

MOSS LANDING CONDOMINIUM
AMENDED PUBLIC OFFERING STATEMENT
December 28, 2007
Pursuant to N.C. GEN. STAT. § 47C-4-103 et seq.

1. Name and Principal Address of the Declarant and the Condominium.

- a. Name of Declarant: Moss Landing One, LLC, a North Carolina Limited Liability Company
- b. Address of Declarant: 104 North Market Street
Washington NC 27889
- c. Name of Condominium: Moss Landing Condominium
- d. Address of Condominium: 200-400 East Water Street
Washington, NC 27889

2. General Description of the Condominium.

Initially, the Condominium will contain five (5) buildings, containing a total of twenty one (21) separate Units, including fourteen (14) Flats Units and seven (7) Townhouse Units. The Villa Buildings containing the Flats Units will include parking within the Building assigned to each Flats Unit as Limited Common Elements. The Townes Buildings include the Townhouse Units, which Units include two (2) car garage parking underneath the Unit with private alley loading and storage space. The Condominium will include a community gathering place identified as the Pamlico Pavilion which is essentially located on the waterfront and boasts a double-sided outdoor fireplace. The Condominium will also include a greenway next to the Pamlico Pavilion, well-maintained landscaped walking paths leading to piers and a lighted riverfront promenade and boardwalk, as well as covered postal centers.

The overall architectural style at Moss Landing will be a "low country" design that remains faithful to the coastal way of life in the Carolinas. The design will seek to capture the formality of a bygone, genteel way of life and the casual elegance that characterizes living in the coastal lowlands. Exteriors will highlight materials commonly used in the area, and be reflective of the eighteenth century allowing these residences to blend effortlessly with the historic structures of Washington's historic district.

The Declarant commenced construction on the Units in April 2007 and expects to complete the construction of the Units in the initial phase by August 2008.

3. Number of Condominium Units.

Twenty One (21)

4. Copies of Declaration, Bylaws, and other Documents.
- a. Declaration: A copy of the proposed Declaration of Moss Landing Condominium is attached hereto as Exhibit "A."
 - b. Bylaws: A copy of the proposed Bylaws of Moss Landing Owners Association, an association of Unit Owners incorporated under Chapter 55A of the General Statutes of North Carolina (the "Association"), is attached hereto as Exhibit "B."
 - c. Association Rules and Regulations: The current Association Rules and Regulations are attached hereto as Exhibit "E".
 - d. Contracts: There are no contracts or leases to be signed by the purchaser at closing.
 - e. Contracts Subject to Cancellation by the Association:
 - i. None.

5. Current Balance Sheet and Projected Budget for the Association. The Association is not yet formed and there is no current balance sheet of the Association.

The projected budget for the Association for the period of one year following the first conveyance of a Unit to a purchaser is attached hereto as Exhibit "C." The budget includes, as required by N.C. Gen. Stat. § 47C-4-103(5): (i) amounts for repair and replacement reserves, (ii) other reserve amounts, (iii) projected Common Expense assessment by category or expenditures for the Association, and (iv) the projected monthly Common Expense assessment for each Unit.

The budget was prepared by the Declarant and does not incorporate any assumptions other than one hundred percent (100%) ownership of the Units within the first year following the offering of Units for sale.

6. Services By Declarant/Budget.

Declarant does not intend to provide any services and will not pay for any expenses which are not shown in the budget and which it expects to become a subsequent Common Expense of the Association.

7. Fees Due From Purchaser at Closing.

- a. The purchaser of each Unit shall pay a non-refundable contribution to the working capital fund of the Association in an amount equal to two (2) monthly installments of the annual estimated Common Expense liability as determined will be assessed against each Unit for the first year of operation. The contribution to working capital may be utilized to reimburse the Declarant the costs of premiums for insurance purchased by the Declarant for the benefit of the Condominium and the Association.

8. Existing Liens or Encumbrances Affecting Title to the Condominium.
 - a. Deed of Trust (Future Advance), Assignment of Leases, Rents and Profits, Security Agreement, and Fixture Financing Statement from Moss Landing One, LLC to SCBT, Inc., as Trustee for Southern Community Bank and Trust, recorded in Book 1618, at Page 715 with the Beaufort County Register of Deeds.
 - b. The liens of Beaufort County taxes subsequent to the year 2007 which are not yet due and payable.
 - c. Rights of way, easements, and other matters appearing in the public records of Beaufort County, North Carolina.
 - d. Proposed Declaration attached as Exhibit "A" to be recorded in the Beaufort County Registry.

9. Declarant's Warranties. Per the terms of the Moss Landing Condominium Contract:
 - a. The Declarant warrants that, for a period of one (1) year from the date of Closing or the date Purchaser occupies the Unit, whichever comes first, Declarant will make all necessary repairs and corrections to the Unit, either interior or exterior, structural or nonstructural, that shall become necessary by reason of faulty construction, labor or materials or non-conformity of construction to the Plans and Specifications. This limited warranty is for the benefit of Purchaser only and may not be assigned nor shall it inure to the benefit of any other person or entity. This warranty shall survive Closing and the delivery of the deed for the Unit from Declarant to Purchaser.
 - b. Declarant shall assign and deliver to Purchaser at Closing all guaranties and warranties of all components comprising the Unit to the extent the same are assignable. Purchaser shall be responsible for compliance with any notice and claim procedures set forth therein.
 - c. Pursuant to N.C. Gen. Stat. § 47c-4-115(b), the following are excluded from the warranties described above:
 - i. The condition of any hot water heater, air conditioner, kitchen equipment or appliance or other items considered consumer products under the Magnusen-Moss Federal Trade Commission Improvement Act. Declarant represents, however, that all such equipment will be installed new and that the Declarant will deliver to Purchaser any manufacturer's warranties that are both applicable to such equipment or appliances and for the sole benefit of the consumer.
 - ii. Additional improvements and appliances installed by Declarant at the Purchaser's request and expense, if any, shall be covered by the manufacturer's or contractor's warranty if any.

iii. The Declarant makes no representations or warranties as to the condition or health of any shrubs, trees or plantings located within the common elements surrounding the buildings. The Declarant will deliver to the Association any nursery's warranties that are both applicable to such vegetation and for the sole benefit of the Association.

d. NO ADDITIONAL EXPRESS, LIMITED OR IMPLIED WARRANTIES, UNLESS REQUIRED BY LAW, ARE MADE BY THE DECLARANT.

10. Purchaser's Right to Cancel.

The purchaser must receive a Public Offering Statement before signing a contract for purchase. **No conveyance can occur until seven (7) calendar days following the signing of a contract for purchase. The purchaser has the absolute right to cancel the contract to purchase during said seven (7) calendar day period without penalty.** Pursuant to N.C. Gen. Stat. § 47C-4-108(b), a purchaser electing to cancel a contract may do so by hand-delivering notice thereof to the Declarant or by mailing notice thereof by prepaid United States mail to Declarant or his agent for service of process.

11. Judgments and Pending Suits.

There are no known or recorded unsatisfied judgments or pending suits against the Association.

There are no pending suits material to the Condominium of which the Declarant has actual knowledge.

12. Escrow Deposit.

Any deposit or down payment made by a purchaser in connection with the purchase of a Unit will be held in an escrow account pursuant to N.C. Gen. Stat. §47C-4-110. The name and address of the escrow agent are: Coldwell Banker Coastal Rivers Realty, 1550 West 5th Street, Suite 200, Washington, North Carolina 27889.

The escrow account shall not bear interest. Pursuant to N.C. Gen. Stat. §47C-4-110, payments held in such escrow account shall be deemed to belong to the purchaser and not the Declarant. The deposit will be held in the escrow account: (a) until such period of time as the purchaser is entitled to cancel the purchase contract pursuant to N.C. Gen. Stat. § 47C-4-108, or cancellation by the purchaser thereunder, whichever occurs first, or (b) if the purchaser does not cancel the purchase contract, until commencement of construction as evidenced by the issuance of a building permit to commence construction of the Unit.

13. Restraints on Alienation.

No Unit or any portion thereof may be transferred, conveyed or occupied as a time share, as same is defined in Chapter 93A, Article 4 of the North Carolina General Statutes, or as described in the proposed Declaration attached as Exhibit "A." Leasing of Units is permitted subject to the specific instructions and requirements described in the proposed Declaration.

14. Insurance Coverage.

A description of the insurance coverage to be obtained by the Association for the benefit of Unit Owners is set forth on Exhibit "D."

15. Fees for Use of Common Elements.

Other than the assessments described in the proposed Declaration, there are no present and no known or anticipated future fees or charges to be paid by Unit Owners for the use of the Common Elements and other Condominium facilities.

16. Completion of Improvements.

The Condominium will not contain any contemplated improvements other than the buildings containing the Units and the appurtenant facilities, and there are no contemplated improvements shown on the plat which are labeled "MUST BE BUILT."

17. Zoning and Land Use Requirements.

The land on which the Condominium is constructed is zoned B1-H - Business One - Historic District by the City of Washington. Conditional Uses under that zoning classification include planned Unit developments, and the Condominium is a planned

Unit development within the definition of that zoning classification. The Declarant has obtained all necessary permits from governmental agencies having jurisdiction over the property upon which the Condominium is situated to allow the construction of the buildings and related improvements. The Condominium is subject to all use restrictions set forth in the proposed Declaration attached as Exhibit "A."

18. Alienation of Common Elements.

Pursuant to N.C. Gen. Stat. § 47C-3-112(a), portions of the Common Elements of the Condominium may be conveyed by the Association or subjected to a security interest if persons entitled to cast at least eighty percent (80%) of the votes allocated to Units, not owned by the Declarant, agree to the action.

THE DISCLOSURES HEREINAFTER NUMERATED RELATE TO THE RESERVATION OF DEVELOPMENT RIGHTS BY THE DECLARANT AS SET FORTH IN THE DECLARATION.

19. Maximum Number of Units Which Declarant May Create.

The maximum number of Units is One Hundred (100), and the maximum number of Units per acre is 12.1.

20. Future Units/Use Restrictions.

All Units which may be created under the Development Rights retained by the Declarant will be restricted to residential uses.

21. Development Rights of Declarant.

Declarant has reserved Development Rights as more particularly set forth in the proposed Declaration. In summary, the Development Rights include the right to create additional Units, not to exceed 100 total Units in the Condominium, from adjoining property reserved for future development and the right to withdraw property from the Condominium as such property reserved for future development and subject to withdrawal will be shown on the plats or plans of the Condominium to be recorded upon recording of the Declaration. The Development Rights and Special Declarant Rights are limited as set forth in the proposed Declaration and the North Carolina Condominium Act.

22. Change in Allocated Interest of Units.

As set forth in the proposed Declaration, the allocated interests of each Unit will be determined based on the heated square footage of the Unit relative to the total heated square footage of all Units in the Condominium once those areas are finalized. The Declarant makes no assurances regarding the extent to which each Unit's allocated interests may be reduced or increased.

23. Compatibility of Future Improvements with Existing Improvements.

The Development Rights retained by the Declarant include the construction of additional buildings containing not more than One Hundred (100) Units, together with appurtenant Common Elements and Limited Common Elements. Any buildings and Units will be reasonably compatible with the improvements in the Condominium in terms of architectural style and quality of construction, but no other assurances are made. Specifically, the Declarant makes no assurances regarding the final design or size of buildings or the style and size of Units which may be created pursuant to Development Rights.

24. Description of Other Improvements Created Pursuant to Development Rights.

Declarant makes no assurances with regard to other improvements and Limited Common Elements that may be created within the Condominium pursuant to Development Rights.

25. Locations of Buildings and Other Improvements in Future Developments.

As stated above, Declarant does intend to construct buildings within the Condominium, but makes no other assurances in that regard.

26. Limited Common Elements Created Pursuant to Development Rights.

Declarant makes no assurances regarding whether any Limited Common Elements created by exercise of any Development Rights will be the same general types and sizes as Limited Common Elements in other parts of the Condominium.

27. Portion of Limited Common Elements in Future Development Areas.

Declarant makes no assurances whether the proportion of Limited Common Elements to Units which may be created pursuant to the retained Development Rights will be approximately equal to the proportion existing within other parts of the Condominium.

28. Restrictions Affecting Units Created.

The restrictions in the Declaration affecting the use and occupancy of Units will apply to any Units created pursuant to the Development Rights.

29. Application of Assurances and Development Rights.

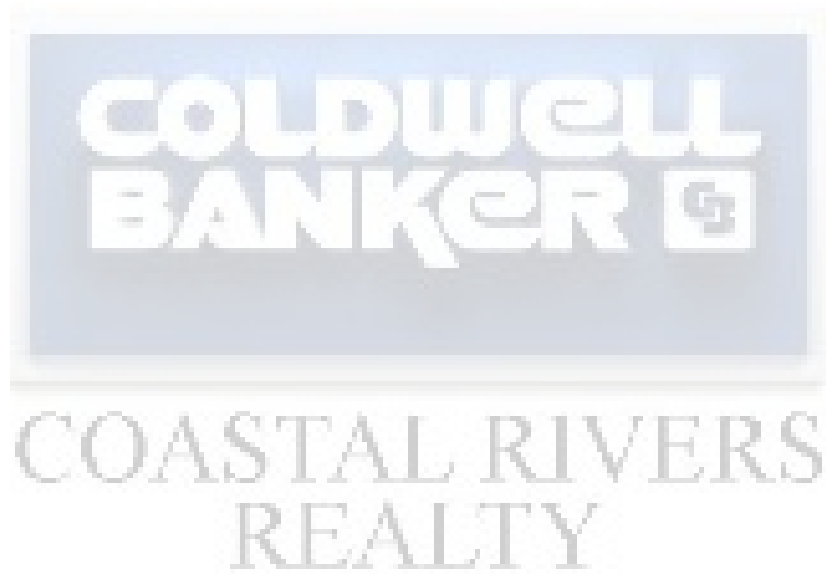
Declarant makes no assurances, other than those specifically set forth above, relating to any Development Rights which are exercised or are not exercised by the Declarant.

30. Amended Public Offering Statement.

This is an Amended Public Offering Statement provided consistent with the provisions of N.C. Gen Stat. §47C-4-103.

EXHIBIT "A"
(Proposed Declaration)

[Attached]



PRELIMINARY

DECLARATION OF
MOSS LANDING CONDOMINIUM

Moss Landing One, LLC
Developer and Declarant



THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA. THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS.

PRELIMINARY

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THIS DECLARATION OF MOSS LANDING CONDOMINIUM (hereinafter referred to as the "Declaration"), made this the ____ day of _____, 200__, by MOSS LANDING ONE, LLC, a North Carolina limited liability company (hereinafter referred to as "Declarant"), pursuant to the provisions of Chapter 47C of the General Statutes of the State of North Carolina (sometimes hereinafter referred to as the "Condominium Act" or the "Act"), with the consent and joinder of Cooperative Bank, Southern Community Bank, and Moss Property Partners, L.L.C., to ALL PROSPECTIVE PURCHASERS OR OWNERS of property described herein;

W I T N E S S E T H :

WHEREAS, Declarant is the owner in fee simple of certain real estate located in Beaufort County, North Carolina, said real estate being more particularly described on Exhibit "A" attached hereto and incorporated herein by reference; and,

WHEREAS, Declarant has constructed on the property described on Exhibit "A" five (5) separate buildings containing a total of twenty-one (21) condominium units and appurtenant facilities; and,

WHEREAS, it is the desire of the Declarant to submit the property described on Exhibit "A," together with the improvements thereon constructed, to the provisions of the Condominium Act to provide for the condominium form of ownership; and,

WHEREAS, Declarant hereby establishes by this Declaration a plan for the individual ownership of condominium units and the co-ownership by individual and separate owners thereof, as tenants in common, of all of the remaining property in the condominium (all portions of the Condominium except the Units hereinafter being referred to as "Common Elements").

NOW, THEREFORE, Declarant does hereby declare that the property described on Exhibit "A" attached hereto and incorporated herein by reference shall be held, conveyed, encumbered, used, occupied, improved, sold, mortgaged, and otherwise conveyed subject to the rules, regulations, restrictions, covenants, conditions, uses and obligations set forth in this Declaration. All such rules, regulations, restrictions, covenants, conditions, uses and obligations are declared and agreed to be in furtherance of a plan for the creation of the Condominium and the use, enjoyment and rental of condominium units and shall be deemed to run with the land and be a burden on and a benefit to the Declarant, its successors and assigns, and on and to any Person acquiring or owning any interest in the real property in the Condominium and any improvements thereto, and such parties' grantees, successors, heirs, assigns, executors, administrators and devisees. Individual Unit Owners, their guests, tenants and all Persons using or possessing any property within the Condominium are subject to the provisions of this Declaration.

ARTICLE 1.

ESTABLISHMENT OF CONDOMINIUM.

On that property described on Exhibit "A," attached hereto and incorporated herein by reference, there exists five (5) separate buildings containing a total of twenty-one (21) separate Condominium Units and other appurtenant improvements. Declarant does hereby submit the real property, and the improvements lying within the land area described on Exhibit "A," to condominium ownership under the provisions of Chapter 47C of the Condominium Act, and hereby declares the same to be a condominium to be known and identified as "Moss Landing Condominium." The maximum number of Condominium Units which the Declarant reserves the right to create is one hundred (100). No additional real estate will be allocated subsequently as Limited Common Elements, except as may be created pursuant to the exercise of Development Rights in the Development Property. The Condominium is located in Beaufort County, North Carolina.

ARTICLE 2.

SURVEY AND DESCRIPTION OF IMPROVEMENTS.

A survey of the land and plat and plans of the improvements constituting the Condominium, identifying the Condominium Units, the Common Elements and the Limited Common Elements, as said terms are herein defined, and containing the information required by N.C. Gen. Stat. § 47C-2-109(b) and (c) are recorded in the office of the Register of Deeds of Beaufort County in the map book identified in Exhibit "B," said survey and plat and plans being incorporated herein by reference. Said survey and plat and plans are sometimes collectively referred to herein as Exhibit "B." Each Condominium Unit is identified by a specific number on said Exhibit "B," and no Condominium Unit bears the same number as any other Condominium Unit. The Condominium Units are numbered 3-101, 3-102, 3-103, 3-201, 3-202, 3-203, 3-301, 4-101, 4-102, 4-103, 4-201, 4-202, 4-203, 4-301, B-201, B-203, C-207, C-209, C-211, D-208, and D-210 as shown on Exhibit "B."

ARTICLE 3.

DEFINITIONS.

As used in this Declaration, the Bylaws and the exhibits attached hereto, and all amendments thereof, unless the context requires otherwise, the following definitions shall prevail:

Section 3.1 Articles of Incorporation. "Articles of Incorporation" means the Articles of Incorporation for Moss Landing Owners Association filed in the office of the Secretary of State of North Carolina and in the office of the Register of Deeds of Beaufort County, North Carolina, as the same may be amended from time to time.

Section 3.2 Association. "Association" means the Unit Owners association organized pursuant to the Act and incorporated under Chapter 55A of the General Statutes of North Carolina, and shall be known as Moss Landing Owners Association and its successor.

Section 3.3 Association Documents. "Association Documents" means collectively the Articles of Incorporation of the Association, the Bylaws of the Association, this Declaration, the Rules and Regulations, any architectural guidelines or requirements adopted by the Association, and any resolutions by the Executive Board, all as may be amended, restated and revised from time to time. Any exhibit, schedule, or amendment to an Association Document shall be considered a part of that document.

Section 3.4 Bylaws "Bylaws" means the Bylaws of the Association originally adopted by the Executive Board and as may be thereafter lawfully amended.

Section 3.5 Common Elements. "Common Elements" means and comprises (i) all of the real property, improvements and facilities of the Condominium, excluding the Condominium Units as herein defined, (ii) all personal property and equipment held and maintained for the joint use and enjoyment of all the Owners of Condominium Units, and (iii) all permits for construction, maintenance and operation of the Condominium assigned by Declarant to the Association or otherwise procured or acquired by the Association. Notwithstanding this definition, to the extent that the provisions of the Act apply to "Common Elements", including, without limitation, the provisions of Section 47C-3-112, those provisions shall apply only to the "Common Elements" as defined in the Act.

Section 3.6 Common Expenses. "Common Expenses" means expenditures made by or financial liabilities of the Association, together with any allocations to reserves.

Section 3.7 Condominium. "Condominium" means the Property described on Exhibit "A," together with all buildings and improvements existing thereon or hereinafter constructed thereon, and any portions of the Development Property, and buildings and improvements thereon, which may be submitted to this Declaration and added to the Condominium.

Section 3.8 Condominium Units. "Condominium Units" or "Units," as such terms are used herein, means a physical portion of the Condominium designated for separate ownership, the boundaries of which are hereinafter defined and shown on Exhibit "B." The Units shall be of two architectural styles, one being a "Townhouse Unit" and the other being a "Flats Unit" as more particularly defined hereinafter.

Section 3.9 Declarant. "Declarant" means Moss Landing One, LLC and any Person or entity who succeeds to any Special Declarant Rights as provided herein or pursuant to the Condominium Act.

Section 3.10 Declaration. "Declaration" means this instrument, any amendments thereto and restatements thereof, and all Exhibits and Schedules attached thereto.

Section 3.11 Development Period. "Development Period" means the period ending on the earliest of (a) twenty-five (25) years from the date this Declaration is recorded in the Register of Deeds; provided, that if Declarant is delayed in the improvement and development of the Property as a result of a sewer, water or building permit moratorium or other cause or event beyond Declarant's control, then the aforesaid period shall be extended for the length of the delay plus an additional two (2) years upon written notice to the Association of such extension; or (b) the date specified by Declarant in a written notice to the Association that the Development Period is to terminate on that date so stated.

Section 3.12 Development Property. "Development Property" means that real property described on Exhibit "D."

Section 3.13 Development Rights. "Development Rights" means the rights reserved by Declarant under Article 29 of this Declaration, including the right to add additional real estate and property to the Condominium.

Section 3.14 Director. "Director" means a member of the Executive Board of the Association.

Section 3.15 Executive Board. "Executive Board" means the body responsible for administration of the Association selected as provided in the Bylaws.

Section 3.16 Flats Unit. "Flats Unit" means a Unit located either below or above another Flats Unit, and shown or noted on Exhibit B, and any other similar style of Units as may be created pursuant to the exercise of Development Rights.

The walls, floors, and ceilings of the Flats Units hereby are designated as the boundaries of each respective Flats Unit. The lower and upper horizontal boundaries of each Flats Unit are shown and designated on Exhibit "B."

Except as otherwise modified herein, the provisions of N.C. Gen. Stat. § 47C-2-102(1), (2), (3), and (4) are incorporated herein by reference.

Section 3.17 Limited Common Elements. "Limited Common Elements" means those portions of the Common Elements allocated by operation of N.C. Gen. Stat. § 47C-2-102 for the exclusive use of one or more but fewer than all of the Units, those portions of the Common Elements described in this Declaration as Limited Common Elements and those portions of the Common Elements designated as Limited Common Elements on Exhibit "B."

Supplementing the provisions of N.C. Gen. Stat. § 47C-2-102(4), the following shall be Limited Common Elements:

(a) All exterior doors and door frames, except screen doors or storm doors as may have been permitted by the Association, exterior windows and window frames, and

all related components of the exterior doors and exterior windows including glass, panes and screens, and are specifically allocated to the Units in which they are installed.

(b) Specific parking spaces, storage spaces and attic areas designated on Exhibit "B" assigned to the Units designated thereon.

(c) The elevators, and all appurtenant fixtures and equipment, as are located within each building and shown on Exhibit "B" assigned to the use and benefit of the Owners of Units within each such respective building.

(d) Each chimney serving a particular Unit, and any and all chutes, flues, ducts, and other related and appurtenant fixtures and equipment, located outside the boundaries of the Unit.

Supplementing the provisions of N.C. Gen. Stat. § 47C-2-102(2), the horizontal floor and ceiling joists and appurtenant components within each Townhouse Unit, excepting the finished surface of such floors or ceilings, shall be considered "bearing walls" and Limited Common Elements for all purposes of this Section and in the Act.

Section 3.18 Permit. "Permit" means the North Carolina Stormwater Management Permit number SW7060402, and any additional North Carolina Stormwater Management Permits, applicable to the Property, and any amendments, additions or replacements thereof.

Section 3.19 Person. "Person" means a natural person, limited liability company, corporation, business trust, estate, trust, partnership, association, joint venture, government, governmental subdivision or agency, or other legal or commercial entity or any combination thereof.

Section 3.20 Property. "Property" means the real estate described on Exhibit "A," together with all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate, and any portion of the Development Property which may be submitted to this Declaration and the Condominium.

Section 3.21 Special Declarant Rights. "Special Declarant Rights" means all rights reserved by Declarant more particularly set forth in Section 27.3 and Section 29.1 of this Declaration.

Section 3.22 Stormwater Management Facilities. "Storm Water Management Facilities" means all improvements and areas consisting of ditches, swales, retention ponds and other improvements which are constructed pursuant to, and regulated by the Permit.

Section 3.23 Townhouse Unit. "Townhouse Unit" means a Unit which do not have any other Unit located above or beneath said Unit, and which is located and designated or

noted on Exhibit "B," and any other Units of similar architectural style as may be created pursuant to the exercise of Development Rights.

The lower horizontal boundary of each Townhouse Unit is the flooring on the ground floor, and the upper horizontal boundary of each Townhouse Unit is the ceiling of the upper most story, both of which are shown and designated on Exhibit "B." The walls are designated as the vertical boundaries of each Townhouse Unit.

Except as otherwise modified herein, and except as specifically identified as Limited Common Elements elsewhere in this Declaration, the provisions of N.C. Gen. Stat. § 47C-2-102(1), (2), (3), and (4) are incorporated herein by reference.

Section 3.24 Unit. "Unit" means a physical portion of the Condominium designated for separate ownership or occupancy, and shall include Flats Units and Townhouse Units.

Section 3.25 Unit Owner. "Owner" or "Unit Owner" means any Person owning one or more Units, but shall not include a mortgagee unless such mortgagee has acquired title pursuant to foreclosure or some other process in lieu of foreclosure.

Section 3.26 Upkeep. "Upkeep" means care, inspection, maintenance, operation, repair, repainting, remodeling, restoration, improvement, renovation, alteration, replacement and reconstruction.

Any word not defined herein, unless it is plainly evident from the context of this Declaration that a different meaning is intended, shall, as used herein, have the meaning set out in N.C. Gen. Stat. § 47C-1-103.

ARTICLE 4.

OWNERSHIP INTEREST/COMMON ELEMENTS.

Section 4.1 Common Elements. Each Condominium Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each Unit also shall own, as an appurtenance to the ownership of said Condominium Unit, an undivided interest in the Common Elements. The undivided interest in the Common Elements appurtenant to each of the Units which presently exists, subject to amendment as provided herein, shall be as set out in Exhibit "C" attached hereto and made a part hereof. The proportional interest in the Common Elements appurtenant to each Unit has been determined by the following formula:

The quotient, expressed as a percentage, derived by dividing the heated square footage of each Unit by the total heated square footage of all Units in the Condominium.

The proportional interest in the Common Elements appurtenant to each Unit shall be reallocated among all of the Units employing the same formula as stated above when new Units are created pursuant to the exercise of Development Rights.

Section 4.2 Common Expense Allocation. The proportion of the Common Expenses of the Association allocated to each Unit is based upon the same formula used to determine the proportional interest in the Common Expenses appurtenant to each Unit and is set out in Exhibit "C." The proportion of the Common Expenses allocated to each Unit shall be reallocated among all of the Units employing the same formula as stated above in Section 4.1 when new Units are created pursuant to the exercise of Development Rights.

Section 4.3 Voting Allocation. The vote in the Association allocated to each Unit shall be equal and shall be one (1) vote per unit.

ARTICLE 5.

ALTERATION OF UNITS, RELOCATION OF UNIT BOUNDARIES, SUBDIVISION OF UNITS AND REALLOCATION OF LIMITED COMMON ELEMENTS; SEPARATE CONVEYANCE OF APPURTENANT COMMON PROPERTY PROHIBITED.

Section 5.1 Alteration of Units-Boundaries. Subject to the provisions of N.C. Gen. Stat. § 47C-2-108, 47C-2-111, 47C-2-112 and 47C-2-113, and to the limitations contained in Article 16 of this Declaration, Units may be altered, boundaries between adjoining Units may be relocated, Units may be subdivided, Limited Common Elements may be reallocated, and Common Elements may be allocated as Limited Common Elements.

Section 5.2 Common Elements Appurtenant to Units. The undivided interest in the Common Elements 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 Elements appurtenant to each Condominium Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Condominium Unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Condominium Unit. Any instrument conveying, devising, encumbering or otherwise dealing with any Condominium Unit, which describes said Condominium Unit by the number designation assigned thereto by the map recorded as aforesaid without limitation or exception, shall be deemed and construed to affect the entire Condominium Unit and its appurtenant undivided interest in the Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Condominium Unit and its appurtenant undivided interest in the Common Elements by more than one person or entity as tenants in common, joint tenants or as tenants by the entirety.

ARTICLE 6.

CONDOMINIUM SUBJECT TO RESTRICTIONS.

The Condominium Units and Common Elements shall be, and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established herein governing the use of said Condominium Units and Common Elements and setting forth the obligations and responsibilities incident to ownership of each Condominium Unit and its appurtenant undivided interest in the Common Elements, and said Condominium Units and Common Elements are further declared to be subject to the restrictions, easements, conditions and limitations now of record affecting the land and improvements of the Condominium and those hereinafter set forth:

Section 6.1 Single Family. Each Unit shall be occupied and utilized only for single family residential purposes subject to the provisions of this Declaration.

Section 6.2 Leasing. Nothing contained herein shall prohibit the leasing or renting of a Unit; provided, however, that:

(a) No Unit shall be leased or rented for a period of less than three hundred sixty-five (365) consecutive calendar days without the prior written consent of the Association.

(b) All leases for any Unit shall be in writing signed by the Owner and the tenant.

(c) All leases shall be in such form, and contain such provisions, as approved by the Executive Board, including provisions (i) requiring the tenant to comply with the Association Documents, (ii) providing that the failure of any tenant under a lease to comply with the Association Documents shall constitute an event of default under the lease, and (iii) providing that the Association may exercise any and all remedies for a default under the Association Documents against the Owner and the tenant under the lease including, without limitation, the right to remove a tenant from possession of a Unit by judicial process or otherwise.

A true executed copy of any lease for a Unit shall be provided to the Association prior to the occupancy by the tenant of such Unit. For purposes of this Declaration, "leasing" is defined as regular exclusive occupancy of a Unit by any Person other than the Owner, for which the Owner receives any consideration or benefit including, but not limited to, a fee, service, gratuity, or emolument. The Executive Board may adopt reasonable additional restrictions and rules regulating leasing and subleasing of Units.

Notwithstanding the above, the Declarant retains the right to lease any Unit it owns for a period of not less than thirty (30) days.

Section 6.3 Prohibited Activities. The following activities are prohibited within the Condominium unless expressly authorized by, and then subject to such conditions as may be imposed by the Board:

(a) Food preparation, including using exterior or outside cooking equipment, shall not be permitted in any portion of the Common Elements or Limited Common Elements except pursuant to rules and regulations which may be adopted, from time to time, by the Board of Directors.

(b) No immoral, improper, offensive or unlawful uses or behavior within any Unit or the Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Owner of any Unit shall permit or suffer anything to be done or kept in his Unit, or on the Common Elements, which will increase the rate of insurance on the Condominium, or which will obstruct or interfere with the rights of other occupants of the Condominium or annoy them by unreasonable noises, nor shall any Owner undertake any use or practice which shall create and constitute a nuisance to any other Owner of a Unit, or which interferes with the peaceful possession and proper use of any other Unit or the Common Elements.

(c) No Unit may be used for, nor shall any Owner permit the use of a Unit for, a timesharing, fraction-sharing or similar program whereby the right to exclusive right of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years.

(d) Raising, breeding or keeping of animals or reptiles of any kind, except as may be determined by the Board, and subject to such permitting conditions and rules and regulations determined by the Board. Any such animals which are permitted and which, in the sole discretion of the Board, make objectionable noises, endanger the health or safety of, or constitute a nuisance or inconvenience to the Owners or occupants of Units shall be removed upon request of the Board.

(e) Discharge of firearms or explosives within the Condominium. The term "firearms" includes "B-B" guns, pellet guns and other types of firearms. The Board may grant variances, in its sole discretion, in connection with holiday or seasonal events.

(f) Repairing any Vehicle (as defined in Section 6.4 herein) on the Property except in the event of an emergency.

(g) Conducting any Business or Trade (as herein after defined), garage sale, moving sale, rummage sale, or similar activity, except that an Owner or occupant residing in a Unit may conduct business activities which are commonly conducted within residential areas within Dwelling Units so long as: (i) the existence or operation of the Business or Trade is not apparent or detectable by sight, sound or smell from outside the Unit; (ii) the Business or Trade conforms to all zoning requirements for the Condominium; (iii) the activity does not involve visitation to the Unit by clients, customers, suppliers or other business invitees, vendors, or

door-to-door solicitation of occupants of Units within the Condominium; and (iv) the Business or Trade is consistent with the residential character of the Condominium and does not constitute a nuisance, hazardous or offensive use, or threaten the security or safety of occupants within the Condominium, as may be determined in the sole discretion of the Board. This subsection shall not be interpreted to prevent the operation of a home office or internet based business.

For purposes of this Declaration, "Business" and "Trade" shall be construed to have an ordinary, generally accepted meaning and shall include, without limitation, any occupation, work or activity undertaken on an on-going basis which involves the provision of goods or services to Persons other than the family of the producer of such goods or services and for which the producer receives a fee, compensation or other form or consideration regardless of whether such activity is engaged in full or part-time, intended to or does generate a profit or a license is required.

Section 6.4 Prohibited Conditions. The following shall be prohibited within the Condominium:

(a) Garage doors shall remain closed at all times except when entering and exiting the garage.

(b) The term "vehicles" as used in this Section shall include, without limitation, passenger automobiles, truck, boats, trailers, motorcycles, campers, vans, and recreational vehicles. No vehicle may be left upon any portion of the Condominium except in a garage or within a Limited Common Element or other area designated by the Board. Notwithstanding the foregoing, no commercial vehicle, recreational vehicle, boat or other water craft may be parked, kept or stored within or upon the Property.

(c) Without the prior written approval of the Board of Directors, no outside antenna of any nature or type shall be maintained on the Property.

(d) No trash receptacles may be stored on the Property in public view.

(e) Without the prior written consent of the Board, no signs shall be maintained on any Unit, Limited Common Elements, excepting customary name and address signs.

(f) No junked vehicle, derelict vehicle or other vehicle on which current registration plates and current state inspection permits are not displayed shall be kept on any portion of the Property.

(g) No clotheslines or similar apparatus shall be installed either permanently or temporarily on any portion of the Property. No laundry towels, bedding or the like shall be hung from any windows or balconies.

(h) Except where explicitly approved by the Declarant or subsequently

approved by the Board, no gas or charcoal grills shall be maintained on any balcony or other Limited Common Element.

(i) All window treatment linings must be white or neutral in color unless otherwise approved in writing by the Board.

Section 6.5 Rights of Owners. No rules or regulations shall be adopted in violation of the following provisions:

(a) Similarly situated Owners and occupants shall be treated similarly.

(b) The rights of Owners and occupants to display within their Unit flags, political signs, signs and symbols of the kinds normally displayed in or outside of residences located in residential neighborhoods shall not be abridged; provided, however, the Board may adopt reasonable time, place, size and manner of display restrictions regulating flags, political signs, signs and symbols which are visible from outside the Unit.

(c) The rights of Owners and occupants to display religious and holiday signs, symbols and decorations within their Units shall not be abridged, except that the Board may adopt reasonable time, place and manner of restrictions regarding such displays that are visible from outside the Unit.

ARTICLE 7.

PERPETUAL EASEMENTS IN COMMON ELEMENTS.

Section 7.1 Easements-Common Areas. Subject to the Special Declarant Rights reserved to Declarant in this Declaration and the provisions of N.C. Gen. Stat. § 47C-3-112, all of the Common Elements, except the Limited Common Elements, shall be, and the same are hereby declared to be, subject to a perpetual non-exclusive easement in favor of all of the Owners of Condominium Units in the Condominium for their use and the use of their tenants, guests, invitees and customers, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended for the use and enjoyment of the Condominium Units. For that portion of the Common Elements upon which a particular Unit is located as depicted on Exhibit "B," the easement to so locate a Unit shall be exclusive. Subject to the Special Declarant Rights, the Association shall have the exclusive right to establish the rules and regulations pursuant to which the Owner of any Condominium Unit, his tenants, guests, invitees and customers, may be entitled to use the Common Elements and to establish regulations concerning the use of said Common Elements.

Section 7.2 Easements-Units. Each Unit Owner hereby is granted a perpetual easement to locate heating and air conditioning systems and related equipment and other utilities, upon the Common Elements. When so located, such heating and air conditioning systems, utilities, related pipes, ducts, conduits, wires and related facilities and equipment shall become and be deemed to be a part of the respective Condominium Unit to which they are affixed or

serve. Prior to installing any heating and air conditioning systems, utilities or any facilities and equipment in the Common Elements, the Unit Owner shall obtain the consent of the Association as provided in Article 16 herein.

Section 7.3 Reserved Declarant Easements. Declarant, its successors and assigns, reserves a perpetual non-exclusive easement, over, upon and across the Common Elements, said easement hereby reserved to be for any and all purposes deemed desirable by Declarant, its successors and assigns, including, but not limited to, (i) the installation, maintenance, repair and replacement of utilities and other services; and (ii) pedestrian and vehicular access to other property without regard to whether such other property is contiguous to the Condominium or owned by the Declarant.

ARTICLE 8.

EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS.

In the event that any Condominium Unit shall encroach upon any Common Elements, or any other Condominium Unit or Units, for any reason not caused by the purposeful or negligent act of the Condominium Unit Owner, or agents of such Owner, then an easement appurtenant to such Condominium Unit shall exist for the continuance of such encroachment upon the Common Elements or upon a Condominium Unit for so long as such encroachment naturally shall exist; and, in the event that any portion of the Common Elements shall encroach upon any Condominium Unit, then an easement shall exist for the continuance of such encroachment of the Common Elements upon any Condominium Unit for so long as such encroachment naturally shall exist. If any Condominium Unit or Common Elements 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 Elements in accordance with Article 22 hereof, there exist encroachments of portions of the Common Elements upon any Condominium Unit, or of any Condominium Unit upon any other Condominium Unit or upon any portion of the Common Elements, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments naturally shall remain.

ARTICLE 9.

RESTRAINT UPON SEPARATION AND PARTITION OF COMMON ELEMENTS.

Recognizing that the proper use of a Condominium Unit by an Owner or Owners is dependent upon the use and enjoyment of the Common Elements 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 Elements be retained in common by the Owners, it is hereby declared that the proportional undivided interest in the Common Elements appurtenant to each Condominium

Unit, shall remain undivided and no Unit Owner shall bring or have any right to bring any action for partition or division of the Common Elements.

ARTICLE 10.

ADMINISTRATION OF THE CONDOMINIUM BY
MOSS LANDING OWNERS ASSOCIATION.

To efficiently and effectively provide for the administration of the Condominium by the Owners of the Condominium Units, an association of all Unit Owners has been incorporated pursuant to Chapter 55A of the General Statutes of North Carolina known and designated as "MOSS LANDING OWNERS ASSOCIATION" (herein sometimes called the "Association"). The Association 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 Bylaws. The Owner or Owners of each Condominium Unit automatically shall become members of said Association upon his, their or its acquisition of an ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Elements, and the membership of such Owners or Owner shall terminate automatically upon such Owner or Owners being divested of such ownership interest in the title to such Condominium Unit, regardless of the means by which such ownership may be divested. No person, firm or association 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 said 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, subject to the provisions of N.C. Gen. Stat. § 47C-3-105 and 47C-3-112, shall have and 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, to adopt, promulgate and enforce such rules and regulations governing the use of the Common Elements as the Board of Directors of said Association may deem to be in the best interests of the Association and to exercise such other powers as set forth in N.C. Gen. Stat. § 47C-3-102, including the right to assign future assessments, assessment rights and income of the Association.

ARTICLE 11.

STORM WATER PERMIT PROVISIONS.

Section 11.1 Construction of Stormwater Management Facilities. The Declarant shall, at its sole cost and expense, initially construct all Stormwater Management Facilities to be located upon the Property or any portion of the Development Property annexed into the Property by the Declarant to the standards required by the Permit.

Section 11.2 Assignment and Acceptance of Permit. Declarant shall transfer the Permit and Declarant's responsibilities under the Permit to the Association and the Association shall accept such transfer. Thereafter, upon the completion of the initial construction of any

Stormwater Management Facilities required by the applicable Permit for any portion of the Development Property submitted by Declarant to this Declaration and into the Property, Declarant shall transfer the applicable Permit and Declarant's responsibilities under the Permit applicable to that portion of the Development Property annexed by Declarant into the Property to the Association and the Association shall accept the transfer from Declarant of the applicable Permit and responsibilities under the Permit. Transfers of the Permit shall occur upon the date the North Carolina Department of Environment and Natural Resources allows the transfer to occur.

Prior to any such transfer of the Permit, the Stormwater Management Facilities shall be certified to the Association and the State of North Carolina either by state inspection or by licensed engineer as being in compliance with the applicable Permit prior to such assignment or transfer.

Section 11.3 Indemnification. The Association shall indemnify and hold Declarant harmless from any and all loss, cost, claim, fee, fine, suit, damage or expense, including reasonable attorneys' fees, incurred by Declarant in the defense of any action against Declarant as a responsible party under the Permit from and after the date Declarant tenders transfer of its responsibilities under the Permit. The Association shall indemnify and hold Declarant harmless from any loss, cost, claim, fee, fine, suit, damage or expense, including reasonable attorneys' fees, incurred by Declarant and that offense of any action Declarant as holder of the Permit from and after the date Declarant tenders transfer of the Permit to the Association following the approval of such transfer by the North Carolina Department of Environment and Natural Resources and the certification of compliance as set forth above. Further, Declarant may bring an action for specific performance of the obligations of the Association pursuant to this Article.

Section 11.4 Administration of the Permit. From and after the transfer of Declarant's responsibilities under the Permit applicable to any Property and from and after the transfer of the Permit to the Association, the oversight, supervision, management and administration the Permit shall be the sole responsibility of the Association. The Association's duties with respect to the Permit shall be performed in accordance with the terms and conditions of the Association Documents and the Permit.

ARTICLE 12.

USE OF COMMON ELEMENTS SUBJECT TO RULES OF ASSOCIATION.

Section 12.1 Use of Common Elements by Owners. The use of Common Elements by the Owner or Owners of all Condominium Units, and all other parties authorized to use the same, shall be at all times subject to the Association Documents.

Section 12.2 Use of Limited Common Elements by Owners. The use of Limited Common Elements is restricted to the Owners and Owners' tenants, guests, invitees and customers, of the Unit and/or Units to which the Limited Common Elements are allocated.

ARTICLE 13.

INTENTIONALLY OMITTED.

ARTICLE 14.

RIGHT OF ENTRY IN EMERGENCIES.

In case of any emergency originating in or threatening any Unit or the Common Elements, regardless of whether the Owner or other Person in occupancy is present at the time of such emergency, the Board of Directors, or any other Person authorized by it, or the managing agent, shall have the right to enter such Unit, such Common Elements for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

ARTICLE 15.

RIGHT OF ENTRY FOR MAINTENANCE OF COMMON ELEMENTS
OR OTHER CONDOMINIUM UNITS.

Whenever it may be necessary to enter any Condominium Unit for the purpose of performing any maintenance, alteration or repair to any portion of the Common Elements or adjacent Condominium Units, the Owner of each Condominium Unit shall permit other Owners or their representatives, or the duly constituted and authorized agent 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.

ARTICLE 16.

LIMITATION UPON RIGHT OF OWNERS
TO ALTER AND MODIFY CONDOMINIUM UNITS;
NO RIGHT TO ALTER COMMON ELEMENTS.

Section 16.1 Consent to Modification of Units. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, and the restrictions in Section 5.1 of this Declaration, no Owner of a Condominium Unit shall permit any modification or alteration to be made to a Condominium Unit or any betterment or improvement to the Limited Common Elements appurtenant to a 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, in its sole discretion, that such modifications, alterations, betterments or improvements would adversely affect or in any manner endanger the Condominium in part or in its entirety, any other Unit within the Condominium or the peaceful occupancy and enjoyment by any occupant of a Unit. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, no Owner shall cause any improvements or changes to be made to any Unit or building (other than interior painting or other interior decoration) including the installation of electrical wiring, television or radio antennae or any other objects,

machines or equipment which may protrude through the walls or roof of any Unit or building, or in any manner alter the appearance of the exterior portion of any building without the written consent of the Association being first had and obtained. Such consent shall not be unreasonably withheld. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, no Unit Owner shall cause any object to be affixed to the Common Elements or in any manner change the appearance of the Common Elements without the written consent of the Association being first obtained. In the event the Association shall grant its consent for such improvements or changes to be made, such improvements, including but not limited to all antennae and other objects, machines or equipment which may protrude through the walls or roof shall become and be deemed to be a part of the Unit to which they are affixed.

Section 16.2 Indemnification-Unit Modification. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, the Board of Directors of the Association, in its sole discretion, may require a Unit Owner desiring to add betterments or improvements to his Unit or the Limited Common Elements appurtenant to his Unit to indemnify the other Unit Owners and the Association against any and all loss, cost and expense that may be occasioned by the addition of such betterments or improvements and further may require such Unit Owner to obtain liability insurance naming the other Unit Owners and the Association as additional insured's in such amounts and upon such terms as the Board of Directors shall determine.

ARTICLE 17.

RIGHT OF ASSOCIATION TO ALTER AND IMPROVE COMMON ELEMENTS AND ASSESSMENT THEREFOR.

Subject to Declarant's Special Declarant Rights, the Association shall have the right to make or cause to be made such alterations or improvements to the Common Elements which do not prejudice the rights of the Owner of any Condominium Unit in the use and enjoyment of his Condominium Unit, provided the making of such alterations and improvements are approved by the Board of Directors of the Association and the cost of such alterations or improvements shall be Common Expenses to be assessed and collected from all of the Owners of Condominium Units. However, where any alterations or improvements are exclusively or substantially for the benefit of the Owner or Owners of a certain Condominium Unit or Units requesting the same, 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 benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

ARTICLE 18.

MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS.

Section 18.1 Owner Maintenance of Units. Every Owner shall perform promptly Upkeep of his Condominium Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, or adversely impair the ability to rent such Owner's Unit or any other Unit, and every Owner shall be expressly responsible for the damages and liability which his failure to do so may engender. The Owner of each Condominium Unit shall be liable and responsible for the Upkeep of all air conditioning and heating equipment, fans or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service solely to his Condominium Unit. Such Owner further shall be responsible and liable for the Upkeep of the surfaces of any and all walls, ceilings and floors in the interior of his Unit including painting, decorating and furnishings, and all other accessories in his Condominium Unit.

Section 18.2 Maintenance-Insurance Proceeds. Whenever the maintenance, repair and replacement of any item for which the Owner of a Condominium 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 by the Association 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.

Section 18.3 Improvements to Limited Common Elements. All betterments and improvements added to the Limited Common Elements by the Unit Owners are a part of the respective Condominium Units and the respective Unit Owners shall be responsible for Upkeep of the same.

ARTICLE 19.

MAINTENANCE AND REPAIR OF COMMON ELEMENTS
BY THE ASSOCIATION.

Subject to Declarant's Special Declarant Rights, the Association shall be responsible for the Upkeep of the Common Elements, and all conduits, ducts, plumbing, wiring and other facilities located in the Common Elements or in a Condominium Unit for the furnishing of utility and/or other services to the Common Elements or other Condominium Units. If any incidental damage is caused to any Condominium Unit by virtue of any work which may be done or caused to be done by the Association in the Upkeep of any Common Elements, the Association shall, at its expense, repair such incidental damage. Whenever the Upkeep of any item for which the Association is obligated to maintain, replace or repair at its expense is

occasioned by any act of a Condominium Unit Owner, his tenants, guests or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of such Upkeep, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay such portion of the cost of such Upkeep as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such Upkeep. Whenever the Upkeep of any item for which the Association is obligated to Upkeep at its expense is occasioned by an act of a Condominium Unit Owner, his tenants, guests or invitees, and such loss or damage is not covered by any insurance maintained in force by the Association, the Unit Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay the cost of such Upkeep. Establishment of liability for damage caused by the Owner of a Unit or the Association is subject to the provisions of N.C. Gen. Stat. § 47C-3-107(d).

ARTICLE 20.

AUTHORITY TO PURCHASE INSURANCE.

All required or permitted insurance policies (other than title insurance and insurance on betterments and improvements to the Limited Common Elements, if any) upon the Property (other than the personal property of the Unit Owners) shall be purchased by the Association in the name of the Association, as Trustees for the Condominium Unit Owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or memoranda of insurance to the Association and to any Unit Owner, mortgagee, or beneficiary of a deed of trust. 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 as may be permitted or required by law, and such insurance shall, if available, contain a waiver of subrogation as to any claims against Condominium Unit Owners, the Association and their respective servants, agents and guests.

ARTICLE 21.

INSURANCE COVERAGE TO BE MAINTAINED; USE AND DISTRIBUTION OF INSURANCE PROCEEDS.

Section 21.1 Insurance Coverages. The following insurance coverage shall be maintained in full force and effect by the Association:

(a) Casualty insurance covering the Common Elements, and to the extent reasonably available, the Units, including all buildings and all improvements upon the land and all personal property included within the Condominium, except such personal property as may be owned by the Condominium Unit Owners, shall be procured in an amount equal to at least eighty percent (80%) of the maximum insurable replacement value thereof (exclusive of land, excavation and foundations) as determined annually by the insurance company affording

such coverage. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; and, (b) such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use, including, but not limited to, vandalism and malicious mischief. Casualty insurance obtained for the buildings and improvements shall provide such coverage commonly known as "all inclusive building" coverage and/or "completed condominium unit" coverage as such terms are used in the insurance industry, and shall include, but not be limited to, all components of the Units together with fixtures, cabinets, built in appliances and all other such improvements which were part of the original completed Units, except for betterments and improvements installed by the Owner.

(b) Public liability and property damage insurance in such reasonable amounts and covering all occurrences commonly insured against including, death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Elements, and in such forms as shall be required by the Association, including, but not limited to, legal liability, hired automobiles, non-owned automobile and off-premises employee coverage. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owners as a group to a Condominium Unit Owner.

Section 21.2 Premiums - Common Expenses. 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.

Section 21.3 Insurance Claim Adjustment. Any loss covered by the property insurance maintained by the Association shall be adjusted with the Association; provided, however, all insurance policies purchased by the Association shall be for the benefit of the Association and the Condominium Unit Owners and their mortgagees, as their respective interests may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association as Trustee. The Trustee shall hold such proceeds in trust for the benefit of the Condominium Unit Owners and their respective mortgagees as their interests may appear.

Section 21.4 Mortgagee-Insurance Proceeds. In the event a mortgage endorsement has been issued for a Condominium Unit, the share of any insurance proceeds of the Condominium Unit Owner shall be held for the mortgagee and the Condominium Unit Owner as their interests may appear, but nothing herein contained shall be construed so as to give any mortgagee the right to determine or participate in the determination of reconstruction or repair.

Section 21.5 Use of Insurance Proceeds. Proceeds of insurance policies received by the Association shall be disbursed first for the repair, reconstruction, or restoration of the damaged property, and Unit Owners and lienholders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Condominium is terminated except as specified in Article 22.

Section 21.6 Reimbursement of Initial Insurance Premiums. Declarant shall pay the premium(s) of the initial insurance policies required by this Article 21 and shall be reimbursed for the pro rata portion of the cost thereof by each Unit Owner at the time each Unit is conveyed to a Person other than Declarant, or reimbursed by the Association.

Section 21.7 Insurance Policy Requirements. Insurance policies carried pursuant to this Article 21 shall provide that:

(a) Each Unit Owner is an insured person under the policy with respect to liability arising out of his interest in the Common Elements or membership in the Association;

(b) The insurer waives its right to subrogation under the policy against any Unit Owner or members of his household, if applicable;

(c) No act or omission by any Unit Owner, unless acting within the scope of his authority on behalf of the Association, will preclude recovery under the policy;

(d) If, at the time of any loss under the policy, there is other insurance in the name of a Unit Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and

(e) The insurer issuing the policy may not cancel or refuse to renew it until thirty (30) days after notice of the proposed cancellation or nonrenewal has been mailed to the Association, each Unit Owner and each mortgagee or beneficiary under a deed of trust to whom certificates or endorsements have been issued at their respective last known addresses.

Section 21.8 Insurance Coverage-Betterments. The Association shall not be required to maintain insurance coverage for any betterments or improvements to the Units and/or Limited Common Elements added by any Unit Owner and a Unit Owner may be required to maintain such liability coverage as is otherwise provided herein.

Section 21.9 Insurance Availability Notification. If the insurance described in this Article is not reasonably available, the Association promptly shall cause notice of that fact to be hand delivered or sent prepaid by United States mail to all Unit Owners.

Section 21.10 Flood Insurance. The Association shall maintain flood insurance on the buildings and all improvements upon the land, the Common Elements, and all personal property of the Condominium (except personal property of the Condominium Unit Owners).

Section 21.11 Fidelity Insurance. If desired, the Association may maintain fidelity insurance.

ARTICLE 22.

RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE.

Section 22.1 Reconstruction-Costs. Any portion of the Condominium for which insurance is required pursuant to Article 21 which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (1) the Condominium is terminated, (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (3) the Unit Owners decide not to rebuild by an eighty percent (80%) vote, including one hundred percent (100%) approval of all Owners of Units not to be rebuilt or Owners of Units assigned to Limited Common Elements not to be rebuilt. The cost of repair or replacement in excess of insurance proceeds and reserves shall be a Common Expense. If the entire Condominium is not repaired or replaced, (1) the insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition compatible with the remainder of the Condominium, (2) the insurance proceeds attributable to Units and Limited Common Elements which are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated or to lien holders, as their interests may appear, and (3) the remainder of the proceeds shall be distributed to all of the Unit Owners or lien holders, as their interests may appear, in proportion to their Common Element interest. If Unit Owners vote not to rebuild any Unit, that Unit's allocated interests automatically shall be reallocated upon the vote as if the Unit had been condemned pursuant to N.C. Gen. Stat. § 47C-1-107(a), and the Association promptly shall prepare, execute and record an amendment to this Declaration reflecting the reallocations. Unless otherwise prohibited, any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein.

Section 22.2 Estimates of Replacement Costs. 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 a 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 necessary or appropriate.

Section 22.3 Priority of Repair. When the damage is to Common Elements, Limited Common Elements and Condominium Units, the insurance proceeds will be applied first to the costs of repairing the Common Elements, secondly to the cost of repairing the Condominium Units, and thirdly to the cost of repairing the Limited Common Elements.

Section 22.4 Association Right to Insurance Adjustments. Each Condominium Unit Owner shall be deemed to have delegated to the Association his right to adjust with insurance companies all losses under policies purchased by the Association.

ARTICLE 23.

ASSOCIATION TO MAINTAIN REGISTER
OF OWNERS AND MORTGAGEES.

The Association shall at all times maintain a register setting forth the names of the Owners of all of the Condominium Units. In the event of the sale or transfer of any Condominium Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such Condominium Unit, together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any Condominium Unit. Further, the Owner of each Condominium Unit shall notify the Association of the names of the parties holding any mortgage or mortgages on any Condominium Unit, the amount of such mortgage or mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any Condominium Unit may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any Condominium Unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

ARTICLE 24.

ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT.

The Association is given the authority to administer the operation and management of the Condominium, it being recognized that the delegation of such duties to one entity is 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 (not including the payment of real estate and personal property taxes) which are sometimes herein referred to as "Common Expenses." To provide the funds necessary for such proper operation, management and capital improvement, the Association has heretofore been granted the right to make, levy and collect assessments against the Unit Owners and their Condominium Units. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation, management and improvement of the Condominium, the following provisions shall be operative and binding upon the Owners of all Condominium Units.

Section 24.1 Levy of Assessments. Except as specifically otherwise provided for in this Article or elsewhere in this Declaration, all assessments levied by the Association shall be levied pursuant to the allocation of Common Expenses set forth in Exhibit "C," as same may be amended from time to time. 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 ratably among the Owners of all Units which are not owned by the Association, based upon their proportionate interests of the Common Expenses exclusive of the interests therein

appurtenant to any Unit or Units owned by the Association.

Section 24.2 Assessments - Limited Common Elements. Any Common Expense associated with the maintenance, repair or the replacement of a Limited Common Element be assessed equally against the Units to which that Limited Common Element is assigned. Any Common Expense or portion thereof benefiting fewer than all of the Units must be assessed exclusively against the Units benefited in such proportions as determined by the Board.

Section 24.3 Payment of Assessments. Assessments provided for herein may be payable in installments as directed by the Board of Directors of the Association. Such assessments shall commence upon closing of the sale of the first Unit.

Section 24.4 Association Budget. The Board of Directors of the Association shall establish an Annual Budget in advance for each fiscal year (which shall correspond to the fiscal year set forth in the Bylaws). Such Budget shall project all expenses for the forthcoming fiscal 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 projected 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 Section 24.5 hereof, items relating to operation and maintenance from items relating to capital improvements. Within thirty (30) days after adoption of such Annual Budget by the Board of Directors of the Association, copies of said Annual Budget or summaries thereof shall be delivered to each Owner of a Condominium Unit. Within thirty (30) days after adoption of any proposed Budget, the Board of Directors shall set a date for a meeting of the Unit Owners to consider ratification of the Annual Budget which date shall be not less than fourteen (14) nor more than thirty (30) days after the mailing of copies of such Annual Budget or summary thereof to the Unit Owners. There shall be no requirement that a quorum be present at the meeting. The Annual Budget is ratified unless at that meeting a majority of all the Unit Owners reject the Annual Budget. In the event the proposed Annual Budget is rejected, the periodic budget last ratified shall be continued until such time as the Unit Owners ratify (i.e. fail to reject by a majority of all Unit Owners) a subsequent budget proposed by the Board of Directors. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, 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 assessment or assessments it may deem to be necessary.

Section 24.5 Capital Improvement Fund. The Board of Directors of the Association, in establishing the Annual Budget for operation, management and maintenance of the Condominium, may designate therein a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the Common Elements, which capital improvement and replacement fund (Capital Improvement Fund) shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Elements, as well as the replacement of personal property which may

constitute a portion of the Common Elements held for the joint use and benefit of the Owners of Condominium Units. The amount to be allocated to the Capital Improvement Fund may be established by said Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Common Elements. The amount collected for the Capital Improvement Fund shall be maintained in a separate account by the Association and such monies shall be used only to make capital improvements to Common Elements. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors of the Association, be expended for current operation and maintenance.

Section 24.6 Assessments-Association Property. All monies collected by the Association shall be treated as the separate property of the Association, and such monies 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 virtue of this Declaration, and the Bylaws of the Association. As monies for any assessment are paid into the Association by any Owner of a Condominium Unit, the same may be commingled with monies paid to the Association by other Owners of Condominium Units. 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 Elements, 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 by reason of his divestment of ownership of such Condominium Unit, by whatever means, the Association shall not be required to account to such Owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Condominium.

Section 24.7 Delinquent Assessments. 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 the due date for such payment. Upon the default of the payment of any assessment or installment thereof due to the Association, the Board may elect to impose a late payment charge not to exceed the greater of Twenty and No/100 Dollars (\$20.00) per month or ten percent (10%) of such delinquent assessment or unpaid installment thereof. All monies owing to the Association shall be due and payable at the office of the Association. In any case where an assessment is payable in installments, upon a default by an Owner in the timely payment of any such installment, the maturity of the remaining total of the unpaid installments of such assessment may be accelerated, at the option of the Executive Board, and the entire outstanding balance of the Assessment, including such delinquent installment, may be declared due and payable in full immediately by the service of notice to such effect upon the defaulting Owner.

Section 24.8 Liability for Assessments. 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 payment of any assessment or installment thereof owed to the Association, such Unit Owner or Owners personally shall be 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 thereof and interest thereon, including a reasonable attorneys' fee, whether suit be brought or not.

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

Section 24.9 Lien for Assessments. Recognizing that proper 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 the right to place a lien upon each Condominium Unit, and any Limited Common Elements assigned to such Unit, and its appurtenant undivided interest in the Common Elements for nonpayment of any assessment levied against a Unit remaining unpaid for thirty (30) days or longer, which lien also shall secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien also shall secure all costs and expenses, including reasonable attorneys' fees, which may be incurred by the Association in enforcing the lien provided for herein. The lien granted to the Association may be foreclosed in the same manner as real estate mortgages and deeds of trust may be foreclosed under power of sale in the State of North Carolina subject to N.C. Gen. Stat. § 47C-3-116, as amended. The Association shall be entitled to bid at any foreclosure sale and may apply as cash credit against its bid all sums due as provided herein. 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, and the Association shall further be entitled to interest at the rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is less, on any such advances made for such purpose. All persons, firms or corporations who shall acquire, by whatever means, any interest in the ownership of any Condominium Unit, or who may be given or may acquire a mortgage, lien or other encumbrance 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.

Section 24.10 Foreclosure/Assessment Obligation. The lien herein granted unto the Association shall be enforceable from and after the time of filing a claim of lien in the office of the Clerk of Superior Court of Beaufort County, North Carolina, which claim shall state the description of the Condominium Unit encumbered thereby, the name of the record owner, the

amount due, the date when due and shall comply with any other requirements under N.C. Gen. Stat. § 47C-3-116, as amended. The claim of lien shall be recordable at any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid, but shall be extinguished unless a proceeding to enforce the lien is instituted within three (3) years after the docketing thereof. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided and all fees, charges, late charges, fines and interest as set forth in N.C. Gen. Stat. § 47C-3-116, as amended. Such claims of lien 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, the same shall be satisfied of record.

The lien provided for herein shall be prior to all liens and encumbrances on a Unit except (1) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Unit) recorded before the docketing of the lien in the office of the clerk of superior court, and (2) liens for real estate taxes and other governmental assessments or charges against the Unit. This subsection does not affect the priority of mechanics' or materialmen's liens.

If the holder of a first mortgage or first deed of trust of record, or other purchaser of the Unit, obtains title to the Unit as a result of foreclosure or deed in lieu of foreclosure of a first mortgage or first deed of trust, such purchaser, and its heirs, successors and assigns, shall not be liable for the assessments against such Unit which became due prior to acquisition of title to such Unit by such purchaser. Such unpaid assessments shall be deemed to be Common Expenses collectible from all of the Unit Owners including such purchaser, and its heirs, successors and assigns although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

Section 24.11 Statement of Assessment Status. 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 for 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 statement.

Section 24.12 Election of Collection Remedies. Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to 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.

Section 24.13 Initial Contribution to Working Capital Fund. Upon the sale and closing of the purchase of each Unit by the Declarant to a Person other than Declarant, the purchaser of each Unit shall pay a non-refundable contribution to the working capital of the Association in an amount equal to two (2) monthly installments of the annual Common Expense liability to be assessed against such Unit for the first year of operation of the Condominium. The contribution to working capital may be utilized to reimburse the Declarant the costs of premiums for insurance purchased by the Declarant for the benefit of the Condominium and the Association.

ARTICLE 25.

COMMON SURPLUS.

"Common Surplus," meaning all funds and other assets of the Association remaining after the payment of or the provision for Common Expenses, including reserves, shall be owned by the Owners of all Condominium Units in the same proportion as their Common Expense liabilities. 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. All Common Surplus remaining after payment of or provision for Common Expenses, including prepayment of reserves, must be paid to the Unit Owners in proportion to their Common Expense liabilities or credited to them to reduce their future Common Expense liabilities.

ARTICLE 26.

TERMINATION.

The Condominium may be terminated only in strict compliance with N.C. Gen. Stat. § 47C-2-118.

ARTICLE 27.

AMENDMENT OF DECLARATION OF CONDOMINIUM.

This Declaration may be amended as follows:

Section 27.1 Amendments Proposed by Association. An amendment or amendments to this Declaration 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 or amendments to this Declaration being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President. It shall be the duty of the Secretary to give to each member written or printed notice of any meeting called to consider the amendment or amendments, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form. 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 or amendments proposed must be approved by an affirmative vote of at least sixty-seven percent (67%) of the votes in the Association which are allocated to Unit Owners in the Condominium in order for such amendment or amendments of this Declaration to be adopted. Any such amendment or amendments as adopted shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such amendment or amendments, so certified and executed with the same formalities as a deed, shall be recorded in the Register of Deeds Office of Beaufort County, North Carolina, such amendment or amendments to specifically refer to the recording data identifying this Declaration. Thereafter, a copy of said amendment or amendments in the form in which the same were placed of record by the officers of the Association shall be delivered to the Owners of all Condominium Units, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments.

As an alternative to holding a meeting of the members to consider an amendment of this Declaration, a written agreement may be circulated among the members. The written agreement shall include the proposed amendment or amendments in reasonably detailed form. To be effective, the written agreement must be executed by Unit Owners of Units to which at least sixty-seven percent (67%) of the votes of the Association are allocated. Once approved, the amendment or amendments shall be transcribed, certified, executed, recorded and a copy sent to all Owners as specified above.

Section 27.2 Amendments by Declarant. A Declarant may amend the Declaration as set forth herein and in the Act without the consent of any other Person or the Association to exercise Development Rights.

Section 27.3 Amendments Requiring Declarant Consent. During the period reserved by the Declarant to exercise Development Rights, this Declaration may not be amended without the prior written consent of the Declarant. Except to the extent expressly permitted by the Act or other provisions of this Declaration (in compliance with the Act), no amendment may create or increase special Declarant Rights, create or increase Development Rights, increase the number of Units, change the boundaries of any Unit, change the allocated interest of any Unit, or change the uses to which any Unit is restricted in the absence of unanimous consent of the Unit Owners.

ARTICLE 28.

REMEDIES IN EVENT OF DEFAULT.

Section 28.1 General Remedies. Every Owner and any occupant of any Unit shall comply with the Association Documents and the Act. Failure to comply shall be grounds for an action by the Association to recover sums due, for damages, injunctive relief or any other remedy available at law and equity or under the Act.

Section 28.2 Enforcement/Sanctions. The Board or such other Association agent with the Board's approval, may impose sanctions for violations of Association Documents after notice and a hearing before the Board or an adjudicatory panel appointed by the Board in accordance with the procedures set forth in § 47C-3-107.1 of the Act. Such sanctions may include, without limitation:

- (a) Imposing reasonable monetary fines not to exceed One Hundred and No/100 Dollars (\$100.00) which shall constitute a lien upon the Unit of the violator;
- (b) Suspending an Owner's right to vote;
- (c) Suspending any Person's right to use any facilities within the Common Elements; provided, however, nothing herein shall authorize the Board to limit ingress or egress to or from the Unit; and
- (d) Suspending any services provided by the Association to an Owner or the Owner's Unit if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge owed to the Association.

In the event a fine is imposed on the violator, an additional fine not to exceed One Hundred and No/100 Dollars (\$100.00) per day may be imposed for each day more than five (5) days after the decision that the violation occurs.

If a suspension of condominium privileges or services is imposed, the suspension may be continued without further hearing until the violation or delinquency is cured.

Any decision by an adjudicatory panel may be appealed to the Board by delivering written notice of appeal to the Board within fifteen (15) days of the adjudicatory panel's decision. The Board may affirm, vacate, or modify the adjudicatory panel's decision.

Section 28.3 Self Help Remedies. In addition to other rights set forth in the Association Documents and the Act, upon violation or breach of any provision of the Association Documents, the Board shall have the right: (i) to enter a Unit or Limited Common Element appurtenant thereto, on which or as to which such violation or breach exists and summarily to abate and remove, at the expense of the defaulting Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions of the

Association Documents, and the Board shall not thereby be deemed guilty in any manner of trespassed, (ii) to use self-help to remove or cure any violation of the Association Documents (including, without limitation, the towing of vehicles); or (iii) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; provided, however, that before any construction or improvements may be altered or demolished, except in emergencies, judicial proceedings shall be instituted by the Association against such defaulting Owner or its tenant.

Section 28.4 Cumulative Remedies/Attorneys' Fees. The Association shall have all powers and remedies under the Act and the Association Documents which shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the Association Documents, if the Association prevails, it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

Section 28.5 Association's Right Not to Take Action. The Association shall not be obligated to pursue enforcement action in any particular case, such decisions to be within the discretion of the Board, except that the Board shall not be arbitrary or capricious in taking enforcement action. Without limiting the generality of the foregoing, the Board may determine that, under the circumstances of a particular case: (a) the Association's position is not strong enough to justify taking any or further action; or (b) the covenant, restriction or rule being enforced is, or is likely to be construed as, inconsistent with applicable law; or (c) although a technical violation may exist or may have occurred, it is not of such a material nature as to be objectionable to a reasonable person or justify expending Association funds; or, (d) it is not in the best interest of the Association, based upon hardship, expense or other reasonable criteria, to pursue enforcement action.

Such a decision shall not be construed a waiver of the right of the Association to enforce such covenant, restriction, rule or provision at a later time under other circumstances or preclude the Association from enforcing any other covenant, restriction, rule or provision, nor shall it preclude any Owner from taking action at law or in equity to enforce the Association Documents.

Section 28.6 Enforcement by Owner. Nothing set forth in this Article 28 shall prevent any aggrieved Owner from instituting any available remedy in law or in equity for a violation of the Association Documents.

Section 28.7 No Waiver. The failure of the Association to enforce any right, provision, 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 to enforce such right, provision, covenant or condition in the future.

Section 28.8 No Waiver by Declarant. The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or the other

above-mentioned documents shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

Section 28.9 No Waiver by Mortgagee. The failure of a first mortgagee to enforce any right, provision, privilege, 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 said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

ARTICLE 29.

SPECIAL DECLARANT RIGHTS AND DEVELOPMENT RIGHTS RESERVED UNTO DECLARANT.

In addition to each and every right of Declarant as set forth in this Declaration, Declarant, its successors and assigns, specifically reserves all Special Declarant Rights and Development Rights hereinafter set forth.

Section 29.1 Special Declarant Rights Reserved by Declarant.

(a) All Special Declarant Rights, as that term is defined in the Act, and any other Special Declarant Rights as are set forth in the Act and the Association Documents.

(b) The right to use any portion or all of the Common Elements for the purpose of aiding in the sale or rental of Units. The foregoing right shall include the right to display and erect any signs, billboards, and placards and to store, keep and exhibit same and to distribute audio and visual promotional materials upon the Common Elements.

(c) The right to maintain sales offices, management offices and models in any and/or all of the Units owned or leased by Declarant. Any Units leased or owned by Declarant may be used by Declarant for such purposes, and such offices and models may be relocated as Units are sold or leases expire.

(d) The right to use easements through the Common Elements for utility services, drainage and vehicular and pedestrian traffic, or otherwise, across, under or through the Common Elements as may be considered by Declarant desirable for the purpose of making improvements within the Condominium.

(e) The right to exercise any Development Right.

(f) The right to perform construction work, and to store materials in secure areas, in Units, and in Common Elements, and the further right to control all such work and repairs, and the right of access thereto, until its completion. All work may be performed by Declarant without the consent or approval of the Executive Board. Declarant has such an easement through the Common Elements as may be reasonably necessary for the purpose of

discharging Declarant's obligations or exercising Declarant's Development Rights and Special Declarant Rights, whether arising under the Act or reserved in this Declaration. Such easement includes the right to convey utility and drainage easements to public utilities, municipalities, and other entities to fulfill the plan of development.

(g) The right to appoint, remove and replace the officers and members of the Executive Board.

(h) Rights regarding amendments to this Declaration reserved in Section 27.3.

Section 29.2 Development Rights Reserved by Declarant.

(a) All Development Rights as the same are defined in this Declaration and in the Act, including all Development Rights to all Development Property.

(b) The rights to: add real estate to the Condominium; create Units, Common Elements and Limited Common Elements within the existing Condominium or to be added to the Condominium; but not to exceed a total of one hundred (100) Units; subdivide Units; convert Units into the Common Elements; and, withdraw property, Units and Common Elements from the Condominium. The Development Right reserved to add Units shall not restrict the Declarant to the construction of buildings or Units of the same size and style as the existing buildings and Units in the Condominium.

(c) The Development Rights reserved by Declarant may be exercised with respect to different portions of the Development Property at different times, and Declarant makes no assurances as to the boundaries of those portions or the order in which those portions of the Development Property may be subjected to the exercise of the Development Rights. If a Development Right is exercised with respect to any portion of the Development Property, Declarant may, but is not obligated to, exercise any Development Right with respect to any other portion of the Development Property.

(d) The Development Rights reserved by Declarant must be exercised during the Development Period.

(e) The exercise of any or all of the Development Rights reserved by Declarant shall be pursuant to, and subject to the provisions of, the Act.

Section 29.3 Phasing of Development Rights.

(a) Declarant reserves the right to exercise any of the Development Rights with respect to the areas or any portions of the Development Property at different times. No assurances are made by Declarant regarding the areas or any portion of the areas as to the portions where the Declarant will exercise its Development Rights or the order in which such portions will be developed. No assurances are made by Declarant regarding whether all or any

portion of the Development Property will be developed. The exercise of any Development Right as to some portions of the Development Property will not obligate the Declarant to exercise any of the Development Rights as to other portions. Declarant reserves the right to exercise any of the Development Rights as to portions but not all of the Development Property.

(b) Declarant reserves the right to exercise any of the Development Rights with respect to the Units owned by the Declarant at different times. No assurances are made by Declarant regarding the Units owned by Declarant as to when the Declarant may exercise its Development Rights or in what order. No assurances are made by Declarant regarding whether or not all the Units Declarant reserves the right to create will be created. The exercise of any Development Right as to some of the Units owned by Declarant will not obligate Declarant to exercise any of Declarant's Development Rights as to other Units owned by Declarant.

Section 29.4 Limitations on the Exercise of Special Declarant Rights. The Special Declarant Rights reserved hereunder shall terminate no later than the earlier of (i) the expiration of the Development Period, or (ii) upon the recording by Declarant of an instrument in the office of the Register of Deeds of Beaufort County, North Carolina terminating the Special Declarant Rights.

Section 29.5 Declarant's Personal Property. Declarant reserves the right to retain all personal property and equipment used in the sales, management, construction, and maintenance of the improvements within the Condominium that has not been represented as property of the Association. Declarant reserves the right to remove from the Property any and all goods and improvements used in development, marketing, and construction, regardless of whether they have become fixtures.

Section 29.6 Interference with Special Declarant Rights.

(a) Neither the Association nor any Unit Owner may take any action or adopt any rule that will interfere with or diminish any Special Declarant Right without the prior written consent of Declarant.

(b) In relation to Declarant's exercise of any Special Declarant Right, the provisions of the Declaration which prohibit or require approval of construction of or additions or alterations to any improvements shall not be applicable.

Section 29.7 Assignment of Declarant's Rights and Duties. Any and/or all of the rights, powers and reservations of Declarant herein contained may be assigned by Declarant to any Person which will assume any and/or all of the duties of Declarant hereunder, and upon any such person, corporation or association's evidencing its consent in writing to accept such assignment, said assignee shall, to the extent of such assignment, assume Declarant's duties hereunder, have the same rights and powers and be subject to the same obligations and duties as are given to and assumed by Declarant herein. Upon such assignment, and to the extent thereof, Declarant shall be relieved from all liabilities, obligations, and duties hereunder. Declarant may

limit and restrict the rights and powers which are assigned to any person, corporation, or association in the instrument which assigns such rights. The term "Declarant" as used herein includes all such assignees and their successors and assigns, subject to such restrictions or limitations as may be imposed in the instrument assigning such rights.

ARTICLE 30.

CONFLICT WITH CONDOMINIUM ACT; SEVERABILITY.

Should any of the terms, conditions, provisions, paragraphs or clauses of this Declaration conflict with any provisions of the Condominium Act, the provisions of the Condominium Act shall control unless the Condominium Act permits the Declaration to override the Condominium Act, in which event the Declaration shall control. In the event that any of the terms, provisions or covenants of this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

ARTICLE 31.

LIBERAL CONSTRUCTION.

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

ARTICLE 32.

DECLARATION BINDING ON ASSIGNS
AND SUBSEQUENT OWNERS.

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

The Association shall have current copies of the Declaration, Bylaws of the Association, and other rules and regulations concerning the Condominium, and the books, records and financial statements available for inspection by Unit Owners and by holders, insurers and guarantors of mortgages during normal business hours at the office of the Association.

ARTICLE 33.

CONDEMNATION.

In the event of a taking by eminent domain, or by a conveyance in lieu thereof, of all or any part of the Property, the same shall be repaired or restored, and/or the awards paid on account thereof shall be used and applied in accordance with N.C. Gen. Stat. § 47C-1-107.

ARTICLE 34.

TAXES.

Pursuant to the provisions of N.C. Gen. Stat. § 47C-1-105, each Unit and its appurtenant undivided interest in the Common Elements shall be deemed to be a parcel and shall be separately assessed and taxed by each assessing unit and special district for all types of taxes authorized by law, including but not limited to special ad valorem levies and special assessments. Each Unit Owner shall be liable solely for the amount of taxes against his individual Unit and shall not be affected by the consequences resulting from the tax delinquency of other Unit Owners. Neither any building, the Property nor any of the Common Elements shall be deemed to be a parcel. Provided, however, pursuant to the provisions of N.C. Gen. Stat. § 47C-1-105, any areas in which Declarant has Development Rights shall be separately taxed and assessed against Declarant until Declarant exercises Declarant's Development Rights therein or Declarant's Development Rights expire, terminate or are released by Declarant.

ARTICLE 35.

NO ACTION AGAINST DECLARANT.

The Association shall not (a) file a complaint or grievance or initiate or participate in any other proceedings on account of an act or omission of Declarant with any governmental agency which has regulatory or judicial authority over the Property or any part thereof, or (b) assert and prosecute a claim against or in any manner sue Declarant without first having obtained the affirmative written consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated.

ARTICLE 36.

RIGHTS TO MOSS LANDING.

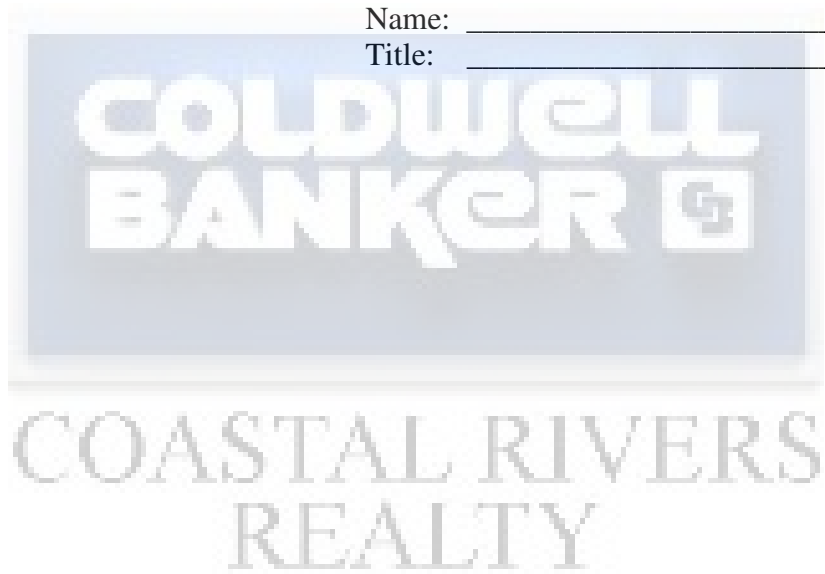
No Person shall use the words "Moss Landing," or derivative thereof, or any other term which Declarant may select as the name of this Condominium, or any component thereof, on any printed or promotional material without Declarant's prior written consent. However, Owners may use the words "Moss Landing" in printed materials solely to specify that a particular Unit is located within the Condominium and the Association shall be entitled to use

the words "Moss Landing" in its name. No Person shall use any symbol or "logo" adopted by Declarant for Moss Landing without Declarant's prior written consent.

IN TESTIMONY WHEREOF, Declarant has caused this instrument to be executed under seal and in such form as to be binding, all by authority duly given, this the day and year first above written.

MOSS LANDING ONE, LLC (SEAL)
A Limited Liability Company

By: _____
Name: _____
Title: _____



_____ COUNTY, _____ STATE

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document for the purpose(s) stated therein, in the capacity indicated, and having been first authorized to do so: _____

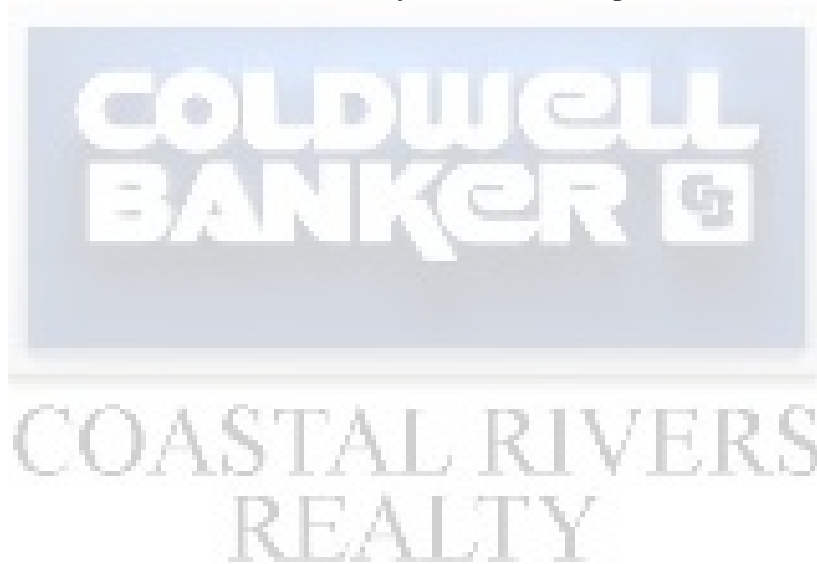
_____, _____ of
_____ MOSS LANDING, LLC.

Date _____

Signature of Notary Public

My commission expires: _____

(Official Seal)



STATE OF NORTH CAROLINA
COUNTY OF BEAUFORT

The foregoing certificate of Notary Public is certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the office of the Register of Deeds of Beaufort County, North Carolina, in Condominium Book_____, Page_____.

This ____ day of _____, _____, at ____ o'clock ____M.

Register of Deeds



EXHIBIT A
Initial Property in Condominium

[TO BE INCLUDED AFTER COMPLETION OF FINAL CONDOMINIUM PLAT]

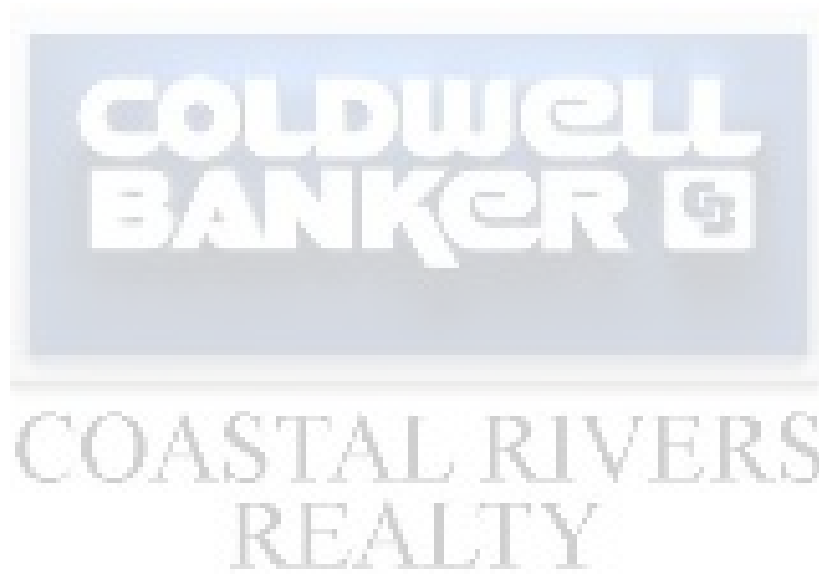


EXHIBIT B

For survey and plat and plans see Unit Ownership File _____, Pages _____
through _____ in the office of the Register of Deeds of Beaufort County.



EXHIBIT C

[TO BE DESCRIBED AFTER FINAL DETERMINATION OF HEATED SQUARE FOOTAGE OF ALL UNITS]

UNITS

<u>Allocated Interests</u>							<u>TOTALS</u>
Undivided Interest in Common Elements Appurtenant to each Unit							100%*
Portion of Common Expenses allocated to each Unit							100%*
Votes allocated to each Unit							21

*Rounded to 100% per N.C. Gen. Stat. § 47C-2-107(c)

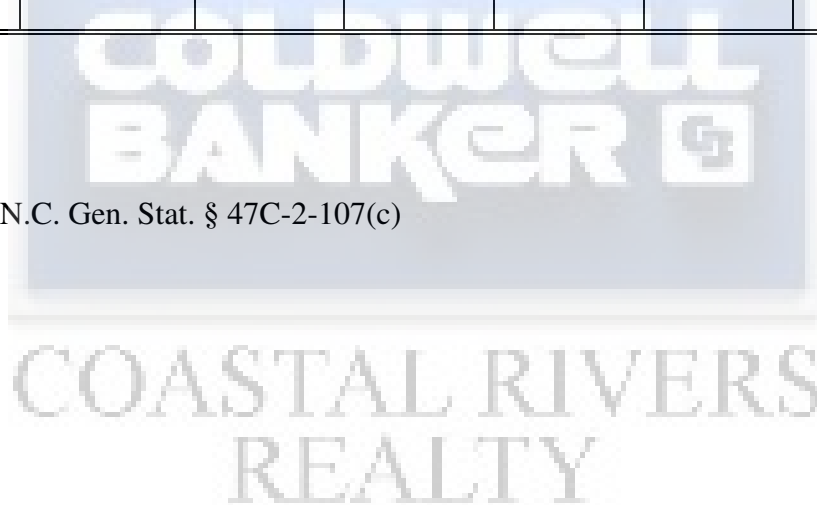


EXHIBIT D

Development Property

[TO BE INSERTED AFTER COMPLETION OF FINAL PLAT OF CONDOMINIUM]



CONSENT OF LIENHOLDER

Southern Community Bank, Beneficiary pursuant to the Deed of Trust recorded in Book ____, at Page ____ in the office of the Register of Deeds of Beaufort County, North Carolina, hereby executes this Consent of Lienholder to consent to the imposition of the condominium regime on the property described at the Exhibit "A" to the Declaration of Moss Landing Condominium, and any subsequent amendments thereto.

IN TESTIMONY WHEREOF, Beneficiary has properly executed this Consent of Lienholder, this ____ day of _____, 200__.



By: _____
_____ President

COASTAL RIVERS
REALTY

_____ COUNTY, _____ STATE

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document for the purpose(s) stated therein, in the capacity indicated, and having been first authorized to do so:

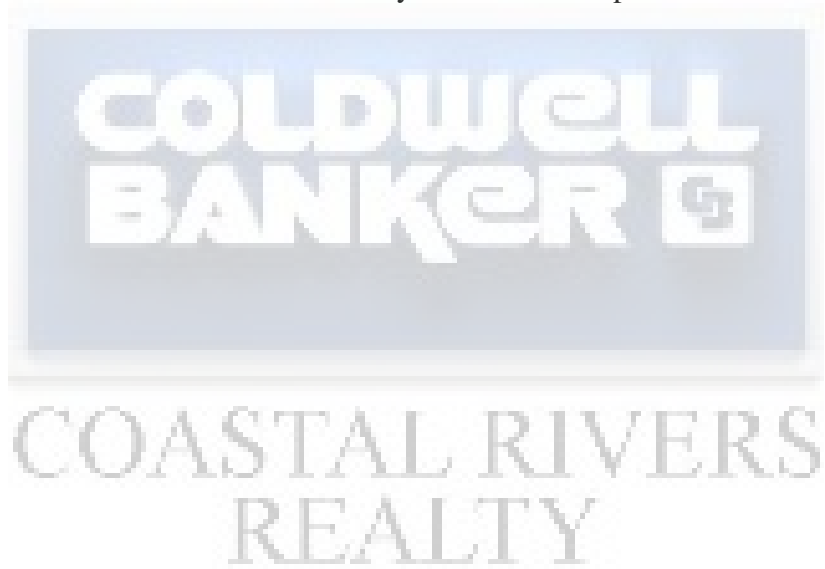
_____,
_____ of SOUTHERN COMMUNITY BANK.

Date _____

Signature of Notary Public

My commission expires: _____

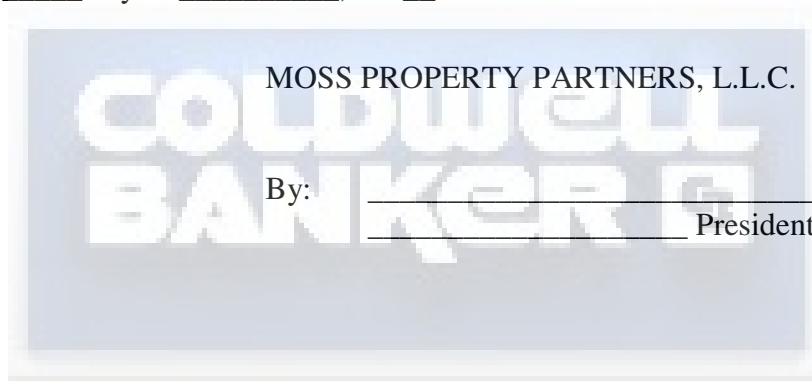
(Official Seal)



CONSENT OF LIENHOLDER

Moss Property Partners, L.L.C., Beneficiary pursuant to the Deed of Trust recorded in Book ____, at Page ____ in the office of the Register of Deeds of Beaufort County, North Carolina, hereby execute this Consent of Lienholder to consent to the imposition of the condominium regime on the property described at the Exhibit "A" to the Declaration of Moss Landing Condominium, and any subsequent amendments thereto.

IN TESTIMONY WHEREOF, Beneficiary has properly executed this Consent of Lienholder, this ____ day of _____, 200__.



MOSS PROPERTY PARTNERS, L.L.C.

By: _____

President

COASTAL RIVERS
REALTY

_____ COUNTY, _____ STATE

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document for the purpose(s) stated therein, in the capacity indicated, and having been first authorized to do so:

_____,
_____ of MOSS PROPERTY PARTNERS, L.L.C.

Date _____

Signature of Notary Public

My commission expires: _____

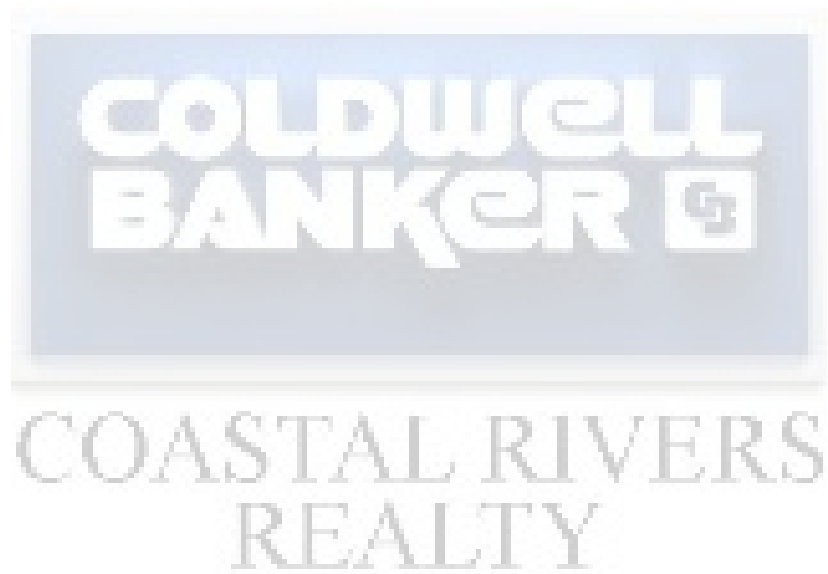
(Official Seal)



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EXHIBIT "B"
(Proposed Bylaws)

[Attached]



BYLAWS
FOR
MOSS LANDING OWNERS ASSOCIATION

ARTICLE 1 ADOPTED AS OF _____

Names and Definitions

- Section 1.1 Name
- Section 1.2 Definitions

ARTICLE 2

Membership and Voting

- Section 2.1 Membership
- Section 2.2 Application for Membership
- Section 2.3 Transfer of Membership
- Section 2.4 Suspension or Termination of Membership
- Section 2.5 Vote/Voting Rights
- Section 2.6 Additional Provisions Governing Voting
- Section 2.7 Manner of Voting
- Section 2.8 Proxies

ARTICLE 3

Meetings of Members

- Section 3.1 Place of Meetings
- Section 3.2 Annual Meetings
- Section 3.3 Special Meetings
- Section 3.4 Notice of Meetings
- Section 3.5 Waiver of Notice of Meetings
- Section 3.6 Quorum
- Section 3.7 Record Date to Determine Members and Lists of Members
- Section 3.8 Conduct of Meetings

ARTICLE 4

Executive Board

- Section 4.1 Number, Election of Directors, and Terms of Office of Directors
- Section 4.2 Election Procedures and Qualifications
- Section 4.3 Voting, Quorum, and Manner of Acting
- Section 4.4 Removal or Resignation of Directors and Filling of Vacancies

- Section 4.5 Powers and Duties of the Executive Board
- Section 4.6 Meetings of Directors
- Section 4.7 Action by Directors Without Meeting

ARTICLE 5

Managing Agent

- Section 5.1 Compensation
- Section 5.2 Duties

ARTICLE 6

Officers

- Section 6.1 Designation and Duties of Officers
- Section 6.2 Election of Officers
- Section 6.3 Removal and Resignation
- Section 6.4 Vacancies
- Section 6.5 President
- Section 6.6 Vice President
- Section 6.7 Secretary
- Section 6.8 Assistant Secretaries
- Section 6.9 Treasurer
- Section 6.10 Assistant Treasurer

ARTICLE 7

Committees

- Section 7.1 Nominations Committee
- Section 7.2 Committees of the Executive Board
- Section 7.3 Other Committees

ARTICLE 8

Indemnification and Other Officer and Director Issues

- Section 8.1 Execution of Documents
- Section 8.2 Indemnification
- Section 8.3 Compensation of Directors and Officers

ARTICLE 9

Books and Records

- Section 9.1 Maintenance of Books and Records and Financial Review
- Section 9.2 Availability
- Section 9.3 Accounting Report
- Section 9.4 Fiscal Year
- Section 9.5 Seal

ARTICLE 10

Notices

ARTICLE 11

Amendments to Bylaws

ARTICLE 12

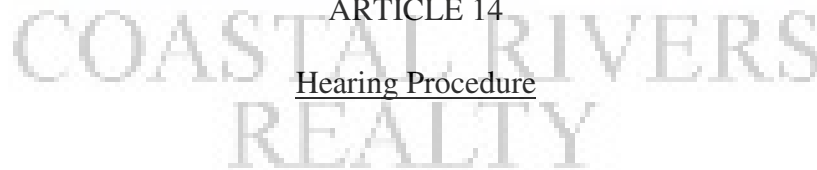
Amendments to Articles of Incorporation

ARTICLE 13

Priority

ARTICLE 14

Hearing Procedure



BYLAWS
FOR
MOSS LANDING OWNERS ASSOCIATION

ARTICLE 1

NAME AND DEFINITIONS

Section 1.1. Name. The name of the association shall be Moss Landing Owners Association (the "Association").

Section 1.2. Definitions. Terms specifically defined in the Declaration of Moss Landing Condominium, as same may be amended from time to time, and including all attachments (hereinafter referred to as the "Declaration") shall have the same meaning in these Bylaws, unless the context shall otherwise prohibit.

ARTICLE 2

MEMBERSHIP AND VOTING

Section 2.1. Membership. The Owner or Owners automatically shall become members of the Association upon such Person's acquisition of an ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Elements and may become a member in no other manner. No Person holding a lien, mortgage or other encumbrance upon any Condominium Unit shall be entitled, by virtue of such lien, mortgage, or encumbrance, to membership in the Association or to any of the rights or privileges of such membership. (The term "Bylaws" as used herein shall include any amendments made, from time to time, to the Bylaws.)

Section 2.2. Application for Membership. Application for membership shall consist of notice to the Association that the applicant has acquired title to a Condominium Unit.

Section 2.3. Transfer of Membership. Memberships are not transferable. Membership occurs only upon the occurrence of those events set out in this Article and the Declaration.

Section 2.4. Suspension or Termination of Membership. The membership rights of a member shall not be suspended so long as the Person continues to hold title to a Condominium Unit, is not in violation of any provision of the Declaration, these Bylaws and any rule or regulation adopted by the Association, and is not in arrears in the payment of any assessment. The membership of any Owner or Owners in the Association shall terminate automatically upon such Owner or Owners being divested of such Person's ownership interest in the title to a Condominium Unit, regardless of the means by which such ownership may be divested.

Section 2.5. Vote/Voting Rights. Each Owner(s) (collectively, if applicable) shall have the vote specified in Article 4 of the Declaration. Members shall be entitled to vote on all matters as to which members may be entitled to vote under the North Carolina Nonprofit Corporation Act and the North Carolina Condominium Act, unless specifically provided otherwise in these Bylaws, the Articles of Incorporation, or the Declaration. In addition, members shall have any voting rights as may be specified in the Declaration. Except as specifically stated in Section 2.6 of these Bylaws, the voting rights of members of the Association shall be as set forth in N.C. Gen. Stat. § 47C-3-110.

Section 2.6. Additional Provisions Governing Voting.

(a) Association Votes. If the Association is an owner of a Condominium Unit, the Association shall not cast the vote appurtenant to such Condominium Unit, nor shall any such vote be counted for the purpose of establishing a quorum.

(b) Multiple-Person Owners. In the event that any Condominium Unit is owned by more than one Person, and if only one of such Person is present at a meeting of the Association, that Person so present shall be entitled to cast the vote for that Condominium Unit. If more than one of such Persons is present, the vote appurtenant to that Condominium Unit shall be cast only in accordance with unanimous agreement of such Persons who are present at the meeting and such agreement shall be conclusively presumed if any of them purports to cast the vote appurtenant to that Condominium Unit without protests being made forthwith to the individual presiding over the meeting by any of the other Persons having an ownership interest in the Condominium Unit.

(c) Voting Certificate. If a member is not a natural person, the vote by such member may be cast by any natural person authorized by such member. Such natural person must be named and a certificate signed by an authorized officer, partner, member, or trustee of such Person and filed with the Secretary; provided, however, that any vote cast by a natural person on behalf of such member shall be deemed valid unless successfully challenged prior to the adjournment of the meeting at which the vote is cast. Such certificate shall be valid until revoked by a subsequent certificate similarly executed and filed with the Secretary. Wherever the approval or disapproval of a member is required by the Association Documents, such approval or disapproval may be made by any person who would be entitled to cast the vote of such member at any meeting of the Association.

(d) Delinquency. No member may vote at any meeting of the Association or be elected to serve on the Executive Board or be appointed to serve on any committee if payment by such member of any financial obligation to the Association is delinquent more than thirty (30) days and the amount necessary to bring the account current has not been paid by the record date set pursuant to Section 3.7 hereof for the applicable members' meeting (in the case of a member voting or being elected to serve on the Executive Board) or has not been paid by the date of appointment, in the case of

appointment to serve on any committee.

Section 2.7. Manner of Voting. Voting by members at a meeting, except for the election of directors which shall be by written ballot, shall be by voice vote or a show of hands unless any member present at the meeting requests, and by an affirmative vote of a majority of the votes cast the members consent to, a vote by written ballots. Except for the election of directors as provided in Section 4.1 herein, if a quorum is present, action on a matter at a meeting of members shall be deemed approved if approved by the affirmative vote of a majority of the votes cast, unless a greater vote is required by the North Carolina Nonprofit Corporation Act, the Association's Articles of Incorporation, the Bylaws, or the Declaration.

Section 2.8. Proxies. Members may vote either in person or by an agent authorized by written proxy signed by the Unit Owner of a Condominium Unit. If a Condominium Unit is owned by more than one Person, each Unit Owner of the Condominium Unit may vote or register protest to the casting of votes by the other Unit Owners of the Condominium Unit through a duly executed proxy. A proxy is void if not dated. A proxy shall be valid for eleven (11) months unless a shorter term is provided therein. All proxies shall be filed with the Secretary of the Association. A proxy given by a member may be revoked by such member by giving actual notice of its revocation to the person presiding over a meeting of the Association in oral or written form.

ARTICLE 3

MEETING OF MEMBERS

Section 3.1. Place of Meeting. All meetings of members shall be held at the principal office of the Association or at such other place within or without the State of North Carolina as shall be designated in the notice of the meeting.

Section 3.2. Annual Meetings. The annual meetings of members of the Association shall be held at least once a year. The annual meeting of members shall be held at such date and time as may be determined on an annual basis by the Executive Board and stated in the notice of such members' meeting. The annual meeting of members shall be held for the purpose of electing directors of the Association, and for such other purposes as may be included in the notice of such meeting.

Section 3.3. Special Meetings. Special meetings of the members may be called at any time by (a) the President, (b) the Executive Board of the Association, or (c) the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed in such request to be considered at the meeting, and in which case shall be noticed by the Secretary of the Association within thirty (30) days upon receipt of a written request signed, dated, and received by the Secretary. The signatures on a petition requesting a special meeting shall be valid for a period of ninety (90) days after the date of the first signature. The call for a special meeting shall: (1) specify the time and place at which the meeting is to be held, which place must be in Beaufort County, North

Carolina; (2) either specify a date on which the meeting is to be held which date will allow the Secretary to comply with all notice provisions of this Article or else specify that the Secretary shall designate the date of the meeting; (3) specify the purposes for which the meeting is to be held; and (4) be delivered to the Secretary in writing.

Section 3.4. Notice of Meetings. Notice of meetings of members shall be given by the President, Secretary, or other person calling the meeting by any means that is fair and reasonable, and for this purpose, written or printed notice stating the time, place, and date of the meeting shall be delivered by hand-delivery, electronic mail, or by United States mail (postage prepaid) (a) not less than ten (10) nor more than fifty (50) days before the date thereof, or (b) not less than thirty (30) nor more than fifty (50) days before the date thereof, if such notice is mailed by other than first class, registered or certified mail, to each member of record entitled to vote at such meeting, unless the North Carolina Nonprofit Corporation Act or the Association's Articles of Incorporation require that such notice be given to all members with respect to such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail, correctly addressed to the member at the member's address as it appears on the current record of members of the Association, with postage thereon prepaid. For this purpose, a member's address shall be the mailing address of each Condominium Unit or to any other mailing address designated in writing by the Owner to the Secretary of the Association. If sent electronically, such notice shall be deemed effective when sent to the recipient, correctly addressed to the member at the member's email address as it appears on the current record of the members of the Association, without the sender receiving a failed email delivery return notice.

Notwithstanding the foregoing, if the notice provided for the above clearly would not be fair and reasonable under the circumstances then existing, then notice appropriate for the circumstances shall be given; PROVIDED, HOWEVER, THAT notice of a meeting where any of the following matters are to be voted on in all events shall be given as provided in the first paragraph of this Section: (i) director conflict of interest or indemnification, (ii) amendment to the Association's Articles of Incorporation, Bylaws, or Declaration, PROVIDED, HOWEVER, THAT the Declaration shall only be amended pursuant to the Declaration, (iii) plan of merger or dissolution, or (iv) a sale of assets other than in the regular course of the Association's activities; and PROVIDED, FURTHER, HOWEVER, THAT any special notice procedure set forth in the Declaration for any of the foregoing or any other matter shall be followed in addition to the notice provisions set forth herein.

The notice of any meeting shall state the items on the agenda, including a summary or copy of any proposed amendment to the Declaration, the Bylaws or Articles of Incorporation; any budget changes, and any proposal to remove a director or officer, and shall include any other matters and a copy or summary of any proposed action that expressly is required by the provisions of the North Carolina Nonprofit Corporation Act or the North Carolina Condominium Act. Only those matters which are stated in the notice may be acted upon at a meeting of members.

Also, notice of an annual, regular, or special meeting of members shall give notice of any matter a member intends to raise at the meeting if the Association receives a written request of any matter the members intends to raise by members entitled to call a special meeting pursuant to Section 3.3 ("Special Meetings") of this Article, and such written request is received by the Secretary or President of the Association at least ten (10) days before the Association gives notice of such meeting.

If any meeting of members is adjourned by the vote of a majority of votes cast on the motion to adjourn to a different date, time, or place, notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment and if a new record date is not fixed for the adjourned meeting. If a new record date for the adjourned meeting is or must be fixed pursuant to North Carolina law, notice of the adjourned meeting must be given as provided in this Section to the members of record entitled to vote at the meeting as of the new record date.

Section 3.5. Waiver of Notice of Meetings. Any member may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the member, and delivered to the Association for inclusion in the minutes or filing with the corporate records. A member's attendance, in person or by proxy, at a meeting (a) waives objection to lack of notice or defective notice of the meeting, unless the member or the member's proxy at the beginning of the meeting objects to holding the meeting or transacting business thereat, and (b) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the member or the member's proxy objects to considering the matter before it is voted upon.

Section 3.6. Quorum. Unless provided otherwise by the Association's Articles of Incorporation or these Bylaws, a majority of the votes entitled to be cast on a matter, represented in person or by proxy, shall constitute a quorum on that matter at the opening of a meeting of members. Once a member is present or represented by proxy for any purpose at a meeting, such member is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date (set forth in Section 3.7 below) is or must be set for that adjourned meeting under the North Carolina Nonprofit Corporation Act.

Section 3.7. Record Date to Determine Members and List of Members. The record date for determining which Persons are members and therefore entitled to vote shall be the close of business on the seventieth (70th) day prior to the date of the meeting, unless the Executive Board shall determine a record date closer to the meeting date. The Executive Board is not permitted to set a record date retroactively. The membership list shall be current as of the record date. Before each meeting of members, the Association shall prepare an alphabetical list of the members entitled to notice of the meeting and entitled to vote at the meeting, showing each such member's address and the number of votes each such member is entitled to cast at the meeting. As a part of the aforementioned membership list and prepared on the same basis, the Association shall list, current through the time of the membership meeting, a list of members, if any, who

are entitled to vote at the meeting, but not entitled to notice of the meeting. The list shall be kept on file at the principal office of the Association for the period beginning two (2) business days after notice of the meeting is given and continuing through the meeting, and shall be available for inspection by any member, personally or by or with such member's representative, at any time prior to the meeting. A determination of members entitled to notice of, or to vote at, a membership meeting is effective for any adjournment of the meeting unless the Executive Board fixes a new date for determining the right to notice or the right to vote, which the Executive Board shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

Section 3.8. Conduct of Meetings. The President shall preside over all meetings of the Association and the Secretary shall keep the minutes of the meetings and record all resolutions adopted at the meetings and proceedings occurring at such meetings. The President may appoint a parliamentarian at any meeting of the Association. The President shall, in his sole discretion, determine the procedural manner in which each meeting shall be conducted and it shall not be according to *Robert's Rules of Order Newly Revised* unless that specific determination is made by the President at the beginning of the meeting.

ARTICLE 4

EXECUTIVE BOARD

Section 4.1. Number, Election of Directors, and Terms of Office of Directors.

(a) Declarant Controlled Executive Board. The initial directors of the Association, who shall serve as directors until their successors shall be elected and qualify, are set forth in the Articles of Incorporation of the Association. Subsequent to the initial directors, and for the period of time the Declarant controls the Executive Board, pursuant to the provisions of these Bylaws, the number of directors of the Association shall be three (3). Except as otherwise provided in subparagraph (b) of this Section, all of the directors shall be appointed by the Declarant. The Declarant shall appoint the aforementioned directors by written notice sent to the Secretary of the Association. The Executive Board of the Association shall be referred to herein from time to time as the "Executive Board."

(b) Election of Directors by Members During Period of Declarant Controlled Executive Board. Not later than sixty (60) days after the sale by the Declarant of at least twenty-five percent (25%) of the one hundred (100) Condominium Units to Owners other than the Declarant, at least one (1) member and not less than twenty-five (25%) of the members of the Executive Board shall be elected by Owners other than the Declarant. Not later than sixty (60) days after the sale by the Declarant of at least fifty percent (50%) of the one hundred (100) Condominium Units to Owners other than the Declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Owners other than the Declarant. No later than the

earlier of: (i) one hundred and twenty (120) days after the sale of at least seventy-five percent (75%) of the one hundred (100) Condominium Units to Owners other than the Declarant; (ii) two (2) years after all Declarants have ceased to offer Condominium Units for sale in the ordinary course of business; or (iii) two (2) years after the Development Right to add new Units was last exercised, the period of Declarant control over the Executive Board shall terminate and the Declarant shall have no right to appoint any directors to the Executive Board pursuant to the provisions of subparagraph (a) above. After the period of Declarant control over the Executive Board has terminated pursuant to the foregoing, (i) the number of directors of the Association shall be not less than three (3) and not more than five (5), as from time to time may be fixed or changed within said minimum and maximum by the members or the Executive Board, and (ii) the entire Executive Board shall be elected, pursuant to the following sentence, by the members of the Association (including the Declarant as a member for any Condominium Units owned). Except as provided in subparagraph (a) of this Section and Section 4.4 hereof, the directors shall be elected at the annual meeting of members; those persons who receive the highest number of votes by the members entitled to vote in the election at a meeting at which a quorum is present shall be deemed to have been elected. All ties shall be broken by coin-toss.

(c) Terms of Directors. The directors shall be divided into three (3) classes, as nearly equal in number as may be, to serve in the first instance for terms of one (1) year, two (2) years, and three (3) years, respectively, and until their successors shall be elected and shall qualify, and thereafter the successors in each class of directors shall be elected to serve for terms of three (3) years and until their successors shall be elected and shall qualify. In the event of any increase in the number of directors, the additional directors shall be so classified such that all classes of directors shall be increased equally, as nearly as may be, and, in the event of any decrease in the number of directors, all classes of directors shall be decreased equally, as nearly as may be. Except as specifically provided above, each director shall hold office for a term of three (3) years or until such director's death, resignation, retirement, removal or disqualification. Despite the expiration of a director's term, the director continues to serve as such until the director's successor is elected and qualifies, or there is a decrease in the number of directors.

Section 4.2. Election Procedures and Qualifications.

(a) Nominations Committee. Nominations for election to the Executive Board of the directors not appointed by the Declarant may be made by a Nominations Committee. If appointed by the Executive Board, the Nominations Committee shall develop election procedures and administer such procedures as are approved by the Executive Board providing for election of directors by members at the annual meetings, and, where appropriate, at special meetings. If appointed, the Nominations Committee shall serve from the date of their appointment through the close of the annual meeting or, where appropriate, the special meeting, at which the election for members of the Executive Board is to be held.

(b) Nominations. Persons qualified to be directors, who are not appointed by the Declarant, may be nominated for election by the Nominations Committee and the names of such persons nominated shall be submitted in writing to the President of the Association and the Executive Board sixty (60) days before the meeting at which the election is to be held. The Nominations Committee may make as many nominations for election to the Executive Board as it shall in its discretion determine but in no event less than the number of vacancies or terms to be filled. Any written nominations presented by the Nominations Committee shall be accompanied by a statement signed by the nominees indicating the willingness of such nominees to serve as directors. Additional nominations may be made from the floor at the meeting at which the election is held for each vacancy on the Executive Board for which no more than one person has been nominated by the Nominations Committee. If no Nominations Committee is appointed, nominations for directors may be made by the Executive Board and/or may be made from the floor by any member at the meeting at which the election is held for any vacancy on the Executive Board. Any nominee must either be present at said meeting and consent to the nomination or have indicated in writing his or her willingness to serve as a director.

(c) Qualifications. No person shall be eligible for election by the members of the Association as a director unless such person is a Unit Owner or is the individual nominee of a Unit Owner which is other than an individual. No Owner or representative of such Owner shall be elected as a director or continue to serve as a director if such Owner is more than thirty (30) days delinquent in meeting any financial obligation owed to the Association, if such delinquency is not cured by the record date set pursuant to Section 3.7 hereof for such members' meeting in the case of an election of directors.

Section 4.3. Voting, Quorum, and Manner of Acting. Each director shall be entitled to one (1) vote on all matters that come before the Association. A majority of the directors in office immediately before a meeting begins shall constitute a quorum for the transaction of business at any meeting of the Executive Board. Unless a vote of greater percentage is required by the Association's Articles of Incorporation, these Bylaws, the North Carolina Nonprofit Corporation Act, or the Declaration, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Executive Board. A director who participates in a meeting by any means of communication by which all directors may simultaneously hear each other during the meeting shall be deemed present at a meeting for all purposes.

Section 4.4. Removal or Resignation of Directors and Filling of Vacancies.

(a) Any director not appointed by the Declarant may be removed from office at any time with or without cause by at least a sixty-seven (67%) vote of all members present and entitled to vote at any meeting of members at which a quorum is present. A director may not be removed by the members at a meeting unless the notice of the meeting states that the purpose, or one of the purposes, of the meeting is the removal of the director so removed. If any directors are so removed, new directors may be elected at the same meeting. In addition, any director not in attendance at three (3) consecutive regular meetings of the Executive Board shall be removed automatically. Any director appointed by the Declarant may be removed with or without cause by the Declarant by written notice of such removal to the Secretary of the Association.

(b) A vacancy in the Executive Board caused by a removal of a director by the members shall be filled by a vote of the members. A vacancy among the directors (not appointed by the Declarant) caused by any reason other than the removal of a director by the members shall be filled by the remaining directors at a meeting of the Executive Board held for such purpose promptly after the occurrence of such vacancy. If the directors remaining in office do not constitute a quorum of the Executive Board, the directors may fill the vacancy by the affirmative vote of a majority of the remaining directors, or by the sole remaining director, as the case may be. A vacancy of a directorship appointed by the Declarant shall be filled by the Declarant by written notice of such appointment to the Secretary of the Association. The term of a director elected to fill a vacancy in a directorship elected by members expires at the next election of directors by members, and the term of the director filling any other vacancy expires at the end of the unexpired term that such director is filling.

(c) A director may resign at any time by giving notice to the Executive Board, the President or the Secretary. Unless otherwise specified, such resignation shall take effect upon the receipt thereof and the acceptance of such resignation shall not be necessary to make it effective. A director shall be deemed conclusively to have resigned upon disposition by the Owner of the Unit which made such individual eligible to be a director or upon any other event of disqualification set forth in these Bylaws.

Section 4.5. Powers and Duties of the Executive Board. The business and affairs of the Association shall be managed and directed by the Executive Board. Except as provided below, the Executive Board shall have all of the powers and duties necessary for the administration of the affairs of the Association, including, but not by way of limitation, all powers as set forth in Article 3 of Chapter 55A of the North Carolina General Statutes (North Carolina Nonprofit Corporation Act) and Section 47C-3-102 of the North Carolina Condominium Act but may not do any such acts and things which are (a) required by the Declaration, the Bylaws, or the Articles to be exercised and done by the members, or (b) reserved in the Declaration to be done by the Declarant; provided, however, that all such powers, duties, acts, and things shall be exercised consistent with

the provisions of the Declaration, the Bylaws, and Articles of Incorporation. Notwithstanding any other provision of these Bylaws, neither the Association, the members, nor the Executive Board may take any action which affects the Declarant's rights as reserved in the Declaration or amend these Bylaws in any manner so as to affect Declarant's rights set forth in the Declaration or these Bylaws. The Executive Board may delegate to one of its members or to a Person employed for such purpose the authority to act on behalf of the Board on such matters relating to the duties of the managing agent (as defined in Section 5.2 hereof), if any, which may arise between the meetings of the Executive Board as the Executive Board deems appropriate. In addition to the duties imposed by any other provision of the Declaration or by any resolution of the Association that hereafter may be adopted, the Executive Board shall perform the following duties and take the following actions on behalf of the Association, subject to any voting rights or the members provide by the Declaration, these Bylaws, and the Articles, or by law:

(a) Provide goods and services to the members in accordance with the Declaration, and shall administer the operation and management of the Condominium pursuant to the Declaration.

(b) Designate, hire, dismiss and, where appropriate, compensate the personnel necessary to operate and manage the Condominium as provided in the Declaration, and provide goods and services to the Owners, as provided for in the Declaration, as well as purchase equipment, supplies, and materials to be used by such personnel in the performance of their duties.

(c) Collect the assessments specified in the Declaration, deposit the proceeds thereof in depositories designated by the Executive Board and use the proceeds to administer the operation and management of the Condominium to the extent the Association is so authorized by the Declaration.

(d) Adopt, amend and repeal any reasonable rules and regulations not inconsistent with the Declaration and these Bylaws.

(e) Open bank accounts on behalf of the Association and designate the signatories thereon.

(f) Enforce by legal means the provisions of the Association Documents as are in effect from time to time.

(g) Act with respect to all matters arising out of any eminent domain proceeding affecting the Common Elements and the Condominium.

(h) Notify the members of any litigation against the Association involving a claim in excess of ten percent (10%) of the amount of the annual budget.

(i) Obtain and carry insurance pursuant to the Declaration and

pay the premiums therefor and adjust and settle any claims thereunder.

(j) Pay the cost of all authorized goods and services rendered to the Association and not billed to Owners of individual Condominium Units or otherwise provided for in the Declaration.

(k) Acquire, hold and dispose of Condominium Units and mortgage the same without the prior approval of the Association if such expenditures and hypothecations are included in the budget.

(l) Suspend the right of any Owner or other user of a Condominium Unit, and the right of such Person's household, guests, employees, customers, tenants, agents and invitees to use the Condominium, pursuant to the hearing procedure provided in these Bylaws.

(m) In advance of each fiscal year, the Executive Board shall cause to be prepared and adopt a proposed budget in compliance with the Declaration. Within thirty (30) days after the adoption of any proposed budget for the Association, the Board shall provide a copy or summary of the budget to all Unit Owners, and shall set a date and give notice for a meeting of the Unit Owners to consider ratification of the budget. The date of the meeting of the Unit Owners to consider ratification of the budget shall be not less than fourteen (14) nor more than thirty (30) days after the mailing of the copy or summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at the meeting a majority of all of the Unit Owners of the Association reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Unit Owners shall be continued until such time as the Unit Owners ratify a subsequent budget proposed by the Board.

(n) Adopt an annual budget and make assessments (general or special) against the Owners to defray the Common Expenses of the Association pursuant to the Declaration, establish the means and methods of collecting such assessments from the Owners and establish the period of the installment payment, if any, of the assessments for Common Expenses.

(o) Borrow money on behalf of the Association when required for any valid purpose.

(p) Enter into contracts to carry out the business and activities of the Association.

(q) Grant easements, rights-of-ways or licenses over and through the Common Elements pursuant to N.C. Gen. Stat. §§ 47C-3-102(9).

(r) Accept the transfer of the Permit and all responsibilities under the Permit from the Developer, subject to the terms and conditions regarding such acceptance in the Declaration and the Articles; perform all responsibilities of the

Corporation set forth in the Declaration with regard to the Permit and, if applicable, the North Carolina Department of Environment and Natural Resources, Division of Water Quality.

Section 4.6. Meeting of Directors.

(a) Types of Meetings. The first (organizational) meeting of the Executive Board following an annual meeting of the Association shall be held within fifteen (15) days thereafter at such time and place as shall be determined by a majority of the directors to elect officers and establish the manner of operation of the Executive Board for the ensuing year. Regular meetings of the Executive Board may be held at such time and place as shall be determined from time to time by a majority of the directors; provided, however, such meetings shall be held at least quarterly during each fiscal year. Special meetings of the Executive Board may be called by the President, and shall be called by the President or Secretary upon the written request of at least two (2) directors. All meetings of the Executive Board shall be open to Owners as observers, except that the President or presiding officer may call the Executive Board into executive session on sensitive matters such as personnel, litigation strategy or hearings with respect to violations of the Declaration or Rules and Regulation. Any final action taken by the Executive Board in executive session shall be recorded in the minutes.

(b) Notice. Regular meetings of the Executive Board may be held without notice. The Chairperson, if any, the President, or any two (2) directors may call and call and give notice of a meeting of the Executive Board. The person or persons calling a special meeting of the Executive Board, at least two (2) days before the meeting, shall give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called. Any duly convened regular or special meeting may be adjourned by the directors to a later time without further notice.

(c) Waiver of Notice. Any director may waive notice of any meeting before or after the meeting. The waiver must be in writing, signed by the director entitled to the notice, and delivered to the Association for inclusion in the minutes or filing with the corporate records. The attendance by a director at, or the participation of a director in, a meeting shall constitute a waiver of any required notice of such meeting, unless the director, at the beginning of the meeting (or promptly upon the director's arrival thereat), objects to holding the meeting or to transacting any business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

(d) Conduct of Meetings. The President shall preside over meetings of the Executive Board and the Secretary shall keep the minutes of the meeting and record all resolutions adopted at the meetings and proceedings occurring at the meetings.

Section 4.7. Action by Directors Without Meeting. Action required or permitted to be taken at a meeting of the Executive Board may be taken without a meeting if the action is taken by all members of the Executive Board and evidenced by

one or more written consents signed by each director before or after such action, describing the action taken, and delivered to the Secretary of the Association for inclusion in the minutes or filing with the corporate records.

ARTICLE 5

MANAGING AGENT

Section 5.1. Compensation. The Executive Board may employ for the purpose of administering the Condominium a "managing agent" at a compensation to be established by the Executive Board. The managing agent shall be a bona fide business enterprise or individual which manages common interest communities. Otherwise, the managing agent may be a full-time employee of the Association who shall organize, staff, train and administer the in-house personnel solely to perform the managing agent duties set forth below. The Executive Board shall impose appropriate standards of performance upon the managing agent.

Section 5.2. Duties. The managing agent shall perform such duties and services as the Executive Board shall direct. Such duties and services may include, without limitation, the duties listed in Section 4.5(a), (b), (c), and (j). However, the Executive Board may not delegate to the managing agent the powers and duties set forth in Section 4.5(d), (e), (f), (g), (h), (i), (k), (l), (m), (n), (o), (p), (q) and (r). In addition and generally, the managing agent shall perform the obligations, duties and services relating to the management of the Condominium in compliance with the provisions of these Bylaws, the Association's Articles of Incorporation, and the Declaration.

ARTICLE 6

OFFICERS

Section 6.1. Designation and Duties of Officers. The principal officers of the Association shall be the President (who shall also serve as Chairman of the Executive Board), the Vice President, the Secretary and the Treasurer, all of whom shall be elected by the Executive Board. The Executive Board may also elect an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary. All officers shall be Unit Owners, officers of corporate Unit Owners, partners of partnership Unit Owners, or members of limited liability company Unit Owners and shall be members of the Executive Board. Each officer shall perform such duties as are normally associated with such office in parliamentary organizations, except to the extent, if any, inconsistent with the Declaration and these Bylaws, and shall perform such other duties as may be assigned to such office by resolution of the Executive Board. If any officer is unable for any reason to perform the duties of the office, the President (or the Executive Board if the President fails to do so) may appoint another qualified individual to act in such officer's stead on an interim basis.

Section 6.2. Election of Officers. The officers of the Association shall be

elected annually by the Executive Board at the organizational meeting of each new Executive Board and shall hold office at the pleasure of the Executive Board. Any officer may hold more than one position; provided, however, that the offices of President, Vice President and Secretary shall be held by three different individuals. Each officer shall hold office for a term one (1) year or until such officer's death, resignation, retirement, removal or disqualification, or until the election and qualification of such officer's successor.

Section 6.3. Removal and Resignation. Any officer or agent may be removed by the Executive Board at any time with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed. An officer may resign at any time by notifying the Association, orally or in writing, of such resignation. A resignation shall be effective upon receipt by the Association unless it specifies in writing a later effective date. In the event a resignation so specifies a later effective date, the Executive Board may fill the pending vacancy prior to such date; however, the successor to the resigning officer may not take office until the effective date. An officer's resignation does not affect the Association's contract rights, if any, with such officer.

Section 6.4. Vacancies. A vacancy in any office may be filled by appointment by the Executive Board. The individual appointed to fill a vacancy shall serve for the remainder of the term of the officer such individual replaces.

Section 6.5. President. The President shall be the principal executive officer of the Association and, subject to the control of the Executive Board, shall supervise and control the management of the Association in accordance with these Bylaws. The President, when present, shall preside at all meetings of members. The President, with any other proper officer, may sign any deeds, leases, mortgages, bonds, contracts or other instruments which lawfully may be executed on behalf of the Association, except where required or permitted by law otherwise to be signed and executed and except where the signing and execution thereof shall be delegated by the Executive Board to some other officer or agent. In addition, the President shall prepare, execute, certify, and record amendments to the Declaration on behalf of the Association. In general, the President shall perform all duties incident to the office of President and such other duties as from time to time may be assigned by the Executive Board.

Section 6.6. Vice President. In the absence of the President or in the event of the President's death, inability or refusal to act, the Vice Presidents in the order of their length of service as Vice Presidents, unless otherwise determined by the Executive Board, shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or by the Executive Board.

Section 6.7. Secretary. The Secretary shall: keep the minutes of all meetings of the Association and of the Executive Board; have charge of such books and

papers as the Executive Board may direct and as may be required by Article 16 of the North Carolina Nonprofit Corporation Act; give or cause to be given all notices required to be given by the Association; give each Owner notice of each assessment against such Owner's Unit as soon as practicable after assessment is made; provide for each Owner, upon request, a copy of the rules and regulations of the Association; maintain a register setting forth the place to which all notices to members and First Mortgagees hereunder shall be delivered; make it possible for any member to inspect and copy at reasonable times and by appointment the records of the Association in accordance with and as required by the North Carolina Nonprofit Corporation Act; and, in general, perform all the duties incident to the office of Secretary.

Section 6.8. Assistant Secretaries. In the absence of the Secretary or in the event of the Secretary's death, inability or refusal to act, the Assistant Secretaries in the order of their length of service as Assistant Secretaries, unless otherwise determined by the Executive Board, shall perform the duties of the Secretary, and when so acting shall have all the powers of and be subject to all the restrictions upon the Secretary. Assistant Secretaries shall perform such other duties as from time to time may be assigned by the Secretary, by the President, or by the Executive Board.

Section 6.9. Treasurer: The Treasurer shall have custody of all funds and securities belonging to the Association and shall receive, deposit or disburse the same under the direction of the Executive Board. The Treasurer shall maintain appropriate accounting records as may be required by law and, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the President or by the Executive Board.

Section 6.10. Assistant Treasurers. In the absence of the Treasurer or in the event of the Treasurer's death, inability or refusal to act, the Assistant Treasurers in the order of their length of service as Assistant Treasurers, unless otherwise determined by the Executive Board, shall perform the duties of the Treasurer, and when so acting shall have all the powers of and be subject to all the restrictions upon the Treasurer. Assistant Treasurers shall perform such other duties as from time to time may be assigned by the Treasurer, by the President, or by the Executive Board.

ARTICLE 7

COMMITTEES

Section 7.1. Nominations Committee. The Executive Board may establish a Nominations Committee as set forth in Section 4.2(a) of these Bylaws.

Section 7.2. Committees of the Executive Board. The Executive Board, by resolution of a majority of the number of directors in office, may designate two or more directors to constitute an Executive Committee and such other committees as the Executive Board shall deem advisable, each of which, to the extent authorized by the North Carolina Nonprofit Corporation Act and provided in such resolution, shall have

and may exercise all of the authority of the Executive Board in the management of the Association. Each committee member serves at the pleasure of the Executive Board. The provisions of these Bylaws governing meetings, action without meeting, notice and waiver of notice, and quorum and voting requirements of the Executive Board apply to any committees of the Executive Board established pursuant to this Section. The designation of any committee of the Executive Board and the delegation thereto of the Executive Board's authority shall not operate to relieve the Executive Board, or any member thereof, of any responsibility imposed upon him or her by law.

Section 7.3. Other Committees. Other committees not having and exercising the authority of the Executive Board in the management of the Association may be designated by resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Such committee shall have such duties and responsibilities as may be set forth in the resolution designating the committee. For committees set up under this Section 7.3 to which decision making authority is delegated by the Executive Board or in any Association Documents, the provisions of these Bylaws governing meetings, action without meeting, notice and waiver of notice, quorum and voting requirements of the Executive Board shall apply to any such committees. Further, such committees shall keep a written record of actions taken by such committees. It is provided, however, that the authority of any such committees shall not exceed the power granted to the Association in the Declaration.

ARTICLE 8

INDEMNIFICATION AND OTHER DIRECTOR AND OFFICER ISSUES

Section 8.1. Execution of Documents. Unless as may otherwise be provided in a resolution of the Executive Board, all agreements, contracts, deeds, leases, checks and other instruments of the Association for expenditures or obligations for Common Expenses and all checks drawn upon reserve accounts, shall be executed by any two (2) individuals designated by the Executive Board. Any officer of the Association may be designated by Executive Board resolution to sign a statement of Common Expenses on behalf of the Association.

Section 8.2. Indemnification. The Association shall indemnify, to the fullest extent permitted by law and this Article, any person who is or was a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding (and any appeal therein), whether civil, criminal, administrative, arbitral, or investigative and whether or not brought by or on behalf of the Association, by reason of the fact that such person is or was a director or officer of the Association, or is or was serving at the request of the Association as a director, officer, partner, trustee, employee, or agent of another corporation, partnership, joint venture, trust, or other enterprise or as a trustee or administrator under an employee benefit plan, or arising out of such party's activities in any of the foregoing capacities, against all liability and litigation expense, including reasonable attorneys' fees; PROVIDED, HOWEVER, THAT the Association shall not indemnify any such person against liability or expense incurred on account of

such person's activities which were at the time taken known or believed by such person to be clearly in conflict with the best interests of the Association or if such person received an improper personal benefit from such activities. The Association likewise shall indemnify any such person for all reasonable costs and expenses (including attorneys' fees) incurred by such person in connection with the enforcement of such person's right to indemnification granted herein.

The Association shall pay all expenses incurred by any claimant hereunder in defending a civil or criminal action, suit, or proceeding as set forth above in advance of the final disposition of such action, suit, or proceeding upon receipt of and undertaking by or on behalf of such claimant to repay such amount unless it ultimately shall be determined that such claimant is entitled to be indemnified by the Association against such expenses.

The Executive Board of the Association shall take all such action as may be necessary and appropriate to authorize the Association to pay the indemnification required by this Bylaw, including without limitation, (a) a determination by a majority vote of disinterested directors (i) that the activities giving rise to the liability or expense for which indemnification is requested were not, at the time taken, known or believed by the person requesting indemnification to be clearly in conflict with the best interests of the Association and (ii) that the person requesting indemnification did not receive an improper personal benefit from the activities giving rise to the liability or expense for which indemnification is requested, and (b) to the extent needed, giving notice to the members of the Association.

Any person who at any time after the adoption of this Bylaw serves or has served in any of the aforesaid capacities for or on behalf of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this Bylaw.

Section 8.3. Compensation of Directors and Officers. No salary or other compensation shall be paid by the Association to any director or officer of the Association for serving or acting as such, but this shall not preclude the payment of salary or other compensation for the performance by any person serving as a director or officer for services provided to the Association in a capacity other than that of director or officer nor shall it preclude the reimbursement of reasonable, ordinary and necessary expenses incurred in serving or acting as a director or officer.

ARTICLE 9

BOOKS AND RECORDS

Section 9.1. Maintenance of Books and Records and Financial Review.

The Association shall keep books and records as required by Article 16 of the North Carolina Nonprofit Corporation Act. The Association may cause to be adopted procedures for such level of financial review and compilation of the Association as the Executive Board may determine appropriate, which may include an audit or some lesser level of review. The cost of any such financial review shall be a Common Expense.

Section 9.2. Availability. The books and records of the Association shall be available for inspection by the members and their attorneys and accountants pursuant to the terms and conditions of Article 16 of the North Carolina Nonprofit Corporation Act and Article 3 of the North Carolina Condominium Act.

Section 9.3. Accounting Report. Within one hundred twenty (120) days after the end of each fiscal year, the Executive Board shall make available to members an itemized accounting of the Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Executive Board for such fiscal year, and showing the net amount over or short of the actual expenditures plus reserves.

In addition, the Executive Board, in its sole discretion, may authorize an audit of the Association or any other level of financial review of the books and records of the Association, and if authorized, such service shall be a Common Expense of the Association. In the event that a Unit Owner or Unit Owners request an audit of the Association and the Executive Board does not authorize an audit, an audit may be conducted and paid for by the requesting Unit Owner or Unit Owners.

Section 9.4. Fiscal Year. The fiscal year of the Association shall be fixed by the Executive Board.

Section 9.5. Seal. The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed "SEAL"; and such seal, in the form approved by the Executive Board, shall be adopted by the Board as the corporate seal of the Association.

ARTICLE 10

NOTICES

Except as specifically provided otherwise in the Declaration, these Bylaws, or the North Carolina Nonprofit Corporation Act, all notices, demands, bills, statements or other communications shall be in writing and shall be deemed to have been duly given if delivered personally, electronically, or sent by United States mail, postage prepaid, or if notification is of a default or lien, sent by registered or certified United States mail, return receipt requested, postage prepaid: (a) if to an Owner, at the physical or email address which the Owner shall designate in writing and file with the Secretary or, if not such address is designated, at the address of the Condominium Unit of such Unit Owner; and (b) if to the managing agent, at the principal office of the managing agent or at such other address as shall be designated by notice in writing to the Association. If a Condominium Unit is owned by more than one Person, each such Person who so designates an address in writing to the Secretary shall be entitled to receive all notices hereunder, otherwise the Person receiving the notice shall have the responsibility for notifying the other Persons comprising the Unit Owner.

ARTICLE 11

AMENDMENTS TO BYLAWS

Except as hereinafter provided, these Bylaws may be amended or repealed and new Bylaws may be altered, amended, or repealed at any time by the members and by the Executive Board pursuant to the applicable provisions of the North Carolina Nonprofit Corporation Act.

Notwithstanding the foregoing, as is set forth in Article 14 of the Articles of Incorporation and in this Article, any amendment to these Bylaws must be approved in writing by the Declarant and shall not be effective until Declarant gives such approval in writing. This requirement of written approval by the Declarant of any proposed changes to the Bylaws shall begin on the date of incorporation of the Association and shall end no later than the earlier of: (a) expiration of the Development Period; or (b) the date such right is relinquished by the Declarant by a signed document recorded in the Register of Deeds. The Declarant may terminate the rights authorized by this Article and Article 14 of the Articles of Incorporation prior to the termination date provided in the previous sentence by recording, and effective as of the date of recording, an instrument in the Office of the Register of Deeds terminating the approval rights set forth in this Article and Article 14 of the Articles of Incorporation.

ARTICLE 12

AMENDMENTS TO ARTICLES OF INCORPORATION

Except as hereinafter provided, the Articles of Incorporation may be

amended or restated at any time pursuant to the applicable provisions of the North Carolina Nonprofit Corporation Act.

Notwithstanding the foregoing, as is set forth in Article 14 of the Articles of Incorporation and in this Article, any amendment to the Articles of Incorporation must be approved in writing by the Declarant and shall not be effective until Declarant gives such approval in writing. This requirement of written approval by the Declarant of any proposed changes to the Articles of Incorporation shall begin on the date of incorporation of the Association and shall end no later than the earlier of: (a) expiration of the Development Period; or (b) the date such right is relinquished by the Declarant by a signed document recorded in the Register of Deeds. The Declarant may terminate the rights authorized by this Article and Article 14 of the Articles of Incorporation prior to the termination date provided in the previous sentence by recording, and effective as of the date of recording, an instrument in the Office of the Register of Deeds terminating the approval rights set forth in this Article and Article 14 of the Articles of Incorporation.

ARTICLE 13

PRIORITY

In the event that any of the provisions of these Bylaws conflict with the provisions of the North Carolina Nonprofit Corporation Act, the provisions of the North Carolina Nonprofit Corporation Act shall control. In the event of any inconsistency between the Bylaws and the Declaration, the Declaration shall control; in the event of any inconsistency between the Bylaws and the Articles of Incorporation, the Articles shall control; and in the event of any inconsistency between the Articles and the Declaration the Declaration shall control.

WLM\MAIN\137567\1

The Executive Board of the Corporation hereby certifies that the foregoing Bylaws of the Corporation were duly approved and adopted at the organizational meeting of the Executive Board.

IN WITNESS WHEREOF, the undersigned have executed this certificate as of the _____ day of _____, 2007.

Stanley Friedman, Director

Alma Friedman, Director

Michael Overton, Director



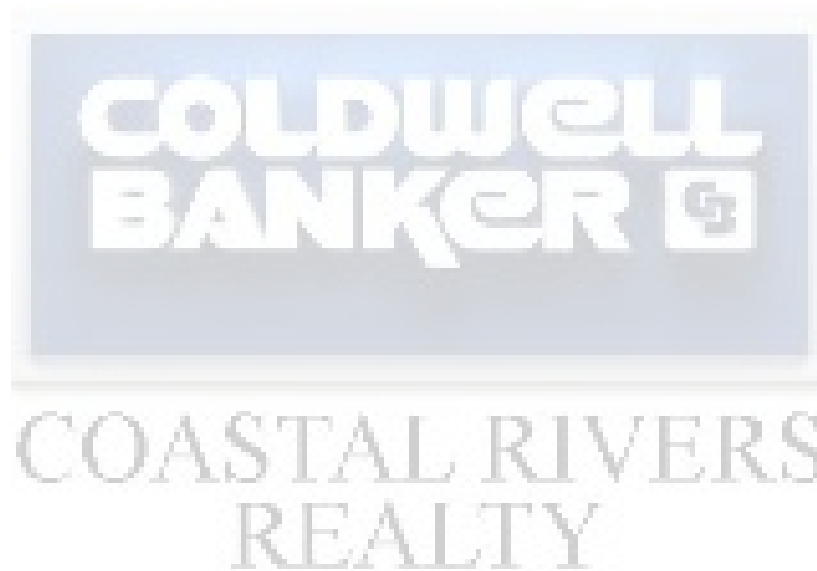
EXHIBIT "C"
(Projected Budget)

[Attached]



**PROPOSED PUBLIC OFFERING STATEMENT BUDGET
MOSS LANDING CONDOMINIUM**

September 26, 2007



PROFESSIONAL ASSOCIATION SERVICES, INC.
1956 PINEY WOODS LANE
VIRGINIA BEACH, VIRGINIA 23456

**MOSS LANDING CONDOMINIUM
PUBLIC OFFERING STATEMENT BUDGET**

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**MOSS LANDING CONDOMINIUM
PUBLIC OFFERING STATEMENT BUDGET**

INTRODUCTION

Professional Association Services, Inc., (PASI) prepared these financial projections as of October 16, 2006, for the Moss Landing Condominium, located in Washington, North Carolina. The Budget projections that follow are projected on the accrual basis, which recognizes income earned and expenses when incurred.

Moss Landing Condominium, a multifamily condominium community developed by Moss Landing One, L.L.C., a North Carolina Limited Liability Corporation, the Declarant. The Declarant provided all information included in the Budget. The insurance pricing is based on the best current information; however, it is subject to change due to the volatile nature of coastal property insurance rates.

The account number given for a particular item in the narrative text following the various projections is keyed to the standard chart of accounts for condominiums and homeowners associations, found in Financial Management For Condominiums and Homeowners Associations, published by the Community Associations Institute.

The Consolidated First Fiscal Year Budget projections are based on 12 months of operation as a Condominium in order to comply with the regulations of the state of North Carolina. When this Budget was prepared, plans for the project projected that settlements began in January 2008. This would result in a 12-month fiscal year, since the fiscal year is assumed to begin on January 1st and end on December 31st.

The budget anticipates that there will be less than all 86 units completed in the first full calendar year and thus the actual budget will differ from the projected budget. In addition, the Declarant has reserved the right to add 14 additional units for a total of 100 units. These units' size and type have not been decided or if they will be added to the condominium. Once these factors are determined any necessary changes to the budget will be made to reflect the new circumstances.

**MOSS LANDING CONDOMINIUM
CONSOLIDATED FIRST FISCAL YEAR BUDGET PROJECTIONS**

The following budget projects the income and expenses of the condominium for the first full year of its operation. The assumption was made that the owners of all units recorded at any given time would be paying assessments, although not all units would be occupied for the entire period.

The assumption was made that settlements would begin in January 2008 and continue through August 2009 at a rate of 3 units per month. The foregoing assumptions are not intended to forecast accurately the rate of sales in the Moss Landing Condominium.

NUMBER OF UNITS		86		
		PER UNIT	MONTH	ANNUAL
INCOME:				
40000	AVERAGE ASSESSMENT RATE PER MONTH	\$342.00		
41100	ACCRUED RESIDENTIAL ASSESSMENT		\$23,529.32	\$282,351.86
41200	ACCRUED DECLARANT ASSESSMENTS		\$5,882.33	\$70,587.97
TOTAL ASSESSMENT INCOME			\$29,411.65	\$352,939.83
OTHER INCOME				
41500	INTEREST		\$5.00	\$60.00
44150	OTHER INCOME		\$10.00	\$120.00
TOTAL OTHER INCOME			\$15.00	\$180.00
TOTAL INCOME			\$29,426.65	\$353,119.83
EXPENSES:				
ADMINISTRATIVE				
52010	OFFICE EXPENSE	\$0.50	\$43.00	\$516.00
52300	MANAGEMENT FEES	\$20.00	\$1,720.00	\$20,640.00
52400	AUDIT FEE	\$1.00	\$86.00	\$1,032.00
52500	LEGAL FEES	\$1.00	\$86.00	\$1,032.00
TOTAL ADMINISTRATIVE COSTS			\$22.50	\$1,935.00
LAND & BUILDINGS				
OPERATIONS				
62150	COMMON ELECTRICITY	\$19.00	\$1,634.00	\$19,608.00
62160	COMMON WATER AND SEWER	\$2.59	\$222.74	\$2,672.88
62200	LANDSCAPING MAINTENANCE	\$35.00	\$3,010.00	\$36,120.00
62210	TRASH REMOVAL	\$8.00	\$688.00	\$8,256.00
62220	GENERAL REPAIR & MAINTENANCE	\$10.00	\$860.00	\$10,320.00
62750	PROPERTY INSURANCE	\$160.00	\$13,760.00	\$165,120.00
TOTAL OPERATIONS EXPENSE			\$234.59	\$242,096.88
COMMON REPAIR & REPLACEMENT RESERVE				

65810	ROOFS - ASPHALT	\$7.86	\$675.69	\$8,108.33
65820	STREETS	\$6.98	\$600.00	\$7,200.00
65830	HARDY PLANK SIDING	\$6.48	\$556.98	\$6,683.75
65840	CURB & GUTTER	\$0.07	\$6.40	\$76.80
65850	SIDEWALK	\$0.06	\$5.13	\$61.60
65860	STREET LIGHTS	\$0.14	\$12.00	\$144.00
65870	CONCRETE	\$1.74	\$149.33	\$1,792.00
65880	GAZEBO	\$1.21	\$104.17	\$1,250.00
65890	FOUNTAIN	\$0.10	\$8.33	\$100.00
65900	BOARDWALK	\$10.47	\$900.00	\$10,800.00
65910	POOL	\$10.34	\$888.89	\$10,666.67
65920	POOL EQUIPMENT	\$0.16	\$13.33	\$160.00
65930	POOL FURNITURE	\$0.24	\$20.83	\$250.00
65940	SIGNAGE	\$0.24	\$20.83	\$250.00
65950	SEWER PUMPS	\$3.88	\$333.33	\$4,000.00
TOTAL REPAIR & REPLACEMENT EXPENSE		\$49.94	\$4,295.26	\$51,543.15
COMMUNITY PROGRAMS				
81600	RECREATIONAL PROGRAMS	\$25.00	\$2,150.00	\$25,800.00
TOTAL COMMUNITY PROGRAMS EXPENSE		\$25.00	\$2,150.00	\$25,800.00
OPERATING RESERVE		\$9.96	\$856.65	\$10,279.80
TOTAL EXPENSE		\$342.00	\$29,411.65	\$352,939.83
NET INCOME				\$180.00
LIMITED COMMON EXPENSE - VILLAS				
90100	ELEVATOR MAINTENANCE	\$33.04	\$1,982.40	\$23,788.80
90200	HALLWAYS	\$10.00	\$600.00	\$7,200.00
90300	ELECTRICITY	\$23.00	\$1,380.00	\$16,560.00
91000	ELEVATOR RESERVE	\$3.10	\$186.05	\$2,232.56
81050	FIRE SYSTEM	\$5.00	\$300.00	\$3,600.00
91100	CARPET RESERVE	\$2.58	\$155.04	\$1,860.47
TOTAL LIMITED COMMON EXPENSE		\$76.72	\$4,603.49	\$55,241.82

**NOTES TO THE BUDGET
MOSS LANDING CONDOMINIUM**

INCOME:

GENERAL ASSESSMENTS:

40000 **Average Assessment Rate Per Month**

This is the amount the average unit would be assessed each month in order to meet the expenses shown.

41100 **Accrued Residential Assessments**

Projected amount of accrued assessment income attributable to settled residential units.

41200 **Accrued Declarant Assessments**

As owner of the units that have not been conveyed to their initial purchasers, the Declarant is assumed liable for the assessments on such unsold units. The projection of this income is based on the previously discussed settlement schedule.

OTHER INCOME:

41500 **Interest**

Estimate of interest income earned by the Association's cash accounts and reserve investments. Projected at an average 5 percent return on current funds, net of taxes.

44150 **Other Income**

Estimated income received from resale certificate and other misc. income.

OPERATING EXPENSES & RESERVES:

ADMINISTRATIVE:

52010 **Office Expense**

Projection for office expenses, based on assumed base cost of \$0.94 per recorded unit per month, as an estimate.

**NOTES TO THE BUDGET
MOSS LANDING CONDOMINIUM**

52300 Management Fees

Projection for management fees, based on assumed base cost of \$20.00 per recorded unit per month, as an estimate.

52400 Audit Fee

An annual audit of the Association and preparation of the Association's income tax returns is based on costs at similar communities.

52500 Legal Fees

An association of this size and complexity will require retained legal counsel. Additional services such as lien filings, can be recovered from the owners involved in delinquencies.

**LAND & BUILDINGS:
OPERATIONS:**

62150 Common Electricity

Provision for common electricity for entrance signage and street lighting based on experience in similar communities

62160 Common Water and Sewer

Provision for common water and sewer based on experience in similar communities

62200 Landscaping Maintenance

Provision for supplies and materials to maintain all of the various landscaped common areas, based cost per acre and experience in similar communities.

62210 Trash Removal

Provision for contract trash removal, based on costs and experience in similar communities.

62220 General Repair & Maintenance

Provision for general repair and maintenance to the common elements. This would include all minor repairs to all common elements, such as lights, buildings, etc. Major repairs would be funded through the repair and replacement reserves compiled by the Association.

**NOTES TO THE BUDGET
MOSS LANDING CONDOMINIUM**

62750 Property Insurance

Projected cost of "All-risk" property insurance for the property of the Association and the common elements, and liability coverage of the Association. The coverage includes, fire, wind, hurricane and flood Provision is an estimate based on similar communities. It does not include personal property for owners.

COMMON REPAIR & REPLACEMENT RESERVES:

NOTE: All repair and replacement reserves are based on the Table of Reserves, later in this report.

65810 Roofs - Asphalt Shingles

Annual proration to the repair and replacement reserves for the asphalt roofing shingles coating. See the Table of Reserves.

65820 Streets & Parking

Annual proration to the repair and replacement reserves for the streets. See the Table of Reserves

65830 Cementitious Board Siding

Annual proration to the repair and replacement reserves for the cementitious board plank siding. See the Table of Reserves.

65840 Concrete Curb and Gutter

Annual proration to the repair and replacement reserves for the concrete curb and gutter. See the Table of Reserves.

65850 Sidewalk

Annual proration to the repair and replacement reserves for the concrete and brick masonry sidewalk. See the Table of Reserves.

65860 Street Lights

Annual proration to the repair and replacement reserves for the street lights. See the Table of Reserves.

**NOTES TO THE BUDGET
MOSS LANDING CONDOMINIUM**

65870 Concrete

Annual proration to the repair and replacement reserves for the concrete parking areas. See the Table of Reserves.

65880 Gazebo

Annual proration to the repair and replacement reserves for the gazebo. See the Table of Reserves.

65890 Fountain

Annual proration to the repair and replacement reserves for the fountain. See the Table of Reserves.

65900 Boardwalk

Annual proration to the repair and replacement reserves for the boardwalk crossing the wetlands owned by the association. It does not, nor is it intend to include the City of Washington boardwalk along the shoreline. See the Table of Reserves.

65900 Pool

Annual proration to the repair and replacement reserves for the pool liner. See the Table of Reserves.

65900 Pool Equipment

Annual proration to the repair and replacement reserves for the pool equipment. See the Table of Reserves.

65900 Pool Furniture

Annual proration to the repair and replacement reserves for the pool furniture. See the Table of Reserves.

65900 Signage

Annual proration to the repair and replacement reserves for the entrance and traffic signage. See the Table of Reserves.

**NOTES TO THE BUDGET
MOSS LANDING CONDOMINIUM**

65950 Sewer Pumps

Annual proration to the repair and replacement reserves for the sewer pumps. See the Table of Reserves.

COMMUNITY PROGRAMS

81600 Recreational Programs

Annual proration for recreational programs.

GENERAL OPERATING RESERVE:

Projected at 3.00 percent of total expenses, for use in emergencies or for unexpected situations.

LIMITED COMMON EXPENSE -VILLAS

These items are those that are exclusive to the Villa units at Moss Landing as they are unique to these buildings.

90100 Elevator Maintenance

Provision for limited common elevators based on experience in similar communities

90200 Hallways

Provision for limited common electricity for hallways and elevators based on experience in similar communities

90300 Limited Common Electricity

Provision for limited common electricity for elevators and hallways based on experience in similar communities

91000 Elevator Reserve

Annual proration to the limited common repair and replacement reserves for the elevators. See the Table of Reserves.

91100 Fire System

Provision for limited common fire systems based on experience in similar communities.

**NOTES TO THE BUDGET
MOSS LANDING CONDOMINIUM**

91100 **Carpet Reserve**

Annual proration to the repair and replacement reserves for the hallway carpets. See the Table of Reserves.



**MULTI-YEAR FEASIBILITY BUDGET PROJECTIONS
MOSS LANDING CONDOMINIUM**

The following budget model projects the anticipated income and expenses of the homeowners association of the Condominium over the first five years of operation.

The multi-year budget projections are offered as a planning tool for the leadership of the Condominium. As operating experience is gained, it is anticipated that the multi-year budget model will be updated.

Inflation is added to all expenses at a cumulative rate of four percent (4%) per year, based on current CPI figures, less housing and food

NUMBER OF UNITS		86				
		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INCOME:						
40000	AVERAGE ASSESSMENT RATE/MO ACCRUED RESIDENTIAL	\$342.00	\$355.68	\$369.90	\$384.70	\$400.09
41100	ASSESSMENT ACCRUED DECLARANT	\$282,351.86	\$367,057.42	\$381,739.72	\$397,009.31	\$412,889.68
41200	ASSESSMENT	\$70,587.97	\$0.00	\$0.00	\$0.00	\$0.00
TOTAL ASSESSMENT INCOME		\$352,939.83	\$367,057.42	\$381,739.72	\$397,009.31	\$412,889.68
OTHER INCOME						
41500	INTEREST	\$60.00	\$62.40	\$64.90	\$67.49	\$70.19
44150	OTHER INCOME	\$120.00	\$124.80	\$129.79	\$134.98	\$140.38
TOTAL OTHER INCOME		\$180.00	\$187.20	\$194.69	\$202.48	\$210.57
TOTAL INCOME		\$353,119.83	\$367,244.62	\$381,934.41	\$397,211.79	\$413,100.26
EXPENSES:						
ADMINISTRATIVE						
52010	OFFICE EXPENSE	\$516.00	\$536.64	\$558.11	\$580.43	\$603.65
52300	MANAGEMENT FEES	\$20,640.00	\$21,465.60	\$22,324.22	\$23,217.19	\$24,145.88
52400	AUDIT FEE	\$1,032.00	\$1,073.28	\$1,116.21	\$1,160.86	\$1,207.29
52500	LEGAL FEES	\$1,032.00	\$1,073.28	\$1,116.21	\$1,160.86	\$1,207.29
TOTAL ADMINISTRATIVE COSTS		\$23,220.00	\$24,148.80	\$25,114.75	\$26,119.34	\$27,164.12
LAND & BUILDINGS						
OPERATIONS						
62150	COMMON ELECTRICITY	\$19,608.00	\$20,392.32	\$21,208.01	\$22,056.33	\$22,938.59
62160	WATER AND SEWER LANDSCAPING	\$2,672.88	\$2,779.80	\$2,890.99	\$3,006.63	\$3,126.89
62200	MAINTENANCE	\$36,120.00	\$37,564.80	\$39,067.39	\$40,630.09	\$42,255.29
62210	TRASH REMOVAL	\$8,256.00	\$8,586.24	\$8,929.69	\$9,286.88	\$9,658.35
62220	GENERAL REPAIR &	\$10,320.00	\$10,732.80	\$11,162.11	\$11,608.60	\$12,072.94

	MAINTENANCE					
	PROPERTY					
62750	INSURANCE	\$165,120.00	\$171,724.80	\$178,593.79	\$185,737.54	\$193,167.05
TOTAL OPERATIONS EXPENSE		\$242,096.88	\$251,780.76	\$261,851.99	\$272,326.06	\$283,219.11
COMMON REPAIR & REPLACEMENT RESERVE						
65810	ROOFS - ASPHALT	\$8,108.33	\$8,432.67	\$8,769.97	\$9,120.77	\$9,485.60
65820	STREETS	\$7,200.00	\$7,488.00	\$7,787.52	\$8,099.02	\$8,422.98
65830	HARDY PLANK SIDING	\$6,683.75	\$6,951.10	\$7,229.14	\$7,518.31	\$7,819.04
65840	CURB & GUTTER	\$76.80	\$79.87	\$83.07	\$86.39	\$89.85
65850	SIDEWALK	\$61.60	\$64.06	\$66.63	\$69.29	\$72.06
65860	STREET LIGHTS	\$144.00	\$149.76	\$155.75	\$161.98	\$168.46
65870	CONCRETE	\$1,792.00	\$1,863.68	\$1,938.23	\$2,015.76	\$2,096.39
65880	GAZEBO	\$1,250.00	\$1,300.00	\$1,352.00	\$1,406.08	\$1,462.32
65890	FOUNTAIN	\$100.00	\$104.00	\$108.16	\$112.49	\$116.99
65900	BOARDWALK	\$10,800.00	\$11,232.00	\$11,681.28	\$12,148.53	\$12,634.47
65910	POOL	\$10,666.67	\$11,093.33	\$11,537.07	\$11,998.55	\$12,478.49
65920	POOL EQUIPMENT	\$160.00	\$166.40	\$173.06	\$179.98	\$187.18
65930	POOL FURNITURE	\$250.00	\$260.00	\$270.40	\$281.22	\$292.46
65940	SIGNAGE	\$250.00	\$260.00	\$270.40	\$281.22	\$292.46
65950	SEWER PUMPS	\$4,000.00	\$4,160.00	\$4,326.40	\$4,499.46	\$4,679.43
TOTAL REPAIR & REPLACEMENT EXPENSE		\$47,543.15	\$49,444.88	\$51,422.67	\$53,479.58	\$55,618.76
COMMUNITY PROGRAMS						
	RECREATIONAL					
81600	PROGRAMS	\$25,800.00	\$26,832.00	\$27,905.28	\$29,021.49	\$30,182.35
TOTAL COMMUNITY PROGRAMS EXPENSE		\$25,800.00	\$26,832.00	\$27,905.28	\$29,021.49	\$30,182.35
OPERATING RESERVE		\$10,279.80	\$10,690.99	\$11,118.63	\$11,563.38	\$12,025.91
TOTAL EXPENSE		\$352,939.83	\$362,897.42	\$377,413.32	\$392,509.85	\$408,210.25
NET INCOME		\$180.00	\$4,347.20	\$4,521.09	\$4,701.93	\$4,890.01
LIMITED COMMON EXPENSE - VILLAS						
	ELEVATOR					
90100	MAINTENANCE	\$23,788.80	\$24,740.35	\$25,729.97	\$26,759.16	\$27,829.53
90200	HALLWAYS	\$7,200.00	\$7,488.00	\$7,787.52	\$8,099.02	\$8,422.98
90300	ELECTRICITY	\$16,560.00	\$17,222.40	\$17,911.30	\$18,627.75	\$19,372.86
91000	ELEVATOR RESERVE	\$2,232.56	\$2,321.86	\$2,414.73	\$2,511.32	\$2,611.78
91050	FIRE SYSTEM	\$3,600.00	\$3,744.00	\$3,893.76	\$4,049.51	\$4,211.49
91100	CARPET RESERVE	\$1,860.47	\$1,934.88	\$2,012.28	\$2,092.77	\$2,176.48
TOTAL LIMITED COMMON EXPENSE		\$55,241.82	\$57,451.50	\$59,749.56	\$62,139.54	\$64,625.12

**INITIAL PHASE BUDGET PROJECTIONS
MOSSLANDING CONDOMINIUM**

The following projections indicate the income and expenses projected for the first initial marketing phase of the Condominium, assuming future phases will be added. As a result some expenses are proportionally shown for this phase and do not reflect the total cost of the item. Present plans for the Declarant are to complete the Condominium in accordance with the settlement schedule previously discussed.

NUMBER OF UNITS		21		
		PER UNIT	MONTH	ANNUAL
INCOME:				
	AVERAGE ASSESSMENT RATE PER			
40000	MONTH	\$342.00		
41100	ACCRUED RESIDENTIAL ASSESSMENT		\$5,745.53	\$68,946.39
41200	ACCRUED DECLARANT ASSESSMENTS		\$1,436.38	\$17,236.60
TOTAL ASSESSMENT INCOME			\$7,181.92	\$86,182.98
OTHER INCOME				
41500	INTEREST		\$5.00	\$60.00
44150	OTHER INCOME		\$10.00	\$120.00
TOTAL OTHER INCOME			\$15.00	\$180.00
TOTAL INCOME			\$7,196.92	\$86,362.98
EXPENSES:				
ADMINISTRATIVE				
52010	OFFICE EXPENSE	\$0.50	\$10.50	\$126.00
52300	MANAGEMENT FEES	\$20.00	\$420.00	\$5,040.00
52400	AUDIT FEE	\$1.00	\$21.00	\$252.00
52500	LEGAL FEES	\$1.00	\$21.00	\$252.00
TOTAL ADMINISTRATIVE COSTS			\$472.50	\$5,670.00
LAND & BUILDINGS				
OPERATIONS				
62150	COMMON ELECTRICITY	\$19.00	\$399.00	\$4,788.00
62160	COMMON WATER AND SEWER	\$2.59	\$54.39	\$652.68
62200	LANDSCAPING MAINTENANCE	\$35.00	\$735.00	\$8,820.00
62210	TRASH REMOVAL	\$8.00	\$168.00	\$2,016.00
62220	GENERAL REPAIR & MAINTENANCE	\$10.00	\$210.00	\$2,520.00
62750	PROPERTY INSURANCE	\$160.00	\$3,360.00	\$40,320.00
TOTAL OPERATIONS EXPENSE			\$4,926.39	\$59,116.68
COMMON REPAIR & REPLACEMENT RESERVE				
65810	ROOFS - ASPHALT	\$7.86	\$165.00	\$1,979.94
65820	STREETS	\$6.98	\$146.51	\$1,758.14

65830	HARDY PLANK SIDING	\$6.48	\$136.01	\$1,632.08
65840	CURB & GUTTER	\$0.07	\$1.56	\$18.75
65850	SIDEWALK	\$0.06	\$1.25	\$15.04
65860	STREET LIGHTS	\$0.14	\$2.93	\$35.16
65870	CONCRETE	\$1.74	\$36.47	\$437.58
65880	GAZEBO	\$1.21	\$25.44	\$305.23
65890	FOUNTAIN	\$0.10	\$2.03	\$24.42
65900	BOARDWALK	\$10.47	\$219.77	\$2,637.21
65910	POOL	\$10.34	\$217.05	\$2,604.65
65920	POOL EQUIPMENT	\$0.16	\$3.26	\$39.07
65930	POOL FURNITURE	\$0.24	\$5.09	\$61.05
65940	SIGNAGE	\$0.24	\$5.09	\$61.05
65950	SEWER PUMPS	\$3.88	\$81.40	\$976.74
TOTAL REPAIR & REPLACEMENT EXPENSE		\$49.94	\$1,048.84	\$12,586.12
COMMUNITY PROGRAMS				
81600	RECREATIONAL PROGRAMS	\$25.00	\$525.00	\$6,300.00
TOTAL COMMUNITY PROGRAMS EXPENSE		\$25.00	\$525.00	\$6,300.00
OPERATING RESERVE		\$9.96	\$209.18	\$2,510.18
TOTAL EXPENSE		\$342.00	\$7,181.92	\$86,182.98
NET INCOME				\$180.00
LIMITED COMMON EXPENSE - VILLAS				
90100	ELEVATOR MAINTENANCE	\$33.04	\$925.12	\$11,101.44
90200	HALLWAYS	\$10.00	\$280.00	\$3,360.00
90300	ELECTRICITY	\$23.00	\$644.00	\$7,728.00
91000	ELEVATOR RESERVE	\$3.10	\$86.82	\$1,041.86
81050	FIRE SYSTEM	\$5.00	\$140.00	\$1,680.00
91100	CARPET RESERVE	\$2.58	\$72.35	\$868.22
TOTAL LIMITED COMMON EXPENSE		\$76.72	\$2,148.29	\$25,779.52

**MONTHLY INSTALLMENTS ON ASSESSMENTS
MOSS LANDING CONDOMINIUM**

<u>Unit Type</u>	<u># of units</u>	<u>Monthly Installment of Condominium Assessment</u>
Class A (Residential)	86	\$ 342.00

The table above reflects the estimated initial monthly installment of the condominium assessment, based on an equal par value factor. The assessment is based on the common expenses projected for the first full year of operation as a Condominium, less income from sources other than Condominium assessments.

<u>Unit Type</u>	<u># of units</u>	<u>Assessment</u>
Class A (Residential) LCE	58	\$ 76.72

The table above reflects the estimated initial monthly installment of the Limited Common Element condominium assessment for the Villa Units, based on an equal par value factor. The assessment is based on the common expenses projected for the first full year of operation as a Condominium, less income from sources other than Condominium assessments.

COLDWELL
COASTAL RIVERS
REALTY

**TABLE OF REPAIR & REPLACEMENT RESERVES
MOSS LANDING CONDOMINIUM**

The following table represents the repair and replacement reserves requirements for the Association. The requirements are based upon the professional engineering reports prepared for the project, site inspections, physical measurements from plans and architectural drawings, data and judgments by PASI based on similar communities or features, and industry publications.

Column 1 is the name or description of the item. Column 2 represents where applicable, the physical amount of each item contained in the community. Such figures may be approximate. Column 3 is the estimated remaining life, in years, for the item. Column 4 is the total replacement cost in current dollars for the items. Column 5 is the annual proration to reserves for the item, at completion. Column 6 is the initial annual proration to reserves.

The Declarant, in developing the Table of Reserves, used criteria based on two areas: Frequency of replacement and cost of replacement.

Items with less than three years of remaining useful life are not included in the Table of Reserves. Such items will be dealt with in the course of the Association's normal maintenance operations. Such maintenance items are not felt to create an unreasonable burden for the Association.

Costs were further evaluated on the basis of whether an item was a major component of the common elements (to be treated as a system or an item in and of itself), or if the item was a sub-component of a major component of the common elements.

Major components, in general, are included in the Table of Reserves if the replacement cost is determined to be greater than or equal to \$5000 or the annual proration of the replacement cost (based on estimated useful life) is greater than or equal to \$1000.

Subcomponents, in general, are included in the Table of Reserve if the total replacement cost is greater than or equal to \$1500 or the annual set-aside for reserves is greater than or equal to \$300.

**TABLE OF REPAIR & REPLACEMENT RESERVES
MOSS LANDING CONDOMINIUM**

ACCOUNT	ITEM	QUANTITY	UNIT COST	REMAINING LIFE	REPLACE. COST	ANNUAL COST	PER UNIT/MO COST
65810	ROOFS - ASPHALT	139000 SQ FT	\$1.75	30	\$243,250	\$8,108	\$7.86
65820	STREETS	9000 SQ YD	\$20.00	25	\$180,000	\$7,200	\$6.98
65830	HARDY PLANK SIDING	267350 SQ FT	\$2.50	100	\$668,375	\$6,684	\$6.48
65840	CURB & GUTTER	6400 LN FT	\$6.00	50	\$3,840	\$77	\$0.07
65850	SIDEWALK	8800 SQ FT	\$3.50	50	\$3,080	\$62	\$0.06
65860	STREET LIGHTS	60 EA	\$1,200.00	50	\$7,200	\$144	\$0.14
65870	CONCRETE	11200 SQ YD	\$8.00	50	\$89,600	\$1,792	\$1.74
65880	GAZEBO	1 EA	\$25,000.00	20	\$25,000	\$1,250	\$1.21
65890	FOUNTAIN	1 EA	\$1,000.00	10	\$1,000	\$100	\$0.10
65900	BOARDWALK	4050 SQ FT	\$80.00	30	\$324,000	\$10,800	\$10.47
65910	POOL	4000 SQ FT	\$40.00	15	\$160,000	\$10,667	\$10.34
65920	POOL EQUIPMENT	2 EA	\$2,000.00	25	\$4,000	\$160	\$0.16
65930	POOL FURNITURE	50 EA	\$50.00	10	\$2,500	\$250	\$0.24
65940	SIGNAGE	1 EA	\$5,000.00	20	\$5,000	\$250	\$0.24
65950	SEWER PUMPS	2 EA	\$20,000.00	10	\$40,000	\$4,000	\$3.88
LCE RESERVES							
91000	ELEVATOR	8 EA	\$12,000.00	30	\$96,000	\$3,200	\$3.10
91100	CARPET	1600 SQ YD	\$25.00	15	\$40,000	\$2,667	\$2.58

COASTAL RIVERS
REALTY

EXHIBIT E

**SCHEDULE OF VOTING INTEREST
MOSS LANDING CONDOMINIUM**

PHASE I

Each unit owner shall have a 1/21 interest in the condominium

TOTAL COMMUNITY

Each unit owner shall have a 1/86 interest in the condominium

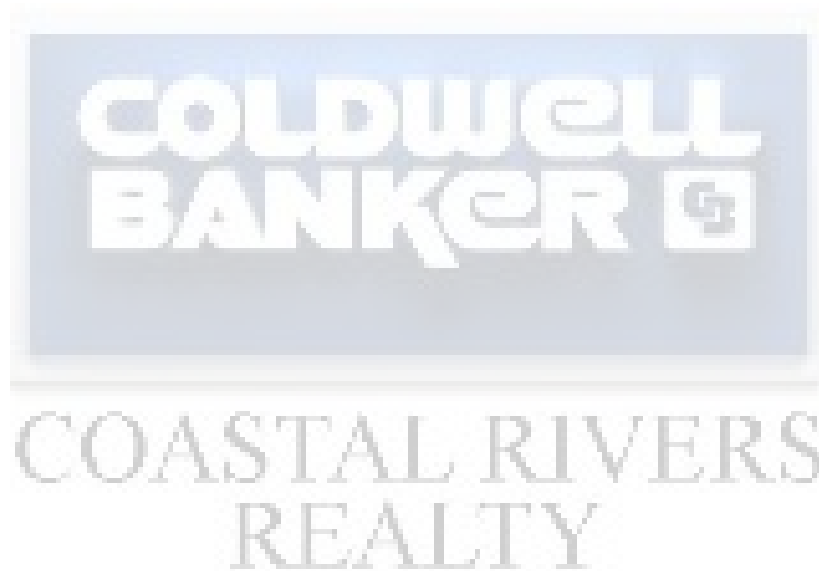


EXHIBIT F

**SCHEDULE OF ASSESSMENTS
MOSS LANDING CONDOMINIUM**

Townhouses Useable Areas	Total No. Units	LIVING AREA HSF	Total LIVING AREA HSF	%	Assessment Per Unit
T-A - Blount	6	1,996	11,976	1.1571%	\$340.34
T-B ext - Fletcher	7	2,260	15,820	1.3102%	\$385.35
T-B int - Havens	6	2,225	13,350	1.2899%	\$379.38
T-C - Meyers	7	2,365	16,555	1.3711%	\$403.25
Total/Avg Townes	26	8,243	57,701		

VILLA BUILDING & FLOOR PLANS	Number of Units	Per Unit Living Area MKT SF	Total Living Area MKT SF	%	Assessment Per Unit	LCE Assessment Per Unit
PHASE I						
Building 3 (Type 1) - Eureka						
V-A - Castle View	2	2,058	4,116	1.1931%	\$350.91	\$82.53
V-A - Tidewater	2	1,522	3,044	0.8824%	\$259.52	\$61.04
V-A - (Alt) River View	2	2,058	4,116	1.1931%	\$350.91	\$82.53
V-A - Penthouse_ Trestle View	1	3,236	3,236	1.8760%	\$551.77	\$129.77
Total/Avg	7	2,073	14,512			
Building 4 (Type 1) Moss						
V-A - Castle View	2	2,058	4,116	1.1931%	\$350.91	\$82.53
V-A - Tidewater	2	1,522	3,044	0.8824%	\$259.52	\$61.04
V-A - (Alt) River View	2	2,058	4,116	1.1931%	\$350.91	\$82.53
V-A - Penthouse_ Trestle View	1	3,236	3,236	1.8760%	\$551.77	\$129.77
Total/Avg	7	2,073	14,512			

VILLA BUILDING & FLOOR PLANS	Number of Units	Per Unit Living Area MKT SF	Total Living Area MKT SF	%	Assessment Per Unit	LCE Assessment Per Unit
PHASE II						
Building 1 (Type 3) Pamlico						
V-A-alt 3 River View	2	1,866	3,732	1.0818%	\$318.17	\$74.83
V-A-3 River View	2	1,829	3,658	1.0603%	\$311.86	\$73.35
V-B-1 Tidewater	2	1,529	3,058	0.8864%	\$260.71	\$61.32
V-PH-3b (North)	1	1,554	1,554	0.9009%	\$264.97	\$62.32
V-PH-3a (South)	1	1,829	1,829	1.0603%	\$311.86	\$73.35
Total/Avg	8	1,729	13,831			
Building 5 (Type 2) Short						
V-A_2 - Castle View				1.2574%	\$369.83	\$86.98

V-B_2 - Tidewater	2	2,169	4,338			
V-A-alt_2 - River View	2	1,531	3,062	0.8876%	\$261.05	\$61.40
V-Ph_2 - Trestle View	2	2,108	4,216	1.2221%	\$359.43	\$84.54
	1	3,606	3,606	2.0905%	\$614.86	\$144.61
Total	7	2,175	15,222			
Building 6 (Type 3)						
V-A-alt 3 River View						
V-A-3 River View	2	1,866	3,732	1.0818%	\$318.17	\$74.83
V-B-1 Tidewater	2	1,829	3,658	1.0603%	\$311.86	\$73.35
V-PH-3b	2	1,529	3,058	0.8864%	\$260.71	\$61.32
V-PH-3a	1	1,554	1,554	0.9009%	\$264.97	\$62.32
	1	1,829	1,829	1.0603%	\$311.86	\$73.35
Total/Avg	8	1,729	13,831			
Building 2 (Type 2) Kugler						
V-A_2 - Castle View						
V-B_2 - Tidewater	2	2,169	4,338	1.2574%	\$369.83	\$86.98
V-A-alt_2 - River View	2	1,531	3,062	0.8876%	\$261.05	\$61.40
V-Ph_2 - Trestle View	2	2,108	4,216	1.2221%	\$359.43	\$84.54
	1	3,606	3,606	2.0905%	\$614.86	\$144.61
Total/Avg	7	2,175	15,222			
Building 7 (Type 4)						
V-A-alt 3 River View						
V-A-3 River View	2	1,866	3,732	1.0818%	\$318.17	\$74.83
V-B-1 Tidewater	2	1,829	3,658	1.0603%	\$311.86	\$73.35
V-PH-3b	2	1,529	3,058	0.8864%	\$260.71	\$61.32
V-PH-3a	1	1,554	1,554	0.9009%	\$264.97	\$62.32
	1	1,829	1,829	1.0603%	\$311.86	\$73.35
Total	8	1,729	13,831			
Building 8 (Type 4)						
V-A-alt 3 River View						
V-A-3 River View	2	1,866	3,732	1.0818%	\$318.17	\$74.83
V-B-1 Tidewater	2	1,829	3,658	1.0603%	\$311.86	\$73.35
V-PH-3b	2	1,529	3,058	0.8864%	\$260.71	\$61.32
V-PH-3a	1	1,554	1,554	0.9009%	\$264.97	\$62.32
	1	1,829	1,829	1.0603%	\$311.86	\$73.35
Total/Avg	8	1,729	13,831			
Grand Total/Avg All Phases	86	23,654	172,493			

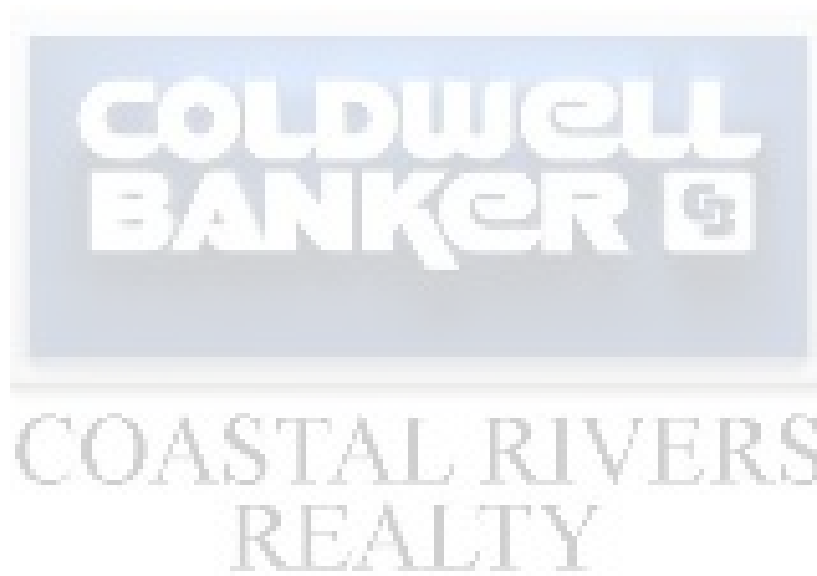
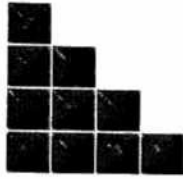


EXHIBIT "D"
(Description of Insurance Coverages)

[Attached]





Professional Association Services, Inc.

G. Robert Kirkland, PCAM, CMCA
1956 Piney Woods Lane
Virginia Beach VA 23456
Phone: [757] 430-3381
Fax [757] 463-1920
Email: robertk@cox.net

October 16, 2006

INSURANCE SUMMARY

INTRODUCTION

Condominiums developments are a continuing way of life. They are unlike a group of one family dwellings on separate lots and quite different from an apartment project because everyone is an owner.

With everyone being an owner the differences in personality will normally cause problems. Consequently it is imperative that the insurance protection for the community be carefully planned and adequately understood by the owners.

Most condominium Conditions, Covenants and Restrictions (CCR's) are relatively incomplete in spelling out what insurance the association will provide.

This guide should be helpful to individual owners in understanding their insurance needs.

Insurance people refer to hazards, perils and exposures. Whichever word is used is immaterial. What we are talking about is risk - the risk of loss. The clubhouse may burn down, a visitor may fall on the sidewalk, suffer serious injury and win a lawsuit against the association for \$100,000, a director may disappear with \$5000 of association funds, an owner may get a \$10,000 verdict against an association Officer for his misfeasance. The association, the directors, officers and owners -all of them have an exposure, a risk of loss.

In these pages we will discuss those exposures or risks and the kind and amount of insurance needed today to afford adequate protection.

Here are a few definitions that should be understood to start with:

CONDOMINIUM

The term condominium means the unit owner's property interest in a multi-unit building. In order that there be a true condominium ownership, the unit owner must have a fee-simple title to the unit he owns and an undivided interest in common with all other owners of the project in the land buildings etc., which are not deemed to be units by the condominium declarations. A key factor is that in a true Condominium the unit owner does not have fee simple title to the land under his unit.

UNIT - CONDOMINIUM

The term unit means the box of air to which the unit owner holds a fee-Simple title. The scope of this unit is defined in detail in the condominium statutes of the state and perhaps in the condominium declarations. A typical description would read the boundaries of the unit granted are the interior unfinished surfaces of the perimeter walls, floors, ceilings, windows, and floors thereof, and the unit includes both the portions of the building so described and the airspace so encompassed.

The following are not a part of the unit: bearing walls, columns, floors, roof, foundation, elevator equipment and shaft, central heating or air conditioning, flues, chutes, conduits, wires and other utility installations wherever located that serve more than one unit, except the outlets thereof when located within the unit.

COMMON AREAS - CONDOMINIUMS

The common areas are usually defined as the entire project except the units as defined. Common areas will refer to the land, basic building structures, lobbies, corridors, roofs etc. Also included will be parking and the storage areas and community facilities as may be provided in the declarations.

LIMITED COMMON AREAS

The Limited common areas are a part of the common areas, which are set aside for the exclusive use of one or more of the unit owners, but not for the use of all unit Owners. Examples of those for one owner would be an assigned parking stall, a patio area and a storage area outside the confines of the unit. An example of a Limited Common Area for the use of more than one unit owner would be a lobby or a laundry for the use of all the owners of one building where there are several buildings.

FIXTURES

This term is used to refer to everything attached to the structure and contained within the four perimeter walls, floor and ceiling (all unfinished), excepting utilities for the service of other units which may pass through the unit and any load bearing walls within the unit. Fixtures etc. includes, but is not limited to: Paint and all coverings, carpets and floor coverings, cabinets and built in appliances, non load bearing interior walls, doors and plumbing and electrical fixtures.

DECLARATIONS

This is the document that creates the condominium subdivision. Frequently it is called the Conditions Covenants and Restrictions, (CAR's). The Association insures all the units as their needs are identical.

DEDUCTIBLES

Policies insuring damages normally have a deductible and usually it is \$2500. If you are in a windstorm area where many buildings could be subject to a \$5000 or more deductible this may be objectionable. Some companies make the deductible applicable only per loss rather than per building and other companies will limit the aggregate or deductibles in any one occurrence to \$10,000.

LIABILITY PROTECTION

The basic condominium association package policy will insure the association and the individual owners for their liability for bodily injury or property damage. The protection for individual owners does not include the owner's liability arising within his unit. The amount of protection should normally be at least \$1,000,000 (see Umbrella protection)

PROPERTY PROTECTION

The master policy insures the property as it was constructed. This means that everything you bought in your mortgage is insured. Your personal belongings and additions are not insured.

PERSONAL PROTECTION

Every owner should obtain a H0-6 policy to cover his or her personal exposures. In addition and owner should ask for a sewer backup rider to cover drain or toilet back ups that are not normally covered. We also recommend that owners ask for a Special Assessment rider. This will provide additional liability and property insurance. If you have questions call your insurance agent or the associations agent.

DRAFT

EXHIBIT "E"
(Rules and Regulations)

[Attached]

DECLARATION OF
MOSS LANDING CONDOMINIUM

Moss Landing One, LLC
Developer and Declarant



THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA OR STATE OF NORTH CAROLINA. THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS.

Prepared by **WARD AND SMITH, P.A.**, 127 Racine Drive, Wilmington, NC 28403

HOMEOWNERS MANUAL

MOSS LANDING CONDOMINIUM ASSOCIATION

COASTAL RIVERS
REALTY

RULES AND REGULATIONS

STATEMENT OF POLICY AND INTEREST

Moss Landing Condominium is designed to be an exceptional community. Its developer; Moss Landing One is committed to respecting the beauty and significance of the site. Blended into the natural beauty of this site will be beautiful condominiums with excellent common areas.

The success of this community depends on compatibility of architecture, landscaping, and siting, which can only be achieved through careful planning and control.

This planning and control is to be carried out in a fair, consistent and reasonable manner, through rules and regulations and a uniform review procedure. The purpose will be to encourage community living, preserve and enhance property values and foster owner pride, and satisfaction with the entire Moss Landing Condominium community.

PURPOSE OF HANDBOOK

This Handbook was assembled to provide a clear method for review and approval of rules and regulations. It provides a plain English summary of the rules and regulations concerning the conduct of owners, residents, tenants and guests.

SUMMARY OF RULES AND REGULATIONS

1. No exterior antenna of any type except with the permission of the Association.
2. Pets must be leashed this includes cats and dogs.
3. No storage of any type on the common elements except in assigned areas.
4. Trash receptacles may not be stored in public view.
5. No signs except customary name and address signs.
6. Residents, guest and tenants are all subject to the rules and regulations.
7. No pets other than dogs or cats.
8. An owner failing to maintain his property may have the maintenance done by the association at the owners expense.
9. All owners are required to obtain a resale package from the Association upon contracting to sell their home.
10. No parking of commercial or recreational vehicles.
11. No repairs to vehicles other than of an emergency nature.
12. No storage of derelict or in operable vehicles.
13. All vehicles must have current city and state tags and inspection stickers.
14. No clotheslines.
15. Homes shall be used for residential use only.
16. Parking will be assigned with the remainder available on a first come basis.
17. Pool usage is on an unsupervised basis.
18. No landscaping of the common elements is permitted.
19. No hanging of laundry, towels from windows or balconies.
20. No gas or charcoal grills on balconies.
21. All window treatments must be white or neutral in color.
22. Local "pooper scooper" laws are applicable for all pets.

This summary is not intended to replace the Declaration, bylaws or resolutions of the Association. Every owner is responsible to for having and reviewing all such material.