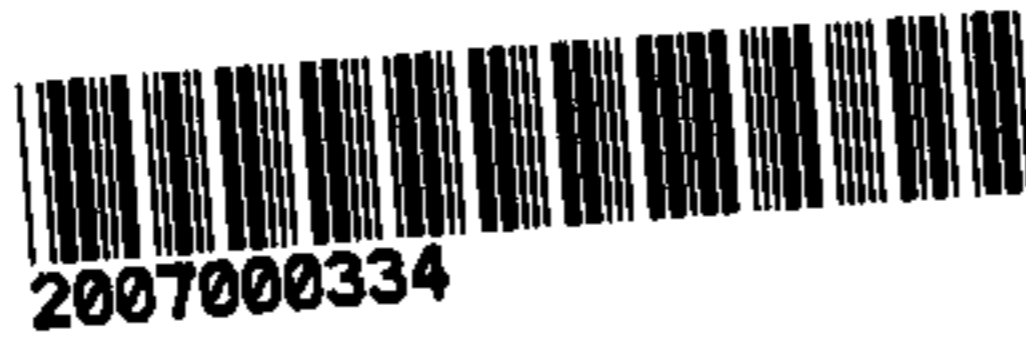


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FOR REGISTRATION REGISTER OF DEEDS
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NEW HANOVER COUNTY, NC
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INSTRUMENT # 2007000334

DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS OF
MAGNOLIA OFFICE PARK CONDOMINIUMS
AND
BYLAWS OF
MAGNOLIA OFFICE PARK PROPERTY OWNERS ASSOCIATION

THIS DECLARATION AND BYLAWS, made on the date hereinafter set forth by CAROLINA COAST DEVELOPERS, INC., A NORTH CAROLINA CORPORATION, the undersigned Declarant,

WITNESSETH:

WHEREAS, Declarant is the owner of certain property located in Wilmington, New Hanover County, North Carolina, and more particularly described as follows (herein "Property"):

See Attached Exhibit "A"

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

PART I

DEFINITIONS

Section 1: "Association" means MAGNOLIA OFFICE PARK PROPERTY OWNERS ASSOCIATION, its successors and assigns.

Section 2: "Bylaws" means the bylaws of the association.

Section 3: "Common Elements" means all portions of a condominium other than the units.

Section 4: "Condominium" means real estate, portions of which are designated for separate ownership and the remainder of which is designated for common ownership solely by the owners of those portions.

Section 5: "Declarant" means CAROLINA COAST DEVELOPERS, INC., its successors and assigns.

Section 6: "Declaration" means this Declaration of Covenants, Conditions and Restrictions.

Section 7: "Board" means the body designated in the declaration to act on behalf of the Association.

Section 8: "Limited Common Elements" means a portion of the common elements allocated by the declaration for the exclusive use of one or more but fewer than all of the units.

Section 9: "Member" means every person or entity who holds membership in the Association.

Section 10: "Owner" means the record owner, whether one or more persons or entities, of a fee simple title to any unit which is a part of the Property, together with an undivided interest in the common elements as hereinafter set forth, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 11: "Period of Declarant Control" means the period commencing on the date hereof and continuing until the earlier of (i) five (5) years after the date of the first conveyance of a unit to an owner other than a Declarant; (ii) 120 days after conveyance of seventy-five percent (75%) of the units (including any units which may be created pursuant to special Declarant rights) to a unit owner other than Declarant; (iii) two years after Declarant has ceased to offer units for sale in the ordinary course of business; (iv) two years after any development right to add new units was last exercised, or (v) the date upon which Declarant voluntarily surrenders control of the condominiums.

Section 12: "Plat" means the Condominium plat recorded at New Hanover County Register of Deeds in Unitownership Book 16 at Pages 304 through 306.

Section 13: "Unit" means a physical portion of the condominium designated for separate ownership or occupancy as shown on the plat in Section 12 above.

PART II
DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS

ARTICLE I
GENERAL

Section 1: Declarant hereby submits the Property to the provisions of G.S. 47-C. The Property will be administered in accordance with the provisions of 47-C, the declaration, and the bylaws.

Section 2: The name of the condominium shall be "MAGNOLIA OFFICE PARK CONDOMINIUMS".

Section 3: The Property is located in New Hanover County, North Carolina.

Section 4: The maximum number of units which Declarant reserves the right to create is TWELVE.

Section 5: Declarant does hereby establish within the Property twelve (12) units, and does hereby designate all such units for separate ownership. Reference is hereby made to the plat for a separate description of the boundaries of each unit, identified by number, said plat being by this reference incorporated herein.

Section 6: Each owner shall be a member of the Association. An owner shall be entitled to the number of votes equal to their proportional interest as shown in Exhibit "B" attached.

Section 7: There are no limited common elements with the exception of the parking space rights as provided in Article II, Section 3 and the limited common elements created under Article IV.

Section 8: Easements and licenses appurtenant to or included in the condominium are those recorded at the New Hanover County Registry. These recorded instruments grant to owners, as property owners in MAGNOLIA OFFICE PARK CONDOMINIUMS, nonexclusive easements in and to certain open spaces and private roads located within the real property known as "MAGNOLIA OFFICE PARK CONDOMINIUMS".

Section 9: Declarant reserves the following special Declarant rights for the entire Property, which shall be exercisable during the period of Declarant control:

- (a) To complete any and all improvements indicated on the plats and plans;
- (b) To construct and maintain any sales office, management office or model in any of the units or on any of the common elements shown on the plat;
- (c) To alter the size of any unit, combine or merge two or more units, and subdivide any unit;
- (d) To appoint and remove any board members during the period of Declarant control; provided, however, (i) that not later than 60 days after conveyance of thirty-three percent (33%) of the units to ownership other than a Declarant, at least one member of the members of the board shall be elected by owners other than the Declarant; and (ii) that not later than 60 days after conveyance of sixty percent (60%) of the units to ownership other than a Declarant, not less than two of the members of the board shall be elected by owners other than the Declarant.

Section 10: Additions to Property. Any additional real estate may be subjected to this Declaration by Declarant upon the filing of record of supplements to this Declaration ("Supplemental Declarations") describing same, and thereupon the operation and effect of this Declaration shall be extended to such additional property and such additional property shall thereafter be and become part of the Property. The Supplemental Declarations may contain such complementary additions and modifications of this Declaration pertaining to such additional property as may be necessary or convenient, in the sole judgment of Declarant, to reflect or accommodate the different character, if any, of the added property. Notwithstanding any term or provision herein to the contrary, Supplemental Declarations limited in scope and purpose as provided in this Section 10 may be executed and filed of record by Declarant without any requirement that other Owners approve or execute such Supplemental Declarations.

ARTICLE II

PROPERTY RIGHTS

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

Section 2: Every owner shall own an undivided interest in the common elements and shall have a right and easement of enjoyment in the common elements which shall be appurtenant to and shall pass with the title to every unit. The undivided interest of every unit owner in the common elements shall be proportionate to the total square footage of each unit as a percentage of the total square footage of the entire condominium: See attached "Exhibit B". The undivided interest in the common elements and the right and easement of enjoyment in such common elements are subject to the following:

- (a) the Association shall have the right to suspend the voting rights and right of use of any recreational facilities by an owner for any period during which any assessment against his

unit remains unpaid; and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(b) the Association shall have the right to adopt such rules and regulations as may be needed to regulate the use and enjoyment of the common elements;

(c) the special Declarant rights as set forth in Article I, Section 8.

(d) the Association shall have the right to dedicate or transfer, or encumber all or any part of the common elements subject to approval by the owners as provided in G.S. 47C-3-112.

Section 3: Every owner shall have a limited common element right to use the parking spaces located in the common parking area.

Section 4: Any owner may delegate his right of enjoyment to the common elements to its tenants.

ARTICLE III

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1: The Declarant, for each unit owned within the Property, and each owner by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, hereby covenants and agrees to pay the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The liability of each owner for the common expenses of the Association shall be proportionate to the each owners percentage of interest in the condominium: See attached "Exhibit B". Any assessment levied against a unit remaining unpaid for a period of thirty (30) days or longer shall constitute a lien on that unit when filed of record in the office of the Clerk of Superior Court of New Hanover County and shall accrue interest at a rate set by the Association not to exceed 18% per annum. The Association may bring an action at law against the owner, or foreclose the lien against the Property. Fees (including attorneys' fees), charges, late charges, fines, and interest are also enforceable as assessments.

Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person who was the owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessment shall not pass to his successors in title unless expressly assumed by them.

Section 2: The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage and ad valorem taxes. Sale or transfer of any unit shall not affect the

assessment lien. The sale or transfer of any unit pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, however, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such unit from liability for any assessments thereafter becoming due or from the lien thereof.

Section 3: The annual assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the owners and tenants and in particular for the acquisition, improvement, insuring and maintenance of the condominium, services and facilities devoted to this purpose, and for the use and enjoyment of the common elements.

The Association may also levy a special assessment payable in a manner as specified by the Association for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the common elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of a majority of the members.

Section 4: Until January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment shall be determined by the Board for each unit, prorated for the remainder of said year.

(a) From and after January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment may be increased effective January 1 of each year without a vote of the membership by up to five percent (5%) of the previous year's maximum annual assessment.

(b) From and after January 1 of the year immediately following the conveyance of the first unit to an owner, the maximum annual assessment for the next succeeding two (2) years may be increased above the increase permitted in Section 4(a), provided that any such assessment shall receive the affirmative vote of sixty percent (60%) of the of the ownership who are voting in person or by proxy, at a meeting duly called for this purpose. Written notice setting forth the purpose of such meeting shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. No quorum shall be required.

(c) The board may fix the annual assessment at an amount not in excess of the maximum.

Section 5: Both annual and special assessments must be fixed at a rate based on each units percentage of ownership, for all units and may be collected on a monthly basis.

Section 6: The annual assessments provided for herein shall commence at a date established by the Association. Once such annual assessments are established, written notice of the annual assessment shall be sent to every owner subject thereto. The due dates shall be established by the board.

ARTICLE IV

PARTY WALLS

Section 1: The walls and flooring connecting adjacent units are "party walls" and are situated on or about the boundary line separating such units.

Section 2: All finish flooring and any other materials constituting any part of the walls, floors, or ceilings are a part of the common elements, pursuant to G.S. 47C-2-102(1).

To the extent any duct, wire, conduit, or any other fixtures lies partially within and partially outside the designated boundaries of a unit, any portion thereof serving only that unit is a limited common element allocated exclusively to that unit, and any portion thereof serving more than one unit or any portion of the common elements is a part of the common elements, pursuant to G.S. 47C-2-102(2).

Any decks, porches, balconies, patios and all other exterior doors and windows or other fixtures designated to serve a single unit but located outside the unit's boundaries are limited common elements allocated exclusively to that unit, pursuant to G.S. 47C-2-102(4).

Section 3: Each wall which is built as a part of the original construction of a unit and placed on the dividing line between the units shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 4: The cost of reasonable repair and maintenance of a party wall shall be shared by the owners who make use of the wall in proportion to such use.

Section 5: Notwithstanding any other provisions of this Article, an owner who by his negligent or willful act causes a party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6: The right of any owner to contribution from any other owner under this Article shall be appurtenant to the land and shall pass to such owner's successors in title.

Section 7: If any owner desires to sell his unit, such owner may, in order to assure a prospective purchaser that no adjoining unit owner has a right of contribution as provided in this Article IV, request of the adjoining unit owner a certification that no right of contribution exists, whereupon it shall be the duty of the adjoining unit owner to make such certification immediately upon request and without charges; provided, however, that where the adjoining unit owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

Section 8: In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be settled by arbitration as provided by the laws of North Carolina as then existing.

ARTICLE V

EXTERIOR MAINTENANCE

Section 1: In addition to maintaining the common elements, the Association shall provide exterior maintenance for each unit, subject to assessment hereunder, including the performance of the following, as needed: Paint, repair, replace and care of roofs, exterior building surfaces, trees, shrubs, walks, and other exterior improvements. Such exterior maintenance shall include exterior glass surfaces.

Section 2: In the event that the need for maintenance, repair, or replacement is caused through the willful or negligent act of an owner, his family, guests, invitees, or tenants, the cost of such maintenance, replacement, or repairs shall be added to and become a part of the assessment to which such unit is subject.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1: No building, fence, wall, or other structure or improvement shall be commenced, erected or maintained upon the condominium, nor shall any exterior addition or change therein be made until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing.

The exterior color of a unit cannot be changed unless the color scheme of the entire condominium is similarly changed. Any such change requires the approval of sixty percent (60%) of the ownership at a duly called meeting at which a quorum is present.

Section 2: Limitation of Liability. Neither Declarant nor the partners, officers, directors, employees and/or agents of Declarant shall be liable in damages or otherwise to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with any submittal or resubmittal of Plans for review and approval under this Declaration. Without the prior written consent of Declarant, no Owner who submits or resubmits Plans may bring an action or suit against Declarant, or Declarant's partners, officers, directors, employees and/or agents to recover any such damages, and such parties hereby release, remise and quitclaim all claims, demands and causes of action for damages arising out of or in connection with any mistake of judgment, negligence or nonfeasance of Declarant or its or their partners, officers, directors, employees and/or agents relating to the review and approval, disapproval or failure to respond with respect to any Plans which are submitted or resubmitted under this Declaration; and such parties hereby waive all

rights and entitlements they may have under any provision or principle of law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given.

Section 3: No Liability for Design or Other Defects. The approval of any Plans under this Declaration by Declarant shall not impose any liability or responsibility whatsoever upon Declarant or its partners, officers, directors, employees and/or agents (i) with respect to the compliance or non-compliance of any such Plans, or any structures erected or installed in accordance therewith, with applicable zoning ordinances, building codes, signage ordinances, or other applicable governmental laws, ordinances or regulations or (ii) with respect to defects in or relating to the Plans, including, without limitation, defects relating to engineering matters, structural design matters and the quality or suitability of materials.

ARTICLE VII

INSURANCE

Section 1: The Board shall have the right and authority to obtain and maintain such insurance as the Board may from time to time reasonably deem advisable, provided that such insurance is of types and amounts reasonably customary for first class office parks in New Hanover County, North Carolina, including without limitation coverages of the types and kinds set forth below, in such amounts as the Board shall reasonably deem advisable:

(a) Fire and casualty insurance on all improvements and all fixtures on the Property, including the Buildings, Common Facilities and all personal property and supplies comprising a portion of the Common Facilities. All such policies shall provide that adjustment of loss shall be approved by the Board.

(b) Public liability insurance on the Property in such limits as the Board may, from time to time determine to be customary for projects similar in construction, location and use to MAGNOLIA OFFICE PARK, and customary for projects similar to MAGNOLIA OFFICE PARK, covering the Board, the managing agent, if any, and each Owner with respect to its liability arising out of the ownership, maintenance, or repair of the Common Facilities and out of the activities of the Board with respect to the Common Facilities.

(c) Fidelity coverage against dishonest acts on the part of all persons, whether officers, directors, trustees, employees, agents or independent contractors, responsible for handling funds, or the assessments, in an amount determined by Board in its discretion. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(d) Flood insurance on any Units or portions thereof which are determined to be within a flood zone according to the appropriate governmental entities.

(e) Such other insurance coverages, including flood insurance and worker's compensation, as Board shall determine from time to time to be desirable.

Premiums upon such insurance policies purchased by Executive committee shall be paid by Board and collected from the Owners as part of the assessments pursuant to Article III hereof.

Section 2. Owners.

(a) Public Liability Insurance. Each Owner shall maintain or cause to be maintained in full force and effect comprehensive public liability insurance with a financially responsible insurance company or companies licensed to do business in the State of North Carolina insuring against claims on account of loss of life, bodily injury, or property damage that may arise from, or be occasioned by, the condition, use or occupancy of such Owner's Unit; and such insurance shall provide for a limit of not less than One Million and No/100 Dollars (\$1,000,000.00) for personal or bodily injury or death to any one person, a limit of not less than One Million and No/100 Dollars (\$1,000,000.00) for personal or bodily injury or death to any number of persons arising out of any one occurrence, and a limit of not less than One Million and No/100 Dollars (\$1,000,000.00) in respect of any instance of property damage. Such insurance shall extend to the contractual obligation of the insured party arising out of the indemnification obligations set forth in this Declaration. Each Owner shall furnish to the Board, and to any other Owner requesting the same, evidence that the insurance described above is in full force and effect. All policies of insurance carried by any Owner pursuant hereto shall name The Property Owners Association as an additional insured, and shall provide that the same may not be canceled (including, without limitation, a non-renewal) or amended without at least thirty (30) days prior written notice being given by the insurer to the Board.

(b) Waiver of Subrogation. All such insurance shall include a waiver of subrogation by the insurer against the other Owners so long as the same is obtainable without extra cost. If extra cost shall be chargeable therefor, each party shall advise the other thereof and the amount of the extra cost; and the other party, at its election, may pay the same but shall not be obligated to do so. Each Owner hereby waives any rights of recovery against any other Owner, its directors, officers, members, employees, agents, and tenants for any damage or consequential loss which is covered by or would be covered by the policies required to be carried by such Owner hereunder, to the extent of the proceeds payable under such policies.

(c) Changes in Owner's Coverages. The Board shall have the right and authority from time to time as it may deem advisable, to amend the types of coverages and amounts required of the Owners hereunder; provided, however, that such coverages and amounts are reasonably customary for first class office parks in New Hanover County, North Carolina.

ARTICLE VIII

CASUALTY

Section 1: Definitions. For the purposes of this Article VII, the following terms shall have the following meanings: (i) "Casualty" shall mean damage to or destruction of the Buildings or any portion thereof by fire, hurricane or other casualty or sudden destructive event, or a taking of the use, occupancy or title of the Buildings or any portion thereof by an entity exercising the power of eminent domain in any actual or threatened action or proceeding pursuant to any law, general or special, and shall include any such taking made in settlement of any such threatened action or proceeding; (ii) the "Date of Casualty" shall mean the date on which the Casualty occurs; (iii) "Proceeds" shall mean the amounts recovered or awarded as compensation or damage on account of a Casualty, including insurance payments or condemnation awards, less the reasonable costs and expenses incurred in collecting such amount; (iv) "Major Casualty" shall mean a Casualty whereby the Buildings or any portion thereof are totally destroyed or taken, or are so substantially damaged or taken such that it would take more than 180 days from commencement of construction until completion to repair the Buildings or portions thereof to their state before such Date of Casualty; and (v) "Partial Casualty" shall mean a Casualty which is not a Major Casualty.

Section 2: Major Casualty. If a Major Casualty occurs in any Unit, the Board shall reconstruct, restore, and repair the damage inflicted by the Casualty unless the Condominium Association unanimously elect that the Board should not rebuild, with such election to occur within thirty (30) days after the Date of Casualty, following written notice to the Condominium Association members. If the Condominium Association elects to rebuild, the Condominium Association shall reconstruct, repair, and restore the Units in accordance with the Plans and Specifications, and all Proceeds payable with respect to the damaged or condemned Unit up to the amount needed for such reconstruction or repair (with the exception of Proceeds payable for the loss of personal property within each Unit) shall be paid to the Board. In the event the Condominium Association elects not to rebuild, or in the event excess Proceeds are available from reconstruction or repair, such Proceeds shall be distributed by the Board to the Condominium Association's Unit Owners according to the percentages set forth for assessments in the condominium declarations.

In the event of a restoration after a Major Casualty, the Owner of the damaged Unit shall reconstruct, restore or repair the interior of such Unit in accordance with the Plans and Specifications, to substantially the same condition as was contemplated upon its initial construction, subject to all approval rights of the Board as set forth herein. To the extent Proceeds are unavailable or insufficient to accomplish the reconstruction, restoration or repair of the Unit, then each Owner shall fund such shortfall with respect to such Owner's Unit.

Section 3: Partial Casualty. If a Partial Casualty occurs, then the Board shall reconstruct, restore or repair the damage in accordance with the Plans and Specifications, to substantially the same condition as was contemplated upon its initial construction, and the Proceeds payable with

respect to the insurance policies shall be used for such purpose. To the extent Proceeds are unavailable or insufficient to accomplish the reconstruction, restoration or repair, then each Owner shall fund such shortfall with respect to such Owner's Unit. Any excess Proceeds shall be distributed by the Board to the Condominium Association's Unit Owners according to the percentages set forth for assessments in the condominium declarations.

ARTICLE IX

USE RESTRICTIONS

Section 1: No unit shall be used except for office purposes.

Section 2: No noxious or offensive activity shall be conducted upon any unit nor shall anything be done thereon which may be or may become an annoyance or nuisance.

Section 3: No animals, livestock or poultry of any kind shall be kept or maintained on any unit except seeing eye dogs may be kept or maintained provided that they are not kept or maintained for commercial purposes.

Section 4: No outside radio or television antennas, including satellite dishes or receivers, shall be erected on any unit unless and until permission for the same has been granted by the board.

Section 5: No signs shall be permitted on or about the units except those approved by the executive committee.

Section 6: All window coverings will be one inch mini blinds which will be off-white on the surface visible from the building's exterior.

Section 7: Owners shall not park or store any, camper, trailer, trailer vehicle, or similar vehicle anywhere on the premises. No trucks shall be permitted except for standard 2-ton pickup trucks, or smaller sized truck.

ARTICLE X

EASEMENTS

Section 1: Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may obstruct or change the flow of drainage channels in the easements.

Section 2: All units and common elements shall be subject to easements for the

encroachment of improvements constructed on adjacent units by the Declarant to the extent that such improvements actually encroach, including, but not limited to, such items as overhanging eaves, stoops, misaligned common wall foundation footings and walls, provided such encroachment does not interfere with the reasonable use of the common elements or units so encroached upon.

Section 3: Declarant shall have a reasonable construction easement across the common elements for the purpose of constructing improvements on the units. Declarant shall also have such easements through the common elements as may be reasonably necessary for the purpose of discharging a Declarant's obligations or exercising special Declarant rights as provided herein.

Section 4: The Association shall have a right of entry upon the units and any limited common elements to effect emergency repairs, and a reasonable right of entry upon the units to effect other repairs, improvements, replacement or maintenance as necessary.

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

Section 6: All Owners and their employees, and guests shall have an easement for ingress and egress over all the common and limited common areas of the property.

ARTICLE XI

GENERAL PROVISIONS

Section 1: All powers granted in the declaration or the bylaws to the Association shall be exercisable by the board, except as expressly provided in the declaration, the bylaws, or G.S. 47-C.

Section 2: The Association may adopt and enforce reasonable rules and regulations not in conflict with the declaration and supplementary thereto, as more fully provided in the bylaws.

Section 3: The Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this declaration, the bylaws and articles of incorporation of the Association. Failure by the Association to enforce any covenant or restrictions therein shall in no event be deemed a waiver of the right to do so thereafter.

Upon notice to the Association of a violation hereunder and a failure of the Association to take action upon said violation within 90 days, any unit owner, or other holder of an interest in the condominium may undertake the enforcement of the provisions of the declaration at his own expense.

Section 4: Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 5: The covenants and restrictions of this declaration shall run with and bind the unit, for a term of twenty (20) years from the date this declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This declaration may be amended during the first 20-year period by an instrument signed by not less than sixty (60) percent of the unit ownership, and thereafter by an instrument signed by not less than sixty (60) percent of the ownership. Any amendment must be recorded.

Section 6: The fiscal year of the Association shall begin on the first day of January and end the 31st day of December of each year, except that the first fiscal year shall begin on the date of incorporation.

PART III

BYLAWS

ARTICLE I

MEETINGS OF MEMBERS

Section 1: The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day and the same month of each year thereafter, unless changed by the Board.

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

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

Section 4: Within 30 days after adoption of any proposed budget for the condominium, the board shall provide a summary of the budget to all the unit owners. The budget shall be considered at a meeting of the unit owners as set forth in G.S. 47C-3-103(c).

Section 5: The presence at the meeting of members or proxies entitled to cast ten percent (10%) of the votes shall constitute a quorum for any action except as otherwise provided by law.

Section 6: Every unit owner shall be entitled to one vote for each unit owned.

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

ARTICLE II

OFFICERS AND BOARD; SELECTION; TERM OF OFFICE

Section 1: The affairs of the Association shall be managed by an board of two (2) members, who shall be entitled to act on behalf of the Association.

Subject to the initial period of Declarant control as set forth in Article I of the Declaration,

nomination for election of the board shall be made from the floor at the annual meeting. Each member must be the owner of a Unit and each Unit shall have only one member on the board. Election shall be by secret written ballot and by a majority of the unit owners when a quorum is present. Cumulative voting is not permitted.

Section 2: At the first annual meeting following the termination of Declarant control, three (3) board members shall be elected to serve until the following annual meeting.

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

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

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

ARTICLE III

MEETINGS OF BOARD

Section 1: Meetings of the board shall be held annually without notice, at such place and hour as may be fixed from time to time by resolution of the board. Special meetings of the board may be called by any member of the board, after not less than five (5) days notice to each board member.

Section 2: A majority of the board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the board members present at a duly held meeting shall be regarded as the act of the board. If there is a deadlock among the board members, the owner of the unit not represented on the board will cast the deciding vote.

ARTICLE IV

POWERS AND DUTIES OF THE BOARD

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

(a) Adopt rules and regulations governing the use of the common area and facilities, the personal conduct of the members and their guests thereon, and establish penalties for the infraction thereof;

(b) Suspend the voting rights and right of use of the common facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

(c) Declare the office of a member of the board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the board;

(d) Employ a manager, an independent contractor, or other employees as they deem necessary, and prescribe their duties; provided always, any contract for professional management must contain a clause requiring not more than 90 days termination notice;

(e) Procure, maintain and pay premiums on an insurance master policy(s) and equitably assess the owners of the same for their prorata portion of such expense.

(f) Impose and receive any payments, fees, or charges for the use, rental, or operation of the common elements other than for service provided to unit owners; and

(g) Exercise all other powers that may be exercised in this state by legal entities .of the same type as the Association;

(h) Exercise any other powers necessary and proper for the governance and operation of the Association; and

(i) Have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

Section 2: It shall be the duty of the board to:

(a) cause the common elements to be maintained, repaired, and replaced as necessary, and to assess the unit owners to recover the cost of the upkeep of the common elements.

(b) serve as the architectural committee;

(c) keep a complete record of all its acts and corporate affairs and present a statement thereof to the members at the annual meeting, or at any special meeting when such statement is requested in writing by 20% of the members;

(d) supervise all officers, agents and employees of the Association, and see that their duties are properly performed;

(e) fix the amount of the annual assessment at least thirty (30) days in advance of each annual assessment period pursuant to the provisions set forth in the declaration and G.S. 47C-3-103(c);

(f) send written notice of each assessment to every owner at least thirty (30) days in advance of each annual assessment period;

(g) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(h) issue, or have issued, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(i) procure and maintain, at all times, adequate hazard insurance on the property owned by the Association and all property for which the Association has the duty to maintain, and sufficient liability insurance to adequately protect the Association as provided in G.S. 47C-3-113; and

(j) cause all officers or employees, including officers and employees of professional management, having fiscal responsibilities to be bonded, as it may deem appropriate.

ARTICLE V

OFFICERS AND THEIR DUTIES

Section 1: The officers of this Association shall be a president, vice-president, and secretary/treasurer. The officers shall be appointed by the board from among the members of the board.

Section 2:

(a) The president shall preside at all meetings of the board; see that orders and resolutions of the board are carried out; sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) The vice-president shall act in the place of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be

required of him by the board.

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the board and of the members; keep appropriate current records showing the members of the Association together with their addresses; prepare, execute, certify, and record amendments to the declaration on behalf of the Association; and perform such other duties as required by the board.

(d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the board; sign all checks and promissory notes (such checks and promissory notes to be co-signed by the president) of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and deliver a copy to each member.

ARTICLE VI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member or a mortgagee of any member. The articles of incorporation and the declaration and bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE VII

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: "MAGNOLIA OFFICE PARK PROPERTY OWNERS ASSOCIATION" and the words: "CORPORATE SEAL - 2006" in the center thereof.

ARTICLE VIII

AMENDMENTS TO BYLAWS

Section 1: These bylaws may be amended, at a regular or special meeting of the members, by a vote of the majority of the members.

CERTIFICATION

I, the undersigned, do hereby certify: That I am the duly elected and acting Secretary of MAGNOLIA OFFICE PARK PROPERTY OWNERS ASSOCIATION, a North Carolina corporation; and

That the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by the Board of Directors thereof, held on the 3 day of January, 2007.

Wesley O Howell
SECRETARY

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 3 day of January, 2007.

CAROLINA COAST DEVELOPERS, INC.

Wesley O Howell (SEAL)
BY: WESLEY O. HOWELL - President

STATE OF NORTH CAROLINA

COUNTY OF NEW HANOVER

I, Ryan T. Rhodenhiser, a Notary Public in and for the State and County aforesaid, certify that WESLEY O. HOWELL personally came before me this day and acknowledged that he is the President of CAROLINA COAST DEVELOPERS, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President.

Witness my hand and official seal this 3 day of January, 2007.

R T Rhodenhiser
Notary Public

My commission expires:

(Notary Seal)

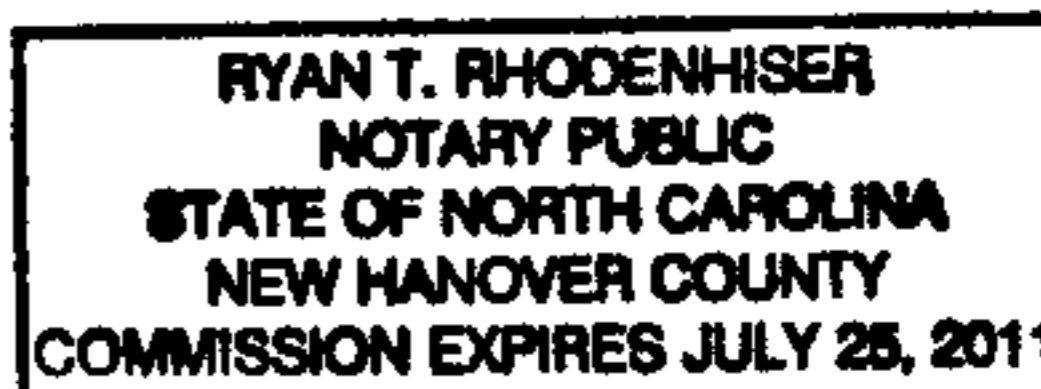


Exhibit "A"

TRACT 1:

BEING ALL of Lots 5, 6, 7, 8, 45, 46, 47 and 48, of Avondale Subdivision as shown by map recorded in Map Book 4, Page 36, of the New Hanover County Registry, also being a part of the same lands conveyed to Boyd Park and wife, Scottie Park by deed dated June 13, 1953 and recorded in Book 520, Page 435 of the New Hanover County Registry, and also being the same property as conveyed by deed recorded in Book 2662 at Page 844 of the New Hanover County Registry

TRACT 2:

BEING ALL of Lots 1, 2, 3, and 4, of Avondale Subdivision according to the map thereof recorded in Map Book 4, Page 36, in the office of the Register of Deeds of New Hanover County

TRACT 3:

BEING ALL of Lots 9, 10, 49, and 50, of Avondale Subdivision as shown by map recorded in Map Book 4, Page 36, of the New Hanover County Registry, also being a part of the same lands conveyed to Boyd Park and wife, Scottie Park by deed dated June 13, 1953 and recorded in Book 520, Page 435 of the New Hanover County Registry, and also being the same property as conveyed by deed recorded in Book 2662 at Page 846 of the New Hanover County Registry

EXHIBIT "B"

Total square footage of all buildings = 21,090 square feet

Building A = 8,860 square feet

Building B = 6,115 square feet

Building C = 6,115 square feet

The percentage interest of each unitowner in Building A is 11.00%

The percentage interest of each unitowner in Building B is 7.00%

The percentage interest of each unitowner in Building C is 7.00%



REBECCA P. SMITH
REGISTER OF DEEDS, NEW HANOVER
216 NORTH SECOND STREET

WILMINGTON, NC 28401

Filed For Registration: 01/03/2007 04:04:15 PM
Book: RE 5125 Page: 1540-1562
Document No.: 2007000334
DECL 23 PGS \$77.00
Recorder: SCOTT, NANCY A

State of North Carolina, County of New Hanover

**YELLOW PROBATE SHEET IS A VITAL PART OF YOUR RECORDED DOCUMENT.
PLEASE RETAIN WITH ORIGINAL DOCUMENT AND SUBMIT FOR RE-RECORDING.**

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