;
3. Reading and disposal of any unapproved minutes;
4. Reports of Officers;
5. Reports of Committees;
6. Appointment of Inspectors of Election by Chairman;
7. Unfinished business;
8. New business; and
9. Adjournment.

4. BOARD OF DIRECTORS.

A. The initial Board of Directors of the Association shall consist of three (3) persons. At least a majority of the Board of Directors shall be members or employees of a corporate member of the Association. Notwithstanding the foregoing, so long as the Developer, Kennedy Associates, (herein "Developer") owns five (5) or more Condominium Units in South Wind Villas, but in any event no longer than thirty-six (36) months, the Developer shall have the right to select a majority of the persons who shall serve as members of each Board of Directors of the Association. Any Director selected by Developer need not be a resident in the Condominium.

B. Election of Directors shall be conducted in the following manner:

1. Developer shall, at the beginning of the election of the Board of Directors, select that number of the members of the Board of Directors which it shall be entitled to select in accordance with the provisions of these By-Laws, and upon such selection of Developer by written instrument presented to the meeting at which such election is held, said individuals so selected by Developer shall thenceforth perform the offices and duties of such Directors until their successors shall have been elected in accordance with the provisions of these By-Laws.

2. All members of the Board of Directors whom Developer shall not be entitled to select under the terms and provisions of these By-Laws shall be elected by a plurality of the votes cast at the annual meeting of the members of the Association immediately following the selection of the members of the Board of Directors whom Developer shall be entitled to select.

3. Vacancies in the Board of Directors may be filled until the date of the next annual meeting by the remaining Directors, except that should any vacancy in the Board of Directors be created in any Directorship previously filled by any person selected by Developer, such vacancy shall be filled by Developer selecting, by written instrument delivered to any officer of the Association, the successor Director to fill the vacated Directorship for the unexpired term thereof.

4. The initial Board of Directors will consist of the three members whose names are set forth in the Articles of Incorporation. From and after the date of the first annual meeting of members, there shall be seven (7) Directors. The initial Board of Directors shall serve until their successors at the first annual meeting of members are selected and qualified. Each Director shall hold office for a term of one (1) year or until his death, resignation, retirement, removal, disqualification, or until his successor is elected and qualified. If, at the time of the first annual meeting, Developer owns five (5) or more Condominium Units in the Condominium, then Developer shall have the right to designate and select four (4) Directors.

5. In the election of Director's, there shall be appurtenant to each Condominium a total vote equal to the number of Directors to be elected and multiplied by the Unit's appurtenant undivided interest in the Common Area as set forth in Exhibit B or as subsequently adjusted in Amended Declaration or of this Declaration, provided, however, that no member or Owner of one (1) Condominium Unit may cast a vote greater than the Unit's appurtenant

undivided interest in the Common Area for any one person nominated as a Director so that voting for Directors shall be noncumulative. Notwithstanding the fact that Developer may be entitled to select a majority of the members of the Board of Directors, he shall still be entitled to cast the vote for each Condominium Unit owned by him in the elections of other Directors; provided, however, that the other Directors elected are persons other than employees of Developer, or wives and relatives of any said persons.

6. In the event that Developer, in accordance with the rights herein established, selects any person to serve on any Board of Directors of the Association, Developer shall have the absolute right at any time, in his sole discretion, to replace such person with another person to serve on any Board of Directors. Replacement of any person designated by Developer to serve on any Board of Directors of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from the Board of Directors. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Developer to any officer of the Association.

C. The organizational meeting of each newly elected Board of Directors shall be held within ten (10) days of their election, at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, provided a quorum shall be present.

D. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.

E. Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third of the votes of the Board. Not less than three (3) days' notice of a meeting shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

F. Any Director may waive notice of a meeting before or after the meeting, and such waiver shall be deemed equivalent to the giving of notice.

G. A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes cast at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation, or these By-Laws or the Declaration of Condominium. If any Directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws or Declaration of Condominium, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

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H. The Presiding Officer of Directors' meetings shall be the Chairman of the Board, if such an Officer has been elected; and if none, then the President of the Association shall preside. In the absence of the Presiding Officer, the Directors present shall designate one of their number to preside.

I. Directors may be compensated for out-of-pocket expenses.

J. All of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Articles of Incorporation of the Association, these By-Laws and the Declaration of Condominium. Such powers and duties shall be exercised in accordance with said Articles of Incorporation, these By-Laws and the Declaration of Condominium, and shall include, without limiting the generality of the foregoing, the following:

1. To make, levy and collect assessments against members and members' Condominium Units to defray the costs of the Condominium, as provided for in Article 23 of the Declaration of Condominium which Article is herein incorporated by reference, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association;

2. To maintain, repair, replace, operate and manage the Common Areas and Facilities wherever the same is required to be done and accomplished by the Association for the benefit of its members; and further, to approve any expenditure made or to be made for such purposes;

3. To reconstruct any part of the Common Property after casualty in accordance with Article 21 of the Declaration of Condominium, and to make further improvement to the Common Property, real and personal, and to make and to enter into any and all contracts, necessary or desirable to accomplish said purposes;

4. To make, amend and enforce regulations governing the use of the Common Property, Limited Common Area and Condominium Units, to include but not be limited to Architectural controls and maintenance regulations, so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declaration of Condominium; to establish homeowners committees to assist the Board in carrying out its duties;

5. To acquire, operate, lease, manage, and otherwise trade and deal with property, real or personal, including Condominium Units in the Condominium as may be necessary or convenient in the operation and management of the Condominium, and in accomplishing the purposes set forth in the Declaration of Condominium, provided that the acquisition of real property other than Condominium Units shall require the approval of the Association;

6. To acquire now or at any time hereafter, and to enter into leases and agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities including, but not limited to, swimming pools, tennis and other recreational facilities whether or not contiguous to the lands of the Condominium to provide enjoyment, recreation or other use or benefit to the Owners of Condominium Units;

7. To contract for the management of the Condominium and to designate to such contractor all of the powers and duties of the Association, except those which may be required by the Declaration of Condominium to have approval of the Board of Directors or membership of the Association; said contract shall provide for termination after ninety days notice and may be terminated with or without cause;

8. To enforce by legal means or proceedings the provisions of the Articles of Incorporation and By-Laws of the Association, the Declaration of Condominium and the regulations hereinafter promulgated governing use of the Common Property in the Condominium;

9. To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than Condominium Units and the appurtenances thereto, and to assess the same against the members and their respective Condominium Units subject to such liens;

10. To purchase insurance for the protection of the members and the Association against casualty and liability.

11. To pay all costs of power, water, sewer, and other utility services rendered to the Condominium and not billed to the Owners of the separate Condominium Units; and

12. To designate and remove personnel necessary for the management, maintenance, repair, replacement and operation of the Condominium, including the Common Property.

K. The initial Board of Directors of the Association shall be comprised of the three (3) persons designated to serve as Directors in the Articles of Incorporation, which persons shall serve until their successors are elected at the first annual meeting of the members of the Association called after the Declaration of Condominium has been recorded in the Forsyth County Public Registry, North Carolina. Should any member of the initial Board of Directors be unable to serve for any reason, a majority of the remaining members of the Board of Directors shall have the right to designate a party to serve as a Director for the unexpired term.

L. The undertaking and contracts authorized by the initial Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the membership after the Declaration of Condominium has been recorded, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Board of Directors of the Association in accordance with all applicable condominium documents.

M. Any one or more of the members of the Board of Directors may be removed, either with or without cause, at any time by a vote of the members owning a majority of the Condominium Units in the Condominium, at any special meeting called for that purpose, or at the annual meeting, provided, however, that only the Developer shall have the right to remove a Director appointed by him.

5. OFFICERS.

A. The executive officers of the Association shall be a President, who shall be a Director, a Vice-President, a Treasurer, a Secretary and an Assistant Secretary, all of whom shall be elected annually by the Board of

Directors and who may be peremptorily removed by a vote of the Directors at any meeting. Any persons may hold two or more offices, except that the President shall not also be Vice-President, Secretary or an Assistant Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

B. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including the power to appoint committees from among the members as he may determine appropriate to assist in the conduct of the affairs of the Association, and shall preside over all meetings of the members.

C. The Vice-President shall, in the absence or disability of the President, exercise the powers and perform the duties of President. He shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Directors.

D. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President. The Assistant Secretary shall perform the duties of Secretary when the Secretary is absent.

E. The Treasurer shall have custody of all the property of the Association, including funds, securities and evidences of indebtedness. He shall keep, or supervise the keeping of, detailed, accurate records in chronological order of the receipts and expenditures affecting the common areas and facilities, specifying and identifying the maintenance and repair expenses of the Common Areas and facilities and any other expenses incurred.

F. The compensation of all Officers and employees of the Association shall be fixed by the Directors. This provision shall not preclude the Board of Directors from employing a Director as an employee of the Association, nor preclude the contracting with a Director for the management of the Condominium.

G. All Officers shall serve at the pleasure of the Board of Directors and any Officer may be removed from office at any time, with or without cause, by a majority vote of the Board of Directors.

6. FISCAL MANAGEMENT. The provisions for fiscal management of the Association set forth in the Declaration of Condominium and Articles of Incorporation shall be supplemented by the following provisions:

A. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Condominium Unit. Such account shall designate the name and address of the Unit Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

B. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association including, but not limited to, the following:

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1. Common Expense budget, which may include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance, and operation of and capital improvements to the Common Property including landscaping, street and walkways, office expenses, utility services, casualty insurance, liability insurance, administration and reserves (operating and Capital Improvements Replacement), management fees and costs of maintaining leaseholds, memberships and other possessory or use interest in lands or facilities whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use or benefit to the Unit Owners; and

2. Proposed assessments against each member and his Unit. Copies of the proposed budget and proposed assessments shall be transmitted to each member prior to January 1 of the year for which the budget is made. If the budget is subsequently amended before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Delivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto and nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time in their sole discretion, to levy any additional assessments in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

C. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the funds of the Association shall be deposited. Withdrawal of funds from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

D. The books and all supporting documentation shall be available for examination by all Unit Owners and their Lenders or their agents during normal business hours.

E. An audit of the accounts of the Association shall be made annually by a Public Accountant, and a copy of the report shall be furnished to each member not later than April 1 of the year following the year for which the report is made.

F. Fidelity bonds may be required by the Board of Directors from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be determined by the Directors. The premiums on such bonds shall be paid by the Association.

7. PARLIAMENTARY RULES. Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the Statutes of the State of North Carolina.

8. AMENDMENTS TO BY-LAWS. Amendments to these By-Laws shall be proposed and adopted in the following manner:

A. Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by members of the Association owning a majority of the Condominium Units in the Condominium, whether meeting as members or by instrument in writing signed by them.

B. Upon any amendment to these By-Laws being proposed by said Board of Directors or members, such proposed amendment shall be transmitted to the President of the Association, or other Officer of the Association in the absence of the President, who shall thereupon call a Special Joint Meeting of the members of the Board of Directors of the Association and the membership for a date not sooner than twenty (20) days or later than sixty (60) days from receipt by such Officer of the proposed amendment, and it shall be the duty of the Secretary to give to each member written notice of such meeting in the same form and in the same manner as notice of the call of a Special Meeting of the members is required as herein set forth.

C. In order for such amendment to become effective, it must be approved by an affirmative vote of a majority of the entire membership of the Board of Directors and by an affirmative vote of the members owning not less than sixty-six percent of the Condominium Units in the Condominium. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the President and Secretary of the Association, and a copy thereof shall be recorded in the Forsyth County Public Registry, North Carolina, within ten (10) days from the date on which any amendment has been approved by the Directors and members. No amendment shall become effective until it is duly recorded.

D. Upon the approval and proper recording of any amendment, it shall become binding upon all Unit Owners.

E. At any meeting held to consider any amendment the By-Laws, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written notice is delivered to the Secretary of the Association at or prior to such meeting.

F. Notwithstanding the foregoing provisions of this Article 8, no amendment to these By-Laws which shall abridge, amend or alter the right of the Developer to designate and select members of each Board of Directors of the Association, as provided in Article 4 hereof, nor his right to amend charter as stated in Declaration, may be adopted or become effective without the prior written consent of the Developer.

9. RULES OF CONDUCT.

A. No resident of the Condominium shall post any advertisements or posters of any kind in or on the Common Property except as authorized by the Association, to include but not be limited to, real estate signs.

B. Resident shall exercise extreme care about making noises or the use of musical instruments, radios, television sets, and amplifiers that may disturb other residents. Those keeping domestic animals will abide by the sanitary regulations of Forsyth County.

C. No garbage or trash shall be thrown or deposited outside the disposal installations provided for such purposes.

D. No Unit Owner shall cause any improvements or alterations to be made to the exterior of the Condominium (including any improvements or alterations which exist at the time of the filing of the Declaration of Condominium, and also including painting or other decoration, or the installation of electrical wiring, television or radio antennae, or any other objects, machines or air conditioning units which may protrude through the walls or roofs of the Condominium) or in any manner alter the appearance of any portion of the exterior surface of any building without the prior written permission of the Board of Directors or a duly appointed Architectural Control Committee. No Unit Owner shall cause any object to be fixed to the Common Property or to any Limited Common Area (including those objects so fixed at the time of the filing of the Declaration of Condominium, and also including

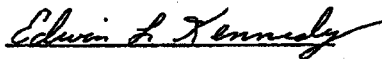
the location of construction of fences or the planting or growing of flowers, trees, shrubs, or other vegetation) or in any manner change the appearance of the Common Property or Limited Common Area without the prior written permission of the Board of Directors or a duly appointed Architectural Control Committee.

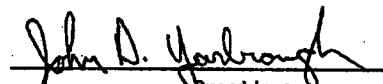
E. Visitors may use Limited Common Areas and Common Areas only when accompanied by a Unit Condominium Owner.

10. COMPLIANCE. These By-Laws are set forth to comply with the requirements of the Unit Ownership Act, Chapter 47A of the General Statutes of the State of North Carolina. In the event that any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

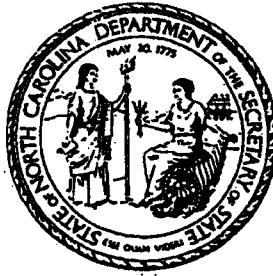
11. TERMINOLOGY. Where referred to herein, the word "Developer" shall be construed to refer to all of the persons named as such in Paragraph 4A hereof, and any masculine terms such as "he", "his", and "him" shall be construed to include both male and female, where applicable.

The foregoing were adopted as the By-Laws of South Wind Villas Homeowner's Association at the first meeting of the Board of Directors on the _____ day of _____, 19____.


Secretary


President

State of North Carolina



Department
of the
Secretary of State

To all to whom these presents shall come, Greeting:

I, Thad Eure, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (5 sheets) to be a true copy of

ARTICLES OF INCORPORATION

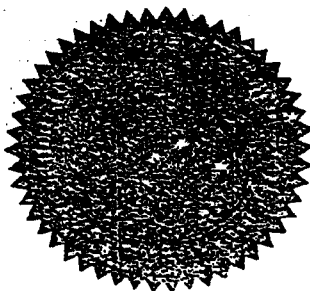
OF

SOUTH WIND VILLAS HOMEOWNER'S ASSOCIATION

and the probates thereon, the original of which was filed in this office on the 21st day of July, 1981, after having been found to conform to law.

In Witness Whereof, I have hereunto set my hand and affixed my official seal.

Done in Office, at Raleigh, this 21st day of July in the year of our Lord 1981.



Secretary of State

By

343P0983

JUL 21 9 32 AM '81

THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

ARTICLES OF INCORPORATION

OF

SOUTH WIND VILLAS HOMEOWNER'S ASSOCIATION

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

ARTICLE I

The name of the corporation is SOUTH WIND VILLAS HOMEOWNER'S ASSOCIATION, hereinafter called "Corporation."

ARTICLE II

The principal and registered office of the Corporation is located at 1225 Morning Star Lane, Winston-Salem, Forsyth County, North Carolina 27107.

ARTICLE III

Edwin L. Kennedy, whose address is 1225 Morning Star Lane, Winston-Salem, Forsyth County, North Carolina 27107, is hereby appointed the initial registered agent of the Corporation.

ARTICLE IV

The Corporation does not contemplate pecuniary gain or profit to the members thereof and no part of the Corporation's net income shall inure to the benefit of any of its officers, directors or members or any other private individual. The purposes and objects of the Corporation shall be to administer the operation and management of South Wind Villas (hereinafter called "Condominium"), a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Broadbay Township, Forsyth County, North Carolina, and more particularly described in Exhibit "A" of the formal Declaration of Condominium which will be recorded in the Public Records of Forsyth County, North Carolina, said Exhibit and Declaration of Condominium being incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of said Condominium in accordance with the terms, provisions, conditions and authorization contained in these Articles of Incorporation and the Declaration of Condominium at the time said property, and the improvements now or hereafter situate thereon, are submitted to the plan of Condominium Ownership; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said Condominium.

ARTICLE V

The Corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to non-profit corporations under the law pursuant to which this Corporation is chartered, and all of the powers and privileges which may be granted unto said Corporation, including the Unit Ownership Act.

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2. The Corporation shall have all the powers reasonably necessary to implement and effectuate the purposes of the Corporation including, but not limited to, the following:

(a) To make and establish reasonable rules and regulations governing the use of Condominium Units and Common Property in the Condominium as said terms may be defined in said Declaration of Condominium to be recorded.

(b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Condominium as may be provided in said Declaration of Condominium and in the By-Laws of this Corporation which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including Condominium Units in the Condominium, which may be necessary or convenient in the operation and management of the Condominium and in accomplishing the purposes set forth in said Declaration of Condominium.

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

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

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquired leaseholds, memberships, and other possessory or use interests in land or facilities including, but not limited to, swimming pools, tennis courts, and other recreational facilities whether or not contiguous to the lands of the Condominium to provide enjoyment, recreation or other use or benefit to the owners of Condominium Units.

(f) To enforce the provisions of the Declaration of Condominium, these Articles of Incorporation, the By-Laws of the Corporation which may be hereafter adopted, and the rules and regulations governing the use of the Condominium as the same may be hereafter established.

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

ARTICLE VI

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

1. The owners of all Condominium Units in the Condominium shall be members of the Corporation, and no other person or entities shall be entitled to membership, except as provided in Item (5) of this Article VI.

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

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

4. On all matters which the membership shall be entitled to vote, each Condominium Unit shall have a vote equal to its appurtenant undivided interest in the Common Area as set forth in Exhibit "B" of the Declaration of Condominium. The vote of each Unit may be cast or exercised by the owner or owners of each Condominium Unit in such manner as may be provided in the By-Laws hereafter adopted by the Corporation. Should any member own more than one Condominium Unit, such member shall be entitled to exercise or cast the votes associated with each Condominium Unit owned in the manner provided by said By-Laws.

5. Until such time as the property described in Exhibit "A" of the Declaration of Condominium and the improvements constructed thereon, are recorded in the Register of Deeds of Forsyth County, the membership of the Corporation shall be comprised of the three (3) individuals named in Article XI hereof as the initial Board of Directors of the Corporation, and each such individual shall be entitled to cast one vote on all matters on which the membership shall be entitled to vote.

ARTICLE VII

The Corporation shall have perpetual existence.

ARTICLE VIII

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

ARTICLE IX

The number of members of the first Board of Directors of the Corporation shall be three (3). The number of members succeeding Boards of Directors shall be as provided from time to time by the By-Laws of the Corporation. The members of the Board of Directors shall be elected by the members of the Corporation at the Annual Meeting of the membership as provided by the By-Laws of the Corporation, and at least a majority of the Board of Directors shall be members of the Corporation or shall be authorized representatives, officers or employees of a corporate member of the Corporation. Notwithstanding the foregoing, so long as South Wind Villas owns three (3) or more Condominium Units in the Condominium, but in any event not longer than thirty-six (36) months; (as used herein, "Owners" shall mean any corporation or corporations which are solely owned, directly or indirectly, by South Wind Villas); said Owners shall have the right to designate and select a majority of the persons who shall serve as members of each Board of Directors of the Corporation. South Wind Villas may select the person or persons to serve as a member or members of each said Board of Directors in the manner provided in the By-Laws of the Corporation, and such person or persons so designated and selected need not be a resident of the Condominium.

ARTICLE X

The Board of Directors shall elect a President, Vice-President, Secretary and Treasurer. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a Director. The same person may hold two (2) offices, the duties of which are not incompatible; provided, however, that the office of President and Vice-President shall not be held by the same person, nor shall the office of President and Secretary be held by the same person.

ARTICLE XI

The names and addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the By-Laws and laws of the State of North Carolina, shall hold office until the first Annual Meeting of the Membership (or until their successors are elected and qualified) are as follows:

Edwin L. Kennedy	1225 Morning Star Lane Winston-Salem, Forsyth County North Carolina 27107
George S. Thomas	2332 Wachovia Building Winston-Salem, Forsyth County North Carolina 27101
Martha L. Hayworth	7531 Church Street Rural Hall, Forsyth County North Carolina 27045

ARTICLE XII

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

ARTICLE XIII

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

ARTICLE XIV

An amendment or amendments to these Articles of Incorporation shall require the assent of seventy-five percent (75%) of the membership.

No amendment to these Articles of Incorporation which shall abridge, amend or alter the right of South Wind Villas to designate and select members of each Board of Directors of the Corporation, as provided in Article IX hereof, may be adopted or become effective without the prior written consent of South Wind Villas.

ARTICLE XV

The name and address of the incorporator is as follows:

George S. Thomas
2332 Wachovia Building
Winston-Salem, NC 27101

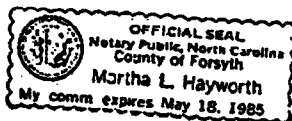
IN WITNESS WHEREOF, I have hereunto set my hand and seal, this the 24th day of June, 1981.


George S. Thomas

NORTH CAROLINA)
)
FORSYTH COUNTY)

I, Martha L. Hayworth, a Notary Public of said County and State, do hereby certify that GEORGE S. THOMAS personally appeared before me this day and being by me first duly sworn, declared that he signed the foregoing Articles of Incorporation in the capacity indicated and that the statements therein contained are true.

Witness my hand and notarial seal, this the 24th day of June, 1981.



My Commission Expires:

May 18, 1985


Notary Public