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FOR REGISTRATION REGISTER OF DEEDS
REBECCA P. SMITH
NEW HANOVER COUNTY, NC
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Prepared by and return to:
J.C. Hearne, II

Prepared By And
Return To
J. C. Hearne, II
E. Hill

**DECLARATION
OF
BANNERMAN STATION, A CONDOMINIUM**

THIS DECLARATION of Bannerman Station, A Condominium (hereinafter referred to as the "Declaration"), made this the 16th day of November, 2007, by Bannerman Holdings, 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") to all Prospective Purchasers or Owners of property described herein.

WITNESSETH:

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

WHEREAS, Declarant has acquired property described on Exhibit "A" to be used for residential, retail or commercial purposes only; 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 improvement of the Condominium and the creation thereon of Condominium Units and shall be deemed to run with the land and be a burden on and a benefit to the Declarant, his heirs, 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 employees, guests, tenants and all persons using or possessing any property within the Condominium are subject to the provisions of this Declaration.

I ESTABLISHMENT OF CONDOMINIUM

On that property described on Exhibit "A" attached hereto and incorporated herein by reference, there exists a six (6) story building containing a total of thirty-nine (39) Condominium Units, and other appurtenant improvements. Declarant does hereby submit the above-described property and improvements lying within the land area described on Exhibit "A" to condominium ownership under the provisions of Chapter 47C of the General Statutes of North Carolina (Condominium Act), and hereby declares the same to be a condominium to be known and identified as "Bannerman Station, A Condominium". The maximum number of Condominium Units which the Declarant reserves the right to create is thirty-nine (39). The Condominium is located in New Hanover County.

II 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.G.S. 47C-2-109(b) and (c) are recorded in Map Book 17, Pages 192 to 200, as specified 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 Exhibit "C", and no Condominium Unit bears the same number as any other Condominium Unit. The Condominium Units are numbered 101, 201 through 208, 301 through 308, 401 through 408, 501 through 508 and 601 through 608 as shown on Exhibit "C."

III 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:

A "Association" shall mean the Unit Owners association organized pursuant to the Condominium Act and shall be Bannerman Station Condominium Owners Association, an association of Unit Owners incorporated under Chapter 55A of the General Statutes of North Carolina, and its successor. The Articles of Incorporation are attached hereto and incorporated herein as Exhibit "E."

B. "Common Elements" shall mean and comprise all of the real property, improvements and facilities of the Condominium, including all personal property held and maintained for the joint use and enjoyment of all the Owners of Condominium Units, excluding however the Condominium Units as herein defined.

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

D. "Condominium" shall mean the property described on Exhibit "A" which is hereby submitted to condominium ownership.

E. "Condominium Units" or "Units", as such terms are used herein, shall mean a physical portion of the Condominium designated for separate ownership, the boundaries of which are hereinafter defined. There are thirty-nine (39) Condominium Units in the Condominium which are the separate numbered units designated as 101, 201 through 208, 301 through 308, 401 through 408, 501 through 508 and 601 through 608 as shown on Exhibit "C."

The boundaries of the Units are as follows:

The walls, floors, and ceilings of the Units hereby are designated as the boundaries of each respective Unit provided, all exterior doors, door frames, windows, window frames, porches, panes and screens shall be Limited Common Elements. Interior walls and partitions may be added to the Units by Declarant or by the respective Unit Owners and such interior walls and partitions shall be part of the respective Condominium Units. In addition, all betterments and improvements added to the Limited Common Elements as hereinafter set forth in Article XIV shall be a part of the respective Condominium Units.

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

F. "Declarant" shall mean Bannerman Holdings, LLC, and any person who succeeds to any Special Declarant Rights as provided herein or pursuant to the Condominium Act.

G. "Declaration" means this instrument and any amendments thereto.

H. "Director" means a member of the Executive Board of the Association.

I. "Limited Common Elements" shall mean those portions of the Common Elements allocated by operation of N.C.G.S. 47C-2-102 for the exclusive use of one or more but fewer than all of the Units, and those portions of the Common Elements designated as Limited Common Elements or Limited Common Area on Exhibit "B" and listed in Section E above.

J. "Person" shall mean 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.

K. "Property" shall mean the real estate described on Exhibit "A", together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate.

L. "Unit Owner" or "Owner" shall mean 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.

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.G.S. 47C-1-103.

**IV
OWNERSHIP OF CONDOMINIUM UNITS,
APPURTENANT ALLOCATED INTERESTS
AND VOTING RIGHTS**

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 Condominium Units shall be as set out in Exhibit "C" attached hereto and made a part hereof.

The portion of the Common Expenses of the Association allocated to each Unit shall be as set out in Exhibit "C" attached hereto and made a part hereof.

Each Unit Owner shall be entitled to one vote for each Unit owned in the project, whether the Unit is owned by one person or multiple individuals or entities.

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

Subject to the provisions of N.C.G.S. 47C-2-108, 47C-2-111, 47C-2-112 and 47C-2-113, and to the limitations contained in Article XIV 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.

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.

VI 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:

A. Without the consent of the Association having been first obtained, no structure or personal property other than that customarily designed for use on a balcony or porch shall be placed or permitted to remain on any balcony, railing or other portion of the Common Elements or Limited Common Elements.

B. No immoral, improper, offensive or unlawful use shall be made of any Condominium Unit or of 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.

C. No Owner of any Condominium Unit shall permit or suffer anything to be done or kept in his Condominium 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 Condominium Unit, or which interferes with the peaceful possession and proper use of any other Condominium Unit or the Common Elements.

In addition to the foregoing, the Condominium is subject to those matters affecting the Property set forth on Exhibit "D" attached hereto and incorporated herein by reference.

VII PERPETUAL EASEMENT IN COMMON ELEMENTS

Subject to the Special Declarant Rights reserved to Declarant in this Declaration and the provisions of N.C.G.S. 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.

Each Unit Owner hereby is granted a perpetual easement to locate heating and air-conditioning systems upon the Common Elements. When so located, such heating and air-conditioning systems, related

pipes, ducts, conduits, wires and related facilities that serve only the respective Condominium Unit shall become and be deemed to be a part of the respective Condominium Unit. Prior to installing any heating and air-conditioning systems or any related facilities in the Common Elements, the Unit Owner shall obtain the consent of the Association as provided in Article XIV herein. This provision shall not apply to any replacements of heating and air-conditioning systems and facilities as located in the Common Elements as of the date of recording this Declaration.

**VIII
EASEMENT FOR UNINTENTIONAL AND
NON-NEGLIGENT ENCROACHMENTS, BEALLS RULE**

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. 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 XX 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.

**IX
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.

**X
ADMINISTRATION OF THE CONDOMINIUM
BY BANNERMAN STATION CONDOMINIUM OWNERS ASSOCIATION,
AN INCORPORATED ASSOCIATION OF UNIT OWNERS**

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 under Chapter 55A of the General Statutes of North Carolina known and designated as Bannerman Station Condominium Owners

Association (herein sometimes called the Association) has been organized, and 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 of the Condominium, the Association, subject to the provisions of N.C.G.S. 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.G.S. 47C-3-102 and 47C-3-115. The Association shall also have and is hereby granted the authority to enter into a contract with a professional condominium management company for the management of the Condominium and the day to day affairs of the Association.

**XI
USE OF COMMON ELEMENTS SUBJECT TO
RULES OF ASSOCIATION**

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 such reasonable rules and regulations as may be prescribed and established governing such use, or which may be hereafter prescribed and established by the Association.

Limited Common Elements are allocated to the Unit or Units as depicted on Exhibit "B." 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.

**XII
RIGHT OF ENTRY INTO CONDOMINIUM UNITS
IN EMERGENCIES**

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

**XIII
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.

XIV
LIMITATION UPON RIGHT OF OWNERS TO
ALTER AND MODIFY CONDOMINIUM UNITS, NO
RIGHT TO ALTER COMMON ELEMENTS; SIGNS

A. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, no Owner of a Condominium Unit shall permit any structural 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 their sole discretion, that such structural modifications, alterations, betterments or improvements would adversely affect or in any manner endanger the Condominium in part or in its entirety. Subject to the Special Declarant Rights reserved to Declarant in this Declaration, no Owner shall cause any improvements or changes to be made on the exterior of any Unit or building (including painting or other decoration, or 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. Notwithstanding the foregoing, Unit Owners of the Units shall not place signage upon the Common Elements or Limited Common Elements adjacent to such Owners Unit or above the main entry door of such Owners Unit nor install painted signs or lettering upon the windows and doors of such Owners Unit without the prior written consent of the Association first being obtained. In the event that the Association should object to the signage placed upon the Common Elements, Limited Common Elements or on the windows and doors of these Units, the Association may require the Unit Owner to remove the same upon a vote of two-thirds of the directors and a vote of two-thirds of the members of the Association. Any permitted signage or lettering applicable to any Unit, either singularly or collectively, shall not exceed a total area of four (4) square feet.

Subject to the Special Declarant Rights reserved to Declarant in this Declaration, the Board of Directors of the Association, in their sole discretion, may require a Unit Owner desiring to add betterments or improvements to 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 insureds in such amounts and upon such terms as the Board of Directors shall determine.

B. Subject to the Special Declarant Rights reserved to Declarant in this Declaration and to other provisions of this Article, the Association may make rules and regulations specifying or limiting the improvements or alterations any Unit Owner may make on the exterior of his Unit and no Unit Owner shall

erect any permanent improvement on the exterior of his Unit (excluding maintaining the Unit in its original condition) without the written consent of the Association first being obtained.

XV
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.

XVI
MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS

Every Owner shall perform promptly all maintenance and repair work within his Condominium Unit which, if omitted, would affect the Condominium, either in its entirety or in a part belonging to other Owners, 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 maintenance, repair and replacement, as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, 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 maintenance, repair and replacement of the exterior surfaces of any and all walls, ceilings and floors in the interior of his Unit including painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his Condominium Unit. 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 required to pay such portion of the cost 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. Other than maintenance, repair and replacement arising from a casualty loss, Unit Owners shall be responsible and liable for the maintenance, repair and replacement of the glass surfaces of doors and windows, and door and window screens constituting a portion of the Limited Common Elements appurtenant to said Owner's Unit.

XVII
MAINTENANCE AND REPAIR OF
COMMON ELEMENTS BY THE ASSOCIATION

Subject to Declarant's Special Declarant Rights, the Association shall be responsible for the maintenance, repair and replacement 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 maintenance, repair or replacement of any Common Elements, the Association shall, at its expense, repair such incidental damage. Whenever the maintenance, repair or replacement 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 making such maintenance, repair or replacement, except that the Unit Owner who is responsible for the act causing the damage (whether done by himself or his tenants, guests or invitees) shall be required to pay such portion of the cost of such maintenance, repair or 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. Whenever the maintenance, repair or replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by an act of a 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 maintenance, repair or replacement. Establishment of liability for damage caused by the Owner of a Unit or the Association is subject to the provisions of N.C.G.S. 47C-3-107(d).

XVIII 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.

XIX INSURANCE COVERAGE TO BE MAINTAINED, USE AND DISTRIBUTION OF INSURANCE PROCEEDS

A. The following insurance coverage shall be maintained in full force and effect by the Association:

(1) Casualty insurance covering the Common Elements and 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.

(2) 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.

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

C. 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.

D. 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.

E. 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 XX.

F. Declarant shall furnish the initial insurance policy required by this Article XIX 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.

G. Insurance policies carried pursuant to this Article XIX shall provide that:

(1) 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;

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

(3) 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;

(4) 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

(5) 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.

H. 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.

I. 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.

J. The Association shall, if applicable, maintain flood insurance on the building and all improvements upon the land, the Common Elements, and all personal property of the Condominium (except personal property of the Condominium Unit Owners).

K. If desired, the Association may maintain fidelity insurance.

XX RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE

A. Any portion of the Condominium for which insurance is required pursuant to Article XIX 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.G.S. 47C-1-107(a), and the Association promptly shall prepare, execute and record an amendment to this Declaration reflecting the reallocations. Notwithstanding the provisions of this Article, N.C.G.S. 47C-2-118, shall govern the distribution of insurance proceeds if the Condominium is terminated. Unless otherwise prohibited, any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein.

B. 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.

C. When the damage is to both Common Elements and Condominium Units, the insurance proceeds shall be applied first to the costs of repairing the Common Elements and the balance to the Condominium Units.

D. 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.

XXI
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.

XXII
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.

A. Unless specifically otherwise provided for 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 shall 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 therefore 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.

B. Assessments provided for herein may be payable in monthly installments or as otherwise directed by the Board of Directors of the Association. Such assessments shall commence upon closing of the sale of the first Unit.

C. Pursuant to the Bylaws of the Association, 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 Paragraph D 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.

D. 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.

E. 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.

F. 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. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate of ten percent (10%) per annum or the maximum rate permitted by law, whichever is less, until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association. All monies owing to the Association shall be due and payable at the office of the Association.

G. 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 attorney's fee, whether suit be brought or not.

H. 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.

I. 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 result 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 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. 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.

J. The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the office of the Clerk of Superior Court of New Hanover 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.G.S. 47C-3-116. 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.G.S. 47C-3-116. 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 material men'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.

K. 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.

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.

L. The Association shall have a separate working capital fund to insure that the Association will have cash available to meet unforeseen expenditures during the initial months of the Condominium's operation. At closing, each purchaser of a Unit shall make a non-refundable contribution to the working capital fund in an amount equal to two and one-half (2-1/2) months of their percentage of the estimated common expense liability. Such contributions are not to be considered as advance payments of the normal monthly assessments.

XXIII 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.

XXIV TERMINATION

The Condominium may be terminated only in strict compliance with N.C.G.S. 47C-2-118.

XXV AMENDMENT OF DECLARATION OF CONDOMINIUM

A. This Declaration may be amended as follows:

(1) An amendment or amendments to this Declaration may be executed as set forth in other provisions of this Declaration (such provisions deal with specific and limited reasons for amendment);

(2) 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, who shall thereupon call a Special Meeting of the members of the Association for a date not later than sixty (60) days from receipt by him of the proposed amendment or amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such Special Meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than fourteen (14) days nor more than thirty (30) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his Post Office

address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the Meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the amendment 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 New Hanover 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. At any meeting held to consider such amendment or amendments, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting; and,

(3) 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. 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 in Paragraph 2 above.

B. Provisions in this Declaration creating Special Declarant Rights may not be amended without the consent of Bannerman Holdings, LLC, and any other Declarant. Except to the extent expressly permitted or required by 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.

C. Declarant shall have the right to file amendments to the Declaration without the consent or joinder of any Unit Owners or their mortgagees at any time prior to the termination of the Declarant Control Period.

XXVI REMEDIES IN EVENT OF DEFAULT

The Owner or Owners of each Condominium Unit shall be governed by and shall comply with the provisions of this Declaration, and the Bylaws of the Association, as any of the same are now constituted or as they may be amended from time to time. A default by the Owner of any Condominium Unit shall entitle the Association or the Owner of other Condominium Units to the following relief:

A Failure to comply with any of the terms of this Declaration or other rules and regulations contained in the Bylaws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including, without limitation, fines, actions to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Assessments in the form of fines for the violation of the Declaration, Bylaws, or rules and regulations of the Association shall be subject to the provisions of N.C.G.S. 47C-3-107A. Such relief may be sought by the Association or, if appropriate, by an aggrieved Unit Owner.

B. Each Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness, or by that of any member of his family, or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Condominium Unit or its appurtenances. Assessments for such liability shall be subject to the provisions of N.C.G.S. 47C-3-107(d). Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. In any proceeding arising because of an alleged default by a Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court and as provided in N.C.G.S. 47C-3-116(e) and N.C.G.S. 47C-4-117.

D. The failure of the Association or any Unit Owner 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 or the Unit Owner to enforce such right, provision, covenant or condition in the future.

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

F. The failure of 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.

G. 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.

XXVII
SPECIAL DECLARANT
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 the Special Declarant Rights set forth below.

A. **RESERVATION OF SPECIAL DECLARANT RIGHTS**

Declarant reserves the following Special Declarant Rights pursuant to Chapter 47C:

(1) 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.

(2) 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.

(3) The right to use easements through the Common Elements for utility services, drainage 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.

(4) The right to complete improvements indicated on the Plat and Plans filed with the Declaration.

(5) The right to perform warranty work, and repairs and 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.

B. LIMITATION ON SPECIAL DECLARANT RIGHTS

The Special Declarant Rights reserved by Declarant shall terminate upon the first to occur of (i) the sale of all Units within the Condominium to purchasers other than Declarant or successor Declarants or (ii) five (5) years from the date of the recording of this Declaration in the office of the Register of Deeds of New Hanover County.

Provided, however, Declarant shall continue to have the right to perform the warranty work and undertake the related construction all as more particularly set forth in this Article during the time in which Declarant is obligated to honor or perform any such warranty.

C. 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 premises that have 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.

D. INTERFERENCE WITH SPECIAL DECLARANT RIGHTS.

(1) 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.

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

E. 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, corporation or association which will assume any and/or all of the duties of Declarant hereunder, and upon any such person, corporation or association 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.

F. RIGHT OF DECLARANT TO REPRESENTATION ON EXECUTIVE BOARD OF THE ASSOCIATION

To elect, appoint or remove members of the Board during the Declarant Control Period, provided, however, (i) that not later than sixty (60) days after conveyance of twenty-five percent (25%) of the units to owners other than Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the executive board shall be elected by Unit Owners other than Declarant, and (ii) that not later than sixty (60) days after conveyance of fifty percent (50%) of the units to owners other than Declarant, not less than thirty-three percent (33%) of the members of the executive board shall be elected by Unit Owners other than Declarant.

**XXVIII
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.

**XXIX
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.

**XXX
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.

**XXXI
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.G.S. 47C-1-107.

**XXXII
TAXES**

Pursuant to the provisions of N.C.G.S. 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.G.S. 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.*

**XXXIII
USE RESTRICTIONS**

A. PETS.

- (1) Only Owner Occupants shall be allowed to have pets on the premises.
- (2) Tenants shall not be allowed to have pets on the premises except with the prior written approval of the Association. The Association shall consider Tenant applications for companion or seeing-eye dogs.
- (3) This restriction shall apply to visiting pets as well as resident pets.

B. WINDOW TREATMENTS.

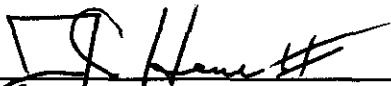
- (1) Declarant shall provide and install coverings for all windows except for the balcony/terrace doors.
- (2) Each Unit Owner shall install provide and install coverings for the balcony/terrace doors. Such balcony/terrace door coverings shall appear white from the exterior of the building and be of the same quality and color as the window treatments provided by the Declarant.
- (3) All replacement window and/or balcony/terrace door coverings shall be of the same quality and color as those window coverings initially provided and installed by the Declarant..

IN TESTIMONY WHEREOF, Bannerman Holdings, LLC, 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.

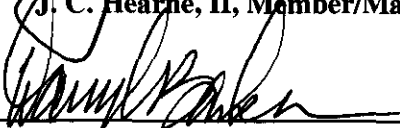
BANNERMAN HOLDINGS, LLC

By: 

Todd Toconis, Member/Manager

By: 

J. C. Hearne, II, Member/Manager

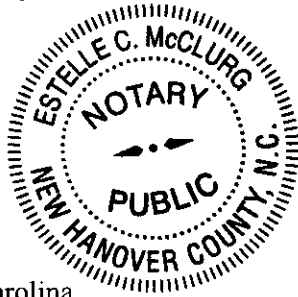
By: 

Darryl Barker, Member/Manager

State of North Carolina
County of New Hanover

I, Estelle C. McClurg, a Notary Public of the County and State aforesaid, certify that Todd Toconis personally came before me this day and acknowledged that he/she is Member/Manager of Bannerman Holdings, LLC, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed in its name by its Member/Manager.

Witness my hand and official stamp or seal, this 16th day of November, 2007.



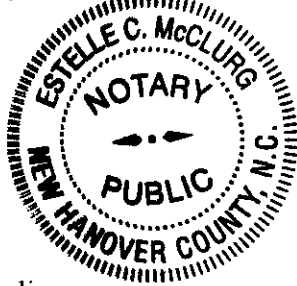
Estelle C. McClurg

Notary Public
My Commission Expires: September 23, 2012

State of North Carolina
County of New Hanover

I, Estelle C. McClurg, a Notary Public of the County and State aforesaid, certify that J.C. Hearne, II personally came before me this day and acknowledged that he/she is Member/Manager of Bannerman Holdings, LLC, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed in its name by its Member/Manager.

Witness my hand and official stamp or seal, this 16th day of November, 2007.



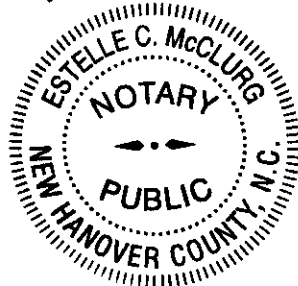
Estelle C. McClurg

Notary Public
My Commission Expires: September 23, 2012

State of North Carolina
County of New Hanover

I, Estelle C. McClurg, a Notary Public of the County and State aforesaid, certify that Darryl Barker personally came before me this day and acknowledged that he/she is Member/Manager of Bannerman Holdings, LLC, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed in its name by its Member/Manager.

Witness my hand and official stamp or seal, this 16th day of November, 2007.



Estelle C. McClurg

Notary Public
My Commission Expires: September 23, 2012

Exhibit "A"

**Bannerman Station, A Condominium
Legal Description**

BEGINNING at a point where the Western line of Second Street intersects the Southern line of Walnut Street, and from said point of BEGINNING running thence Westwardly along the Southern line of Walnut Street 135 feet to an 8 inch by 6 inch cement wall separating the Bus Station property from the Filling Station property; thence Southwardly parallel with Second Street and along the center of said cement wall 132 feet to a cement wall separating the Bus Station property from the Sutton-Pontiac Agency property, which said wall is about 4 feet high and 8 inches thick; thence Eastwardly parallel with Walnut Street and along the center line of said wall 135 feet to the Western line of Second Street; thence Northwardly along the Western line of Second Street 132 feet to the Point of Beginning, being a part of Lots 1 and 2, in Block 204, according to the official plat of the City of Wilmington.

Exhibit "A"

**Bannerman Station, A Condominium
Legal Description**

BEGINNING at a point where the Western line of Second Street intersects the Southern line of Walnut Street, and from said point of **BEGINNING** running thence Westwardly along the Southern line of Walnut Street 135 feet to an 8 inch by 6 inch cement wall separating the Bus Station property from the Filling Station property; thence Southwardly parallel with Second Street and along the center of said cement wall 132 feet to a cement wall separating the Bus Station property from the Sutton-Pontiac Agency property, which said wall is about 4 feet high and 8 inches thick; thence Eastwardly parallel with Walnut Street and along the center line of said wall 135 feet to the Western line of Second Street; thence Northwardly along the Western line of Second Street 132 feet to the Point of Beginning, being a part of Lots 1 and 2, in Block 204, according to the official plat of the City of Wilmington.

BEING the same property as referred to on Plat Map recorded at the Register of Deeds of New Hanover County in Map Book 17 at Pages 192 to 200.

Exhibit "B"

**Bannerman Station, A Condominium
Units, Common Elements and Limited Common Elements**

All Units, Common Elements and Limited Common Elements as shown on Plat Map recorded at the Register of Deeds of New Hanover County in Map Book 17, Pages 192 to 200.

Exhibit "C"

**Bannerman Station, A Condominium
Unit Allocation**

UNIT NUMBER	ALLOCATED INTEREST
101	4.45%
201	2.58%
202	2.45%
203	2.25%
204	2.37%
205	2.37%
205	2.25%
206	2.25%
207	2.25%
208	2.58%
301	2.58%
302	2.45%
303	2.25%
304	2.37%
305	2.37%
306	2.25%
307	2.45%
308	2.58%
401	2.58%
402	2.45%
403	2.45%
404	2.37%
405	2.37%
406	2.25%
407	2.45%
408	2.58%
501	2.57%
502	2.45%
503	2.25%
504	2.37%
505	2.37%
506	2.25%
507	2.58%

UNIT NUMBER	ALLOCATED INTEREST
508	2.58%
601	3.25%
602	3.55%
604	2.37%
605	2.37%
607	3.55%
608	3.25%
TOTAL	100%

Exhibit "D"

**Bannerman Station, A Condominium
Encumbrances**

Taxes for the year 2007 and subsequent years, not yet due and payable.

Deed of Trust from Bannerman Holdings, LLC, Southland Associates, Inc., Trustee for Sun Trust Bank, dated September 13, 2006 recorded September 14, 2006 at 9:24 a.m. in Book 5078, Page 2561, securing the sum of \$13,500,000.00, New Hanover County Registry; and

The Declaration to be recorded, including conditions disclosed by the Plans, to be recorded, the Bylaws and the Rules and Regulations, as each of them may be amended from time to time.

General and specific utility easements of record.

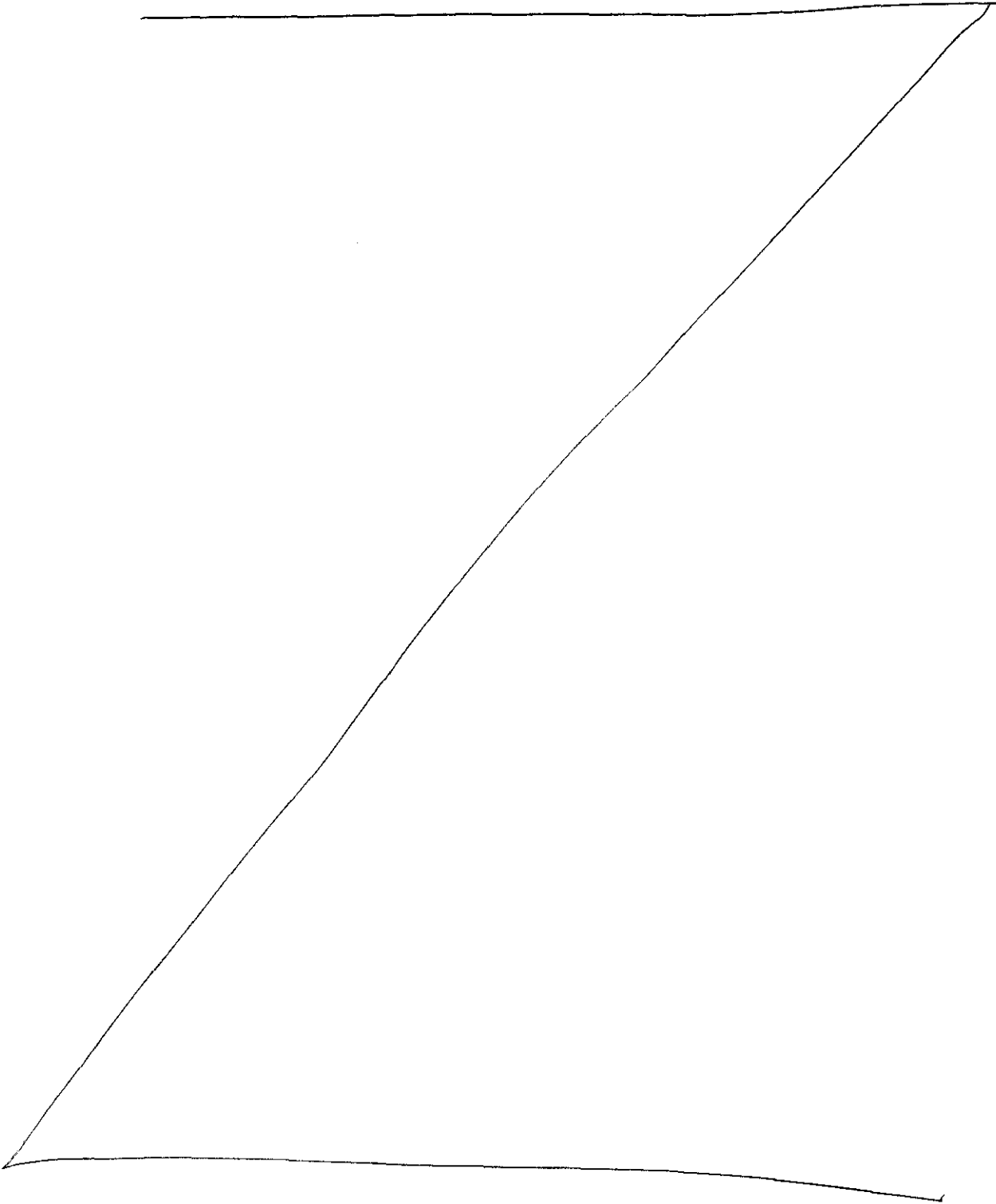
All easements and encroachments as shown on the Plat and Plans.

Easements and restrictions described in the Declaration, including:

- (i) Easements in favor of the appropriate utility companies to serve the Condominium Property and all appurtenances thereto;
- (ii) Easements in favor of the Association and to such persons as authorized by the Association for utility installations within the walls of the Units;
- (iii) Easements in favor of the Association, a Unit Owner, the Executive Board or any other Person as permitted under the Condominium Documents to inspect, maintain, repair and replace the Common Elements;
- (iv) Easements in favor of the Declarant, the Association, appropriate utility and service companies and governmental agencies and authorities for such utility and service lines and equipment as may be a portion of the Condominium Property;
- (v) Easements reserved by the Declarant through the Common Elements as reasonably necessary for discharging its obligations under the Condominium Documents and completion and development of the Condominium.

“Exhibit E”

**Bannerman Station Condominium Owners’ Association
Articles of Incorporation**



SOSID: 999957
Date Filed: 9/7/2007 3:33:00 PM
Elaine F. Marshall
North Carolina Secretary of State
C200725000323

**ARTICLES OF INCORPORATION
OF
BANNERMAN STATION CONDOMINIUM OWNERS ASSOCIATION**
A North Carolina Nonprofit Corporation

I, the undersigned individual, hereby do make and acknowledge these Articles of Incorporation for the purpose of forming a nonprofit corporation under and by virtue of the laws of the State of North Carolina as contained in Chapter 55A of the General Statutes of North Carolina, entitled "North Carolina Nonprofit Corporation Act", and the several amendments thereto, and to that end hereby do set forth:

1. Name: The name of the corporation is Bannerman Station Condominium Owners Association (the "Association").

2. Duration: The period of duration of the Association shall be perpetual.

3. Definitions: As used in these Articles of Incorporation ("Articles"), the following definitions shall apply:

(a) Capitalized terms shall have the same meaning specified for such terms as more particularly set forth in the Declaration of Covenants, Conditions and Restrictions for Bannerman Station, A Condominium to be recorded in the office of the Registry of Deeds of New Hanover County, North Carolina; and,

(b) References to the "Code" shall mean the Internal Revenue Code of 1986, as amended, and any amendments thereto or any corresponding provisions of any future United States Internal Revenue Laws; and,

(c) References to provisions of the General Statutes of North Carolina shall include any amendments thereto or any corresponding provisions of any future North Carolina Statutes; and,

(d) References to the "North Carolina Nonprofit Corporation Act" shall mean Chapter 55A of the General Statutes of North Carolina and shall include any amendments thereto or any corresponding provisions of any future North Carolina Statutes.

(e) References to the "North Carolina Condominium Act" shall mean Chapter 47C of the General Statutes of North Carolina and shall include any amendments thereto or any corresponding provisions of any future North Carolina Statutes.

4. Purposes: The Association is organized and will be operated as a homeowner association within the meaning of Section 528 of the Code for the following specific purposes:

(a) To provide for the acquisition, construction, management, maintenance, and care of association property, within the meaning of, and as such property is defined in, Section 528 of the Code; and,

(b) To own, manage, administer and maintain the Common Elements and provide for the upkeep of the Common Elements and, to the extent provided in the Association Documents, of the Units; and,

(c) To own, manage, administer, maintain and provide for the upkeep of any additional Properties which hereafter may be acquired by purchase, gift, annexation, dedication or otherwise; and,

(d) To own, manage, administer, maintain and provide for the upkeep of and operate any improvements now or hereafter located on any portion of the Common Elements.

In order to achieve the foregoing purposes, the Association shall have the following powers and authority:

(a) To exercise all powers and rights and perform all of the acts and duties and obligations of the Association as more particularly described in the Association Documents with respect to all or any portion of the Properties; and,

(b) To undertake any activity whatsoever that is in furtherance, directly or indirectly, of the purposes of the Association set forth above; and,

(c) To exercise any and all powers that may be conferred upon nonprofit corporations under Chapter 55A of the General Statutes of North Carolina in furtherance of the purposes of the Association;

(d) To exercise any and all powers that are conferred upon the Association pursuant to the North Carolina Condominium Act; and,

(e) To take any and all action necessary and appropriate to qualify the Association under Section 528 and to elect that the Association be taxed under Section 528 of the Code.

Provided, however, and notwithstanding any power or authority set forth above in this Article, the Association shall have the power and authority to engage only in activities that meet each of the following requirements:

(a) Such activities are not broader than those activities that maybe undertaken by a homeowners association within the meaning of and as defined in Section 528 of the Code; and,

(b) Such activities are not broader than those activities that may be undertaken by a homeowners association pursuant to Section 105-125 (a) (8) and Section 105-130.11 (a) (11) of the General Statutes of North Carolina;

(c) Such activities are not broader than those activities that may be undertaken by a nonprofit corporation pursuant to Chapter 55A of the General Statutes of North Carolina;

(d) Such activities are not broader than those activities that may be undertaken by the Association pursuant to the Association Documents; and,

(e) Such activities are not broader than those activities that may be undertaken by the Association pursuant to the North Carolina Condominium Act.

5. **Membership:** The Association shall have one class of members and the qualifications and rights of members shall be set forth in the Declaration and the Bylaws of the Association.

6. **Nonprofit Issues:** The Association is not organized and shall not be operated for pecuniary gain or profit. No part of the net earnings of the Association shall inure to the benefit, or be distributable to its members, directors, officers, or any other individuals, except that the Association shall be authorized and empowered to pay reasonable compensation for services actually rendered, and other than by acquiring, constructing, or providing management, maintenance, and care of association property, and other than by a rebate of excess membership dues, fees, or assessments. It is intended that the Association will qualify at all times as an organization eligible to elect to be taxed under Section 528 of the Code.

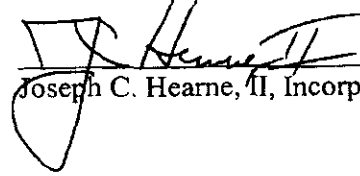
7. **Dissolution:** In the event of dissolution of the Association, any net assets remaining after the satisfaction of the Association's liabilities shall be transferred and delivered to one (1) or more public agencies that are exempt from state and federal taxation, as shall be selected by the Board of Directors of the Association, and such assets are to be used for purposes similar to those for which this Association was created. In the event that such transfer and delivery is refused acceptance, any net assets remaining as of the satisfaction of the Association's liabilities shall be transferred and delivered to one or more organizations, as shall be selected by the Board of Directors of the Association, that are organized generally for purposes similar or related to those set forth in Article 4 hereof, as long as any such organization is exempt from tax pursuant to Section 501 of the Code or has elected to be taxed under Section 528 of the Code.

8. **Registered Office and Agent:** The street address of the initial registered office of the Association is 254 North Front Street, New Hanover County, Wilmington, North Carolina 28401; the mailing address of the initial registered office of the Association is 254 North Front Street, Wilmington, North Carolina 28401; and the name of the initial registered agent at such address is Todd Toconis.

9. **Incorporator:** The name and address of the incorporator is: Joseph C. Heame, II, 265 Racine Drive, Suite 104, Wilmington, North Carolina 28403.

10. **Principal Office:** The location and mailing address of the principal office are: 254 North Front Street, New Hanover County, Wilmington, North Carolina 28401.

IN WITNESS WHEREOF, I have hereunto set my hand, the 6th day of September, 2007.

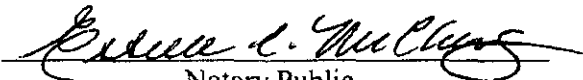


Joseph C. Hearne, II, Incorporator

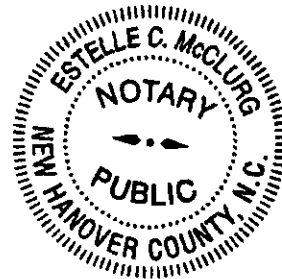
STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

This to certify that on the 6th day of September, 2007, before me, a Notary Public, personally appeared Joseph C. Hearne, II, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation, and I having first made known to him the contents thereof, he did acknowledge that he signed and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set by hand and affixed seal, this 6th day of September, 2007.



Notary Public
My Commission Expires: 09/23/2007





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

WILMINGTON, NC 28401

Filed For Registration: 11/16/2007 02:23:36 PM
Book: RE 5252 Page: 1-36
Document No.: 2007055225
DECL 36 PGS \$116.00
Recorder: CRESWELL, ANDREA

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.

2007055225

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