

STATE OF NORTH CAROLINA
COUNTY OF CATAWBA

0301

DECLARATION OF CONDOMINIUM
OF
THE FARM B CONDOMINIUM

THIS DECLARATION, made this 31st day of March, 1984, by MYERS & CO., LTD., d/b/a S & M BUILDERS, a North Carolina corporation (hereinafter referred to as "Declarant"), pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, entitled the "Unit Ownership Act" (hereinafter referred to as "the Act");

W I T N E S S E T H :

WHEREAS, Declarant is the owner in fee simple of certain real property in Catawba County, North Carolina, particularly described in Exhibit "A" attached hereto and by this reference incorporated herein, on which Declarant has constructed a certain multi-unit building, and it is the desire and intention of declarant to divide said building into "condominium units" or "units" as those terms are defined under the provisions of the Act, and to sell and convey said units to various purchasers, subject to the conditions, restrictions and covenants herein provided; and

WHEREAS, Declarant desires and intends, by the filing of this Declaration, to submit the above described property and the multi-unit building located thereon and all other improvements constructed or to be constructed thereon, together with all appurtenances thereto, to the provisions of the Act;

NOW, THEREFORE, Declarant does hereby publish and declare that all of the property referred to above and as described in Paragraph 1 below is held and shall be held, conveyed, hypothecated, encumbered, used, occupied and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominium units, within a Condominium to be known as THE FARM B CONDOMINIUM, and shall be deemed to run with the land and shall be a burden upon Declarant and Declarant's successors and assigns, and any person acquiring or owning an interest in the real property and improvements, and their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. Description of Property. All that certain tract, parcel, piece or plat of land with the building and improvements thereon erected or to be erected, situated, lying and being in Catawba County, North Carolina, and being more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference.

2. Description of Building. There has been constructed on the above property one (1) multi-unit building to be used for residential purposes only. Said building is two (2) stories in height, without basement, and contains six (6) condominium units. Said building is more particularly described in the plans attached hereto as Exhibit "B" and incorporated herein by this reference, showing all particulars of the building, including the lay-out and location of the common areas and facilities affording access to each unit. Such plans bear the verified statement of a licensed architect, as contemplated by the said Unit Ownership Act. Said building is constructed principally of concrete block foundation, wood frame construction and cedar shake roof.

3. Unit Designation. The unit designation of each condominium units, its location, dimensions, approximate area, number of rooms and immediate common areas and facilities to which it has access, and other data concerning its property identification, are set forth in Exhibit "B" and in Exhibit "C" attached hereto and incorporated herein by this reference. Each

unit is bounded both as to horizontal and vertical boundaries by the interior unfinished surfaces of its perimeter walls, ceilings and floor (it being intended that the final surface of said walls, ceilings and floors, such as carpet, paint, paneling, wall paper, dry wall, windows and doors, shall constitute part of the unit) which are shown on said plans, subject to such encroachments as are contained in the building, whether the same now exist or may be caused or created by construction, settlement or movement of the building, or by permissible repairs, construction or alteration. Usual homeowner equipment and appurtenances located within each unit and serving only that unit such as kitchen appliances, light fixtures, plumbing fixtures and appliances and the like, shall constitute part of the unit in which they are located.

4. Common Areas and Facilities. The common areas and facilities consist of all of the property described above and all improvements located thereon, except for the individual condominium units and the limited common areas and facilities, as described below herein, including, without limitation, the following (except such portions thereof as may be located within an individual condominium unit):

(a) The land on which the building is located and all the land surrounding the building, as described in paragraph 1 above;

(b) All foundations, columns, girders, beams, supports, and other structural members;

(c) All exterior walls and interior walls except those partition walls wholly within a unit;

(d) Roofs, halls, corridors, lobbies, stairways, fire escapes, and entrances to and exits from the building;

(e) All central and appurtenant installations for services such as power, light, telephone, gas, hot and cold water, heat, refrigeration, air conditioning, incinerating (including all pipes, ducts, wires, cables, tanks, pumps, motors, fans, conduits, and compressors in connection therewith, whether located in common areas or in units) and all other mechanical equipment spaces;

(f) All sewer pipes;

(g) All parts of the property described in paragraph 1 above and all improvements thereon not located within the units, and all apparatus and installations existing in the building or on the property for the common use of the unit owners or necessary or convenient to the existence, maintenance or safety of the property.

The undivided interest of each unit owner in such common areas and facilities is set forth in Exhibit "C" attached hereto and incorporated herein by this reference, the ratio of which undivided interest to the undivided interest of each other unit owner is in the approximate relation that the fair market value of the unit owner's unit, as of the date of this Declaration, bears to the fair market value of each other unit owner's unit.

5. Limited Common Areas and Facilities. Those common areas and facilities which serve a particular unit exclusively and are located within or adjacent to said unit shall constitute limited common areas and facilities and are hereby reserved for the exclusive use of the owners of the particular unit in or adjacent to which they are located. Said limited common areas and facilities shall include the following:

(a) All terraces, patios, balconies, porches, decks, storage lockers, mechanical equipment rooms, and the like located within or adjacent to and serving only a particular condominium unit as shown on the plans hereinabove described;

(b) All ducts and plumbing, electrical or other fixtures, equipment and appurtenances, including heating and air conditioning systems and control devices (except those items constituting part of the unit as hereinabove provided) located within the bounds of a unit or which serve only said unit, and exterior lighting fixtures controlled by or metered to a particular unit;

(c) All gas, electric, water or other utility or service lines, pipes, wires and conduits located within the bounds of a particular unit and which serve only said unit;

(d) All other common facilities located within the bounds of a particular unit and which serve only said unit, or which may be designated on the plans hereinabove described as a limited common area or facility.

6. Encroachments. If any portion of the common areas and facilities encroaches upon any unit, or if any unit now encroaches upon any other unit, or upon any portion of the common areas and facilities, as a result of the construction of the buildings, or if any such encroachment shall occur hereafter as a result of settling or shifting of the buildings, a valid easement for the encroachment and for the maintenance of same so long as the buildings shall stand exist. In the event the buildings, the unit, any adjoining unit, or any adjoining common area of facility 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 then rebuilt, encroachment of parts of the common areas and facilities upon any unit or of any unit upon any other unit or upon any portion of the common areas and facilities due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the buildings shall stand.

7. The Farm B Condominium Owners Association. Every unit owner shall be a member of the Farm B. Condominium Owners Association (hereinafter referred to as "the Association"), a North Carolina Non-Profit Corporation which has been formed for the purpose of administering the operation and management of the Condominium created hereby (and a copy of the Articles of Incorporation of which has been or will be recorded in the office of the Register of Deeds of the county in which the Condominium is located). Membership shall be appurtenant to and may not be separated from ownership of the condominium unit involved. The members of the Association shall have voting rights as provided by the By-Laws of the Association.

8. Use. The building and each of the units shall be used for residential purposes only, subject to the further conditions and restrictions provided elsewhere herein. Each unit owner shall also have the right to use the common areas and facilities for the purposes for which they are intended, which rights shall be appurtenant to and run with the title to his unit; provided, however, that no person shall use said common areas and facilities in a manner which would interfere with or impede their use by others entitled to use them, or in any manner contrary to this Declaration or the By-Laws of the Association attached hereto, as amended from time to time, or any applicable Rules and Regulations then in effect.

9. Person to Receive Service of Process. J. Don Meyers of Hickory, North Carolina, is hereby designated as the person to receive Service of Process in any action which may be brought against or in relation to this condominium. Said person's

address is 405 4th Street, S. W., Hickory, North Carolina 28601, which is within the county in which the condominium is located.

10. Easements. Each unit owner shall have an easement in common with the other owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common and limited common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other said facilities serving such other units and located in such unit; to inspect the same, to remove violations therefrom and to maintain, repair or replace said facilities contained therein or elsewhere in the building and to the other easements and reservations provided elsewhere herein.

The Board of Directors of the Association (hereinafter referred to as "the Board" and more particularly described in the By-Laws attached hereto) may hereafter grant easements for utility purposes for the benefit of the property, including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone wires and equipment and electrical conduits and wires over, under, along and on any portion of the common areas; and each unit owner hereby grants the Board an irrevocable power of attorney to executed, acknowledge and record for and in the name of each unit owner such instruments as may be necessary to effectuate the foregoing.

11. Partitioning. Neither the common nor the limited common areas and facilities shall be divided, nor shall any right to partition any thereof exist. Except as otherwise provided in this Declaration, this paragraph shall not be deemed to prevent ownership of a condominium unit by the entireties, jointly, in common, or in any other form permitted by law.

12. Divided Ownership. No common area or limited common area shall be leased, purchased, sold, conveyed, owned, used or operated so as to constitute or create a time-share estate. No unit shall be owned by more than two individuals as joint tenants or tenants-in-common.

13. Liens. While the property remains subject to this Declaration and the provisions of the Act, no liens of any nature shall arise or be created against the common or limited common areas and facilities except with the unanimous consent in writing of all of the condominium unit owners and the holders of first liens thereon except such liens as may arise or be created against the several units and their respective common interests under the provisions of the Act. Every agreement for the performance of labor, or the furnishing of materials to the common or limited common areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and the right to file a mechanic's lien or other similar lien by reason of labor performed or materials furnished is waived, but the omission of such provisions shall not create any such lien.

14. Nature of Interest in Units. Every condominium unit, together with its undivided interest in the common or limited common areas and facilities, shall for all purposes constitute a separate parcel of real property, and the owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, easements, by-laws, rules, regulations, resolutions and decisions adopted pursuant hereto as may be contained herein, in the accompanying by-laws and in the minutes of the Board.

15. Operation of Property.

(a) Determination of Common Expenses and Fixing of Common Charges. The Board shall from time to time, and at least annually, prepare a budget for the Condominium, determine the amount of the common charges payable by the Unit Owners to meet the common expenses of the condominium, and allocate and assess such common charges among the Unit Owners according to their respective common interests. The common expenses shall include, among other things, the cost of all insurance premiums on all policies of insurance required to be or which have been obtained by the Board pursuant to the provisions of the Declaration. The common expenses shall also include such amounts as the Board may deem proper for the operation and maintenance of the Property, including without limitation an amount for working capital of the Condominium, for a general operating reserve, for a reserve fund for replacements, and to make up any deficit in the common expenses for any prior year. An initial working capital fund shall be established for the initial operation of the condominium equal to at least a two-months' estimated common expenses charge for each Unit, which shall be collected by the Declarant, or its successors or assigns as developer of the Condominium, at the closing of the initial sale of each Unit, and thereupon transferred to the Board, which will maintain said fund in a segregated account for the use and benefit of the Unit Owners, for the purpose of insuring that the Board will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Board. Amounts paid into said fund shall be not credited as advance payment of regular common charges. The Board shall advise all Unit Owners promptly in writing of the amount of common shares payable by each of them as determined by the Board, and shall furnish copies of each budget on which such common charges are based to all Unit Owners. The Declarant, or its successors or assigns as developer of the Condominium, for each Unit owned within the Condominium and which it is not renting or leasing to single family occupants, hereby covenants to pay, for a period not to exceed sixty (60) days after conveyance of the first Unit, twenty-five percent (25%) of the aforesaid common charges. Thereafter, Declarant, or its successors or assigns, shall pay 100% of the aforesaid common charges on un conveyed Units. Likewise, the contribution to the working capital fund for each un conveyed Unit shall be paid by the Declarant, or its successors or assigns, to the Board within sixty (60) days after the conveyance of the first Unit in the Condominium. The annual and special common charges, together with the interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person or persons who own the Unit at the time the common charges become due. The personal obligation of the delinquent common charges shall not pass to his successors in title unless expressly assumed by them.

(b) Payment of Common Charges. All Unit Owners shall be obligated to pay the common charges assessed by the Board pursuant to the aforesaid provisions at such time or times as the Board shall determine.

(c) Effect of Non-Payment of Common Charges: Remedies of the Board. Any assessment remaining unpaid for a period of thirty (3) days after the due date thereof shall constitute a lien on such Unit when filed with the Clerk of Superior Court in the manner provided by Chapter 44 and Section 22 of Chapter 47A of the North Carolina General Statutes and shall bear interest from the due date at the rate of twelve percent (12%) per annum. Such obligation to pay assessments shall not pass to successors in title unless specifically assumed by the said successor. The Board may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such

assessments. No Owner may waive or otherwise escape liability for the assessment provided for herein by non-use of the Common Area or abandonment of his Unit.

(d) Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust. Sale or transfer of any Unit shall not affect the assessment lien or liens provided for in the preceding section. However, the sale or transfer of any Unit which is the subject of any mortgage or deed of trust, pursuant to a foreclosure thereof or any court proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer. No such sale or transfer shall release such Unit from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage, mortgages, deed of trust, or deeds of trust.

16. Abatement and Enjoinment of Violations by Unit Owners. The violation of any rule or regulation adopted by the Board of the breach of any By-Laws contained herein, or the breach of any provisions of the Declaration or the aforesaid Articles, shall give the Board the right, in addition to any other rights set forth in these By-Laws: (a) to enter the unit in which or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof, or the provisions of the Declaration, said Articles or any rules and regulations then in effect, and the Board shall not thereby be deemed guilty in any manner of trespass (except that no summary abatement or similar procedure may be utilized through nonjudicial means to alter or demolish items of construction), or (b) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

17. Maintenance and Repair. (a) All maintenance and any repairs to any unit, structural or non-structural, ordinary or extraordinary (other than maintenance of and repairs to any common areas and facilities contained therein, and not necessitated by the negligence, misuse or neglect of the owner of such unit) shall be made by the owner of such unit. Each Unit Owner shall be responsible for all damages to any and all other units and/or the common areas and facilities that his failure to do so may engender. (b) All maintenance, repairs and replacements to the common areas and facilities, whether located inside or outside the units, shall be made by the Board and be charged to all the Unit Owners as a common expense, unless necessitated by the negligence, misuse or neglect of the Unit Owner, in which case such expense shall be charged to such Unit Owner.

18. Additions, Alterations or Improvements by Unit Owners. No Unit Owners shall make any structural addition, alteration, or improvement to his unit without the prior written consent of the Board. The Board shall have the obligation to answer any written request by a Unit Owner for approval of a proposed structural addition, alteration or improvement to such Unit Owner's unit within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board to the proposed addition, alteration or improvement.

19. Use of Common Areas and Facilities. A Unit Owner shall not place or cause to be placed in the lobbies, vestibules, public halls and stairways, or other common areas and facilities, other than a patio or porch to which such Unit Owner has sole access or joint access, and other than the areas designated as storage areas, any furniture, packages or objects of any kind. The lobbies, vestibules, public halls and stairways shall be used for no purpose other than for normal transit through them.

20. Right of Access. A Unit Owner shall grant a right of access to his unit to the managing agent and/or any other person authorized by the Board or the managing agent, for the purpose of making inspections or for the purpose of correcting any condition originating in his unit and threatening another unit or a common area and facility, or for the purpose of performing installations, alterations or repairs to the mechanical or electrical services or other common areas and facilities in his unit or elsewhere in the building, or to correct any condition which violates the provisions of any mortgage covering another unit, provided that requests for entry are made in advance and that any such entry is at a time reasonably convenient to the Unit Owner. In case of any emergency, such right of entry shall be immediate, whether the Unit Owner is present at the time or not.

21. Rules and Regulations. Rules and Regulations concerning the use of the units and the common areas and facilities may be promulgated and amended by the Board with the approval of the unit owners having a majority of the total votes. Copies of such Rules and Regulations shall be furnished by the Board to each unit prior to the time when the same shall become effective.

22. Electricity. Electricity shall be supplied by the public utility company serving the area directly to each unit through a separate meter and each Unit Owner shall be required to pay the bills for electricity consumed or used in his unit. The electricity serving the common areas and facilities shall be separately metered, and the Board shall pay all bills for electricity consumed in any portions of the common areas and facilities as a common expense.

23. Termination of Pre-existing Leases and Contracts by Board. Any lease or contract affecting the common areas and facilities of the Condominium, including a contract for which said common areas and facilities are being operated or managed, of the type which would normally be entered into by the Board on behalf of the Unit Owners as a group, which is in effect as of the initial election of the Board as hereinabove provided shall be terminable at the option of the Board upon its said initial election, unless said contract or lease provides for its termination upon not more than ninety (90) days' notice by either party to the other party thereto; provided, however, that any such lease or contract may remain in effect upon ratification by the Board, notwithstanding the absence of such termination provisions.

24. Insurance. Insurance coverage on the property shall be governed by the following provisions:

(a) Ownership and Administration of Policies and Policy Requirements. All insurance policies covering the condominium property shall be purchased by the Board for the benefit of the Board and the unit owners and their mortgagees as their interests may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of unit owners. Unit owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire. The Board or its authorized representative shall have the exclusive authority to negotiate all claims under all said policies purchased by the Board. All such policies shall be written by an established national company or companies licensed to do business in the State of North Carolina. In no event shall the insurance obtained pursuant hereto be brought into contribution with insurance purchased by the unit owners or their mortgagees, and any "no other insurance" or similar clause in any policy obtained by the Board pursuant hereto shall exclude such policies from consideration. All such policies shall provide that they may not be cancelled or substan-

tially modified without at least 30 days' prior written notice to all insureds named thereon, including all mortgagees of condominium units. All such policies of casualty insurance shall provide that notwithstanding any provisions thereof which give the carrier the right to elect to restore damage in lieu of making a cash settlement, said option shall not be exercisable without the prior written consent of the Board. Any insurance obtained by the unit owners from an insurer other than that issuing the policies purchased by the Board pursuant hereto shall provide that it shall be without contribution as against said insurance purchased by the Board, and shall contain the same waiver of subrogation provisions as that purchased by the Board, as well as a "Condominium Unit Owner's Endorsement" covering losses to improvements and betterments to the Condominium Unit made or acquired by the unit owner.

(b) Coverage. The buildings and all improvements to the condominium property and all personal property included in the common and limited common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board with the assistance of the insurance company providing such coverage. Such coverage shall provide protection against:

(1) loss or damage by fire and other hazards covered by a standard extended coverage endorsement in an amount equal to the full replacement value of the property insured, with a replacement cost endorsement and an inflation guard endorsement or an annual review clause, without deduction or allowance for depreciation (as determined annually by the Board, with the assistance of the insurance company or the agent affording such coverage), together with coverage for common expenses (as described in the By-Laws attached hereto) during any period of repair or construction; and

(2) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the condominium property, including, but not limited to, vandalism, malicious mischief, windstorm and water or flood (if available) damage, subject to such deductible amounts, not in excess of \$1,000.00, as the Board shall determine.

All casualty insurance policies shall provide for the issuance of certificates of insurance with mortgagee endorsements to the holders of mortgages on the Units, and that the insurer waives its rights of subrogation against unit owners and occupants and the Board.

(c) Liability Coverage. The Board will obtain insurance insuring itself, the unit owners and occupants against liability for personal injury, disease, illness or death and for injury to or destruction of property occurring upon, in or about, or arising from or relating to all of the property included in the Condominium, including all buildings and other improvements thereon and all articles of personal property existing thereon for the common use of the unit owners, including without limitation, water damage, legal liability, hired automobile, non-automobile and off-premises employee coverage, to a limit of not less than One Million Dollars (\$1,000,000.00) in respect to personal injury, disease, illness or death suffered by any one person, and to a limit of not less than One Million Dollars (\$1,000,000.00) in respect to any one occurrence, and to a limit of not less than Two Hundred Fifty Thousand Dollars (\$250,000.00) in respect to damage to or destruction of property arising out of any one occurrence. All liability insurance shall contain cross-liability endorsements to cover liability of unit owners as a

group to a unit owner. Should the existing insurance for any reason not fully cover any such liability, the amount of such deficit shall be considered a part of the common expenses (as described in the By-Laws attached hereto), and any unit owner who shall have paid all or any portion of any such deficit in excess of his proportionate share thereof based on his percentage of interest in the common areas and facilities shall have a right of contribution from the other unit owners according to their respective percentages of interest in the common areas and facilities, and shall have a lien against the units of the other unit owners for such contribution identical to that provided in favor of the Board for common expenses.

(d) Fidelity Coverage. The Board will also have the authority to obtain such fidelity insurance coverage as it considers desirable to protect against dishonest acts on the part of officers, directors, managers, employees and volunteers of the Board and all others who handle or are responsible for handling funds of the Board. All such insurance shall name the Board as an obligee thereunder, and shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from the definition of "employee" or similar expression.

(e) Premiums. Premiums on insurance policies purchased by the Board shall be paid by the Board as a common expense at least 30 days prior to the expiration date of the policy involved.

(f) Proceeds. All policies purchased by the Board shall provide that all proceeds thereof shall be payable to the Board as insurance trustees under this Declaration. The sole duty of the Board as insurance trustees shall be to receive such proceeds as are paid and to hold the same in trust for the purpose elsewhere stated herein or stated in the By-Laws and for the benefit of the unit owners and their mortgagees in the following shares:

(1) Proceeds on account of damage to common or limited common areas and facilities -- an undivided share for each unit owner, such share being the same as each unit owner's undivided interest in the common areas and facilities (as set forth in Exhibit "C" attached hereto);

(2) Proceeds on account of damage to units shall be held in the following undivided shares:

(a) When the property is to be restored -- for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Board.

(b) When the property is not to be restored -- an undivided share for each unit owner, such share being the same as each unit owner's undivided interest in the common areas and facilities (as set forth in Exhibit "C" attached hereto).

(3) In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear.

25. Distribution of Insurance Proceeds. Proceeds of insurance received by the Board as insurance trustees shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provision made therefor.

(b) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as provided below herein. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners.

(c) Failure to Reconstruct or Repair. If it is determined, as provided below herein, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners thereof.

26. Damage and Destruction. Any property damaged by perils covered by the casualty insurance shall be promptly repaired and restored by the Board, using all the proceeds of the insurance for that purpose, and all unit owners shall be liable for assessment for any remaining deficiency; provided, however, that should such damage or destruction render two-thirds (2/3) or more of the units then existing within the condominium untenable and the unit owners of three-fourths (3/4) of all the units of the condominium resolve not to proceed with reconstruction or restoration, then in that event the property shall be deemed to be owned by the unit owners as tenants-in-common, with each unit owner owning the same percentage undivided interest therein as that previously owned by said owner in the common areas and facilities, and with any liens then affecting any of the units thereupon attaching to the said undivided percentage interest appertaining to the unit involved, and the property shall thereafter be subject to an action for sale for partition at the suit of any owner, in which event the net proceeds of sale, together with the net proceeds of insurance policies, shall be distributed among the unit owners in proportion to their respective then undivided interests in the property, after first paying out of the share of each unit owner, to the extent sufficient for that purpose, all liens on the unit of said owner. All reconstruction or repairs herein provided shall restore the property affected to substantially the same condition as that existing before the casualty, except as may be otherwise approved by the Board. A lien shall exist for the cost of such reconstruction or repair (including professional fees and premiums for such bonds as the Board may consider necessary) in excess of the insurance proceeds available, identical to that provided for other common expenses, and in the event of any such deficiency, the Board shall have the option of delaying or suspending repair or reconstruction until a sufficient portion of the assessment for said deficiency has been paid to justify, in the Board's sole discretion, starting or resuming said reconstruction or repair.

27. Future Additions. Notwithstanding anything herein to the contrary, Declarant and its successors and assigns shall have the right to add such additional property and units to the Condominium as it might desire; provided, however, that such future units shall consist of a maximum of SIX additional units, located on all or part of the property described in Exhibit "D" attached hereto, and shall be completed within ten (10) years from the date of the recording of this Declaration. Declarant or its successors or assigns shall have the absolute right in its discretion to amend this Declaration and all Exhibits hereto in order to include such additional units and property, and to that end to re-determine the percentage interest in the common areas and facilities attributable to each unit, and to make all such other amendments as may be necessary, proper or convenient to effectuate the inclusion of such additional units and property; provided further, however, that the ratio of the undivided interest in the common areas and facilities attributable to each unit shall be in the approximate relation as the fair market value of the unit then bears to the then aggregate fair market value of all units then included in the Condominium, without regard to difference in market value which might result

from some of said units being then used rather than new, or to decreases in market value of a particular unit or units as a result of damage from fire or other casualty which has not then been repaired. Each unit owner and mortgagee, and each other person having any interest in the Condominium, shall be deemed by having accepted said interest to have consented to each such amendment, and shall be deemed to have thereby granted to Declarant and Declarant's successors and assigns an irrevocable power of attorney, coupled with an interest, to make such amendments from time to time. Notwithstanding the said right to include all or portions of the said Exhibit "D" property within the Condominium, however, Declarant and its successors and assigns shall have the right to, at any time and from time to time, devote all or any portion(s) of said property not theretofore included in the condominium to such use or disposition as may be considered desirable by Declarant or its successors or assigns, to the same extent as if the provisions of this paragraph did not exist.

28. Units Subject to Declaration, Articles of Incorporation and By-Laws of the Association, and Rules and Regulations. All present and future owners, tenants and occupants of units shall be subject to and shall comply with the provisions of this Declaration, the Articles of Incorporation and By-Laws of the Association, and such Rules and Regulations as may be adopted in accordance with said Articles and By-Laws, as said Declaration, Articles, By-Laws, Rules and Regulations may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement that the provisions of said Declaration, Articles, By-Laws, and any Rules and Regulations which may be adopted, are ratified by such owner, tenant or occupant, and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in said unit as though such provisions were made a part of each and every deed or conveyance or lease.

29. Amendments to Declaration. This Declaration may be amended upon the affirmative vote of unit owner's entitled to vote at least three-fourths (3/4) of the total votes of the Condominium, at any regular or special meeting, or by the written consent of said portion of the unit owners, evidenced by a certificate thereof by any officer of the Board recorded in the office of the Register of Deeds of the county in which the Condominium is located, and all parties dealing with any of the Condominium property are hereby authorized to rely on each said certificate. No such amendment shall be effective until it is also recorded in the office of said Register of Deeds. No amendment shall change any unit or a unit owner's proportionate share of the common elements (except as otherwise provided herein concerning the addition of additional units and property to the Condominium) without the written consent of the owner affected. No amendment shall be made which substantially affects the rights of a record mortgagee, or of Declarant or its successors or assigns, without the prior written approval of the said affected party. Notwithstanding anything herein to the contrary, however, Declarant reserves unto itself and its successors and assigns the right to change the interior design and arrangement of any unit, or subdivide or otherwise change said unit, as long as Declarant or its said successors or assigns owns said unit, except that no such change shall increase the share of common expenses of any unit owned by others without their written consent.

30. Restrictive Covenants.

(a) Transfer of Units. In the event that any person, firm, or corporation who owns a unit shall desire to sell such unit, then the said unit which such owner shall desire to sell shall

first be offered for sale to Declarant or it's assigns at the same price and on the same terms under which the highest acceptable bona fide offer has been made to the owner of the said unit. The owner desiring to sell a unit shall give the Declarant or it's assigns written notice by registered mail, return receipt requested, of the owner's desire to sell such unit and shall further advise the Declarant or it's assigns in said offer of the name and address of the person, firm, or corporation making said highest acceptable bona fide offer as well as the amount and terms of said offer. The Declarant or it's assigns shall have a period of thirty (30) days after receipt of said written notice within which to exercise its option to purchase such unit at the same price and on the same terms as the highest acceptable bona fide offer and shall have an additional period of not less than thirty (30) days within which to close the said transaction.

The Declarant, or it's assigns, upon the request of a selling unit owner, shall execute in recordable form an instrument indicating compliance with the terms and provisions of this Declaration by the selling owner.

No unit owner may mortgage his unit or any interest therein without the prior written approval of the Board of Administrators, except as to a first mortgage lien made to a bank, life insurance company, or savings and loan association. The Board may, and it is hereby authorized to, impose reasonable conditions upon which approval as to any other mortgage shall be given. No unit owner may mortgage or otherwise encumber his unit or any interest therein unless such mortgage or encumbrance shall provide for written notice to the Board of Administrators in the event of a default under such mortgage or other encumbrance and shall further provide for not less than ten days' written notice to the Board of Administrators prior to any foreclosure under any such mortgage or other encumbrance. Each unit owner who shall mortgage or otherwise encumber his unit or any interest therein shall furnish to the Board of Administrators a copy of all such mortgages, deeds of trust, or other instruments creating such encumbrance.

Any sale, voluntary transfer, conveyance, lease, or mortgage which is not authorized by the terms of this Declaration or for which authorization has not been obtained pursuant to the terms hereof is voidable and may be voided by certificates of the Board of Administrators or Declarant duly recorded in the recording office where this Declaration is recorded.

The right of first refusal of the Declarant provided for in this Paragraph 30 shall not apply to transfers, sales, or conveyances involving a foreclosure sale or other judicial sale or transfer to a mortgagee in lieu of foreclosure, any transfer by mortgagee following foreclosure or any proceeding or arrangement in lieu thereof.

(b) Leasing of Units. A unit owner may lease or rent his unit subject to such rules and regulations as may be adopted from time to time by the Board of Administrators and the Declarant.

(c) Children. No children under the age of ten (10) may reside at a unit, except that such children may visit the owner or lessee of a unit for one period of not more than thirty (30) days during the summer season and one period of not more than thirty (30) days during the winter season. Such period shall be of contiguous days and may not be divided into two or more visits.

(d) Dogs or Pets. The Declarant and Board of Administrators may adopt such rules and regulations concerning dogs and other pets as they deem advisable. However, no dogs or other pets may be allowed in the common areas of the Development unless such dog or pet is on a leash and attended by its owner.

(e) Hard surface floor materials such as vinyl or ceramic tiles may not be applied to the floor surfaces or any portion of the unit other than the kitchen and bathrooms unless there is an approved form of some sound deadening or sound insulation material placed between such flooring and the unfinished floor surface of the unit. Said hard surface floor materials must be approved in writing by the Association prior to their installation.

31. Miscellaneous Provisions.

(a) All provisions of this Declaration and its exhibits, and all subsequent amendments to each of them, shall constitute covenants running with the Condominium property and every part thereof and interest therein, and all persons having any interest in any of the Condominium property shall be bound by all provisions thereof.

(b) Declarant and its successors and assigns shall have the right to use the common areas and facilities of the property or portions thereof as well as units owned by Declarant or its successors or assigns, or for the use of which said party shall have arranged, for the purpose of aiding in the sales of the Condominium units, including the right to use portions of the property for parking for prospective purchasers and such other parties as said party determines, and to display and erect signs, billboards and placards and store, keep and exhibit same and distribute audio and visual promotional materials upon the common areas and facilities, and in its sole discretion to use any Condominium unit which it owns, or for the use of which it has contracted, as a sales office or for other business purposes, until its sales program with respect to the Condominium has been completed. Declarant and its successors and assigns are hereby irrevocably empowered, NOTWITHSTANDING ANY PROVISION HEREIN TO THE CONTRARY, to sell, mortgage or lease units to any persons approved by any of them, both during the sales program and thereafter.

(c) Notwithstanding any provision or implication herein to the contrary, any action which may be taken by vote in favor thereof at any meeting of the unit owners may be taken instead pursuant to written consent of the persons who would be entitled to vote thereon at a meeting, in which case said written consent shall have the same effect as a vote at a meeting, pursuant to due notice, in favor of the action consented to, which said consent may be evidenced by a Certificate thereof by any officer of the Board, recorded in the said office of the Register of Deeds, and all parties dealing in any way with any of the condominium property are hereby authorized to rely on each said certificate.

(d) The condominium property is subject to all matters of record. Declarant and its successors and assigns hereby reserve the right to grant such other easements, for utility service, drainage, pedestrian and vehicular traffic, or otherwise, as may be considered by Declarant or its successors or assigns desirable for the use of the Condominium property or other nearby or adjacent property of Declarant or its successors or assigns. DECLARANT, FOR ITSELF AND ITS SUCCESSORS AND ASSIGNS, HEREBY EXPRESSLY RESERVES A PERPETUAL NONEXCLUSIVE EASEMENT OVER ALL ROADS, STREETS, DRIVEWAYS AND PARKING AREAS ON THE CONDOMINIUM PROPERTY, PLUS ANY ADDITIONAL AREA NEEDED TO CONNECT SAID DRIVEWAYS AND PARKING AREAS WITH THE BOUNDARIES OF THE CONDOMINIUM PROPERTY, THE LOCATION OF WHICH MAY BE CHOSEN BY DECLARANT OR ITS SUCCESSORS OR ASSIGNS, FOR USE IN COMMON WITH THE UNIT OWNERS AND OTHERS WHO MAY BE RIGHTFULLY USING SAID DRIVEWAYS AND PARKING AREAS, FOR ACCESS TO ALL ADJACENT AND NEARBY PROPERTY NOW OR HEREAFTER OWNED BY DECLARANT, OR ITS SUCCESSORS OR ASSIGNS, WHICH SAID EASEMENTS SHALL BE CONSIDERED AN EASEMENT APPURTENANT TO SAID PROPERTY AND ALL PORTIONS

THEREOF, RUNNING WITH THE TITLE TO SAID PROPERTY AND ALL PORTIONS THEREOF.

(e) Whenever the context requires, the use of any gender shall be deemed to include all genders and the use of the singular shall include the plural and vice versa. All of the provisions hereof shall be construed according to the laws of the State of North Carolina; provided, however, that it is specifically intended that the provisions hereof and of all Exhibits hereto shall be liberally construed to effectuate the purposes set forth. Should any of the provisions hereof or of an Exhibit hereto or any subsequent amendments to any of them be determined to be invalid, such invalidity shall not affect the validity of the remainder thereof. Should any of the provisions of this Declaration or its Exhibits be deemed to violate the Rule against Perpetuities, or any other limitation imposed by law on the duration of the provisions hereof, any and all such provisions shall be deemed to remain in effect only for the maximum period permitted by law. The captions herein are inserted only as a matter of convenience and for reference, and in no way to define, limit or describe the scope of this Declaration or the intent of any provisions hereof.

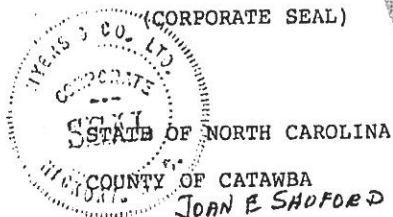
IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed by its duly authorized officers, and its corporate seal to be duly affixed hereto, on the day and the year first above written.

MYERS & CO., LTD., d/b/a S & M BUILDERS

By: [Signature] President

ATTEST:

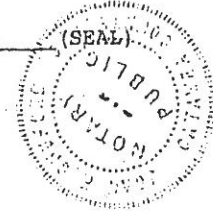
[Signature]
ASST Secretary



I, [Signature], a Notary Public, do hereby certify that Myers & Co., Ltd. personally appeared before me this day and acknowledged that he is Secretary of Myers & Co., Ltd., d/b/a S & M Builders, and that, by authority duly given and as the act of the Corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself as its Secretary.

Witness my hand and notarial seal this 4th day of April, 1984.

[Signature]
Notary Public



My commission expires:

11-21-87

EXHIBIT "A"

THE FARM B CONDOMINIUM

SEE LEGAL DESCRIPTION AND PLAT AS FILED IN UNIT OWNERSHIP BOOK 1
AT PAGE 21 AND PLAT AS FILED IN PLAT BOOK 19, PAGE 10,
OFFICE OF THE REGISTER OF DEEDS FOR CATAWBA COUNTY, NORTH CAROLINA.

Lying and being in Hickory Township, Catawba County, North Carolina, containing 0.679 of an acre, and being more particularly described as follows: BEGINNING at a point located North 22° 41' West 25.11 feet from an EIP found in the margin of 14th Avenue Southeast, runs thence South 22° 41' East 109.89 feet to a point; thence South 31° 47' 38" East 52.50 feet to a corner; thence South 52° 49' West 187.91 feet to a corner of the edge of a paved drive; thence with the edge of the paved drive, North 10° 33' West 240.60 feet to a corner; thence North 79° 27' East 124.86 feet to the BEGINNING corner, according to a survey and plat by Bolch Surveying dated October 23, 1981, labeled The Farm - Farm A, from Field Book 171, page 28.

Map

EXHIBIT B

THE FARM B CONDOMINIUM

SEE PLANS, SPECIFICATIONS AND CIVIL ENGINEER'S CERTIFICATION AS FILED
IN UNIT OWNERSHIP BOOK 1 AT PAGE 21, OFFICE OF THE REGISTER OF
DEEDS, CATAWBA COUNTY, NORTH CAROLINA.

Map

EXHIBIT C
THE FARM B CONDOMINIUM

<u>Unit Desig.</u>	<u>Approx Sq. Ft.</u>	<u>No. of Rooms</u>	<u>Common Elements of Immed. Access</u>	<u>PerCent of Interest in Common Elements</u>	<u>No. of Votes</u>
A	1200	5	Yards, parking area, walks, fitness trail	16.67	1667
B	1200	5	Yards, parking area, walks, fitness trail	16.67	1667
C	1200	5	Yards, parking area, walks, fitness trail	16.67	1667
D	1200	5	Yards, parking area, walks, fitness trail	16.67	1667
E	1200	5	Yards, parking area, walks, fitness trail	16.67	1667
F	1200	5	Yards, parking area, walks, fitness trail	16.67	1667
Totals:				1002.00	10002

Map

OF

THE FARM B CONDOMINIUM

ARTICLE I - PLAN OF UNIT OWNERSHIP

SECTION 1. Unit Ownership. The property located in Catawba County, State of North Carolina, and more particularly described in the Declaration of Condominium of The Farm B. Condominium (hereinafter called "the Declaration"), has been submitted to the provisions of Chapter 47A of the North Carolina General Statutes entitled "Unit Ownership Act" by the Declaration recorded in the Office of the Register of Deeds of Catawba County, State of North Carolina, simultaneously herewith, and shall hereinafter be known as THE FARM B CONDOMINIUM" (hereinafter called "the Condominium").

SECTION 2. Formation of Association. THE FARM B CONDOMINIUM OWNERS ASSOCIATION (hereinafter called "this Association"), is a North Carolina non-profit corporation which has been formed for the purpose of administering the operation and management of the Condominium (a copy of the Articles of Incorporation of which has been or will be recorded in the Office of the Register of Deeds of the county in which the Condominium is located).

SECTION 3. Applicability of By-Laws. The provisions of these By-Laws are applicable to all affairs of this Association and to the Property of the Condominium and the use and occupancy thereof. The term "Property" as used herein shall include the land, the building and all other improvements thereon (including the units and the common areas and facilities) owned in fee simple absolute, and all easements, rights and appurtenances, belonging thereto, and all other property, personal or mixed, intended for use in connection therewith, all of which are intended to be submitted to the provisions of said Chapter 47A of the North Carolina General Statutes. All present and future owners, mortgagees, lessees and occupants of all Units in the Condominium and their agents and employees, and any other persons who may use the facilities of the Property in any manner are subject to the Declaration, the Articles of Incorporation of this Association, these By-Laws and Rules and Regulations made pursuant hereto and any amendment or amendments to any of said documents made from time to time hereafter. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of a Unit shall constitute an agreement that these By-Laws (and any Rules and Regulations made pursuant hereto) and the provisions of the Declaration and said Articles, as they may be amended from time to time, are accepted, ratified, and will be complied with.

ARTICLE II - MEETINGS AND VOTING

SECTION 1. Place of Meeting. All meetings of this Association shall be held at the property or at such other place either within or without the State of North Carolina, as shall be determined by the Board of Directors of this Association (hereinafter described and hereinafter called "the Board").

SECTION 2. Organizational Meeting. The initial meeting of this Association to organize the Condominium and elect the initial Board shall be held no later than 120 days after 75 % of the Units initially included in the Condominium pursuant to the Declaration have been sold and deeded by the Declarant or its successors or assigns as developer of the Condominium, but in any event no later than five years following the said sale and deeding of the first of said Units. Pending the said election of the initial Board, all of the powers and authority of the Board shall be vested in the Declarant or its said successors or assigns as developer of the Condominium.

SECTION 3. Annual Meeting. Annual meetings of this Association shall be held at such times and places as may be designated by the Board and specified in the notice of each such meeting, for the purpose of electing members of the Board and for the transaction of such other business as may be properly brought before the meeting.

SECTION 4. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated, a substitute annual meeting may be called in accordance with the provisions of Section 5 of this Article. A meeting so called shall be designated and treated for all purposes as the annual meeting.

SECTION 5. Special Meetings. After the organizational meeting, special meetings of this Association may be called at any time by the Board or upon the written request of Unit Owners owning in the aggregate no less than fifty percent (50%) of the total interest in the common areas and facilities.

SECTION 6. Notice of Meetings. Written or printed notice stating the place, day, and hour of the meeting shall be delivered or mailed not less than ten (10) days nor more than sixty (60) days before the date thereof, to each person entitled to vote at such meeting. In the case of an annual or substitute annual meeting, the notice of meeting need not specifically state the business to be transacted thereat. In the case of a special meeting the notice of meeting shall specifically state the purpose or purposes for which the meeting is called. When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is effective.

SECTION 7. Quorum. The presence in person or by proxy at any meeting of the voting members (as defined in Section 8 of this Article) having a majority of the total votes shall constitute a quorum. Unless otherwise expressly provided herein, any action may be taken at any meeting of this Association at which a quorum is present upon the affirmative vote of the voting members having a majority of the total votes present at such meeting. If there is no quorum at the opening of the meeting, such meeting may be adjourned from time to time by the vote of a majority of the voting members present, either in person or by proxy; and at any adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the original meeting. The voting members at a meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting members to leave less than a quorum.

SECTION 8. Voting Rights. There shall be one person with respect to each Unit who shall be entitled to vote at any meeting of this Association. Such person shall be known and hereafter referred to as a "voting member". Such voting member may be the owner or one of a group composed of all of the owners of a unit, or may be some other person designated by such owner or owners to act as proxy on his or their behalf and who need not be an owner. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board of the death or judicially declared incompetence of any designator, or by written notice to the Board by the owner or owners. The total number of votes of all voting members shall be 100, and each owner or group of owners (including the Board, if this Association or its designee shall then hold title to one or more units) shall be entitled to the number of votes equal to the total of the percentage of ownership in the common areas and facilities applicable to his or their unit as set forth in Exhibit "C" of the Declaration.

SECTION 9. Waiver of Notice. Any Unit Owner may at any time waive notice of any meeting of this Association in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Unit Owner at any meeting of this Association shall constitute a waiver of notice by him of the time and place thereof, except where a Unit Owner attends a meeting and indicates immediately upon the meeting's being called to order that his sole purpose of attending is to object to the transaction of business because the meeting has not been lawfully called.

SECTION 10. Informal Action by Unit Owners. Any action which may be taken at a meeting of this Association, except removal of a member of the Board, may be taken without a meeting by written approval, signed by voting members having the voting power required to pass such action at a meeting. Such approval shall be filed with the Secretary of this Association and kept in the Minute Book of this Association.

ARTICLE III - BOARD OF ADMINISTRATORS

SECTION 1. General Powers. The business and property of the Condominium shall be managed and directed by the Board or by such Executive Committee as the Board may establish pursuant to these By-Laws.

SECTION 2. Number, Term and Qualifications. The number of Directors of this Association shall be the number, not fewer than three (3) nor more than seven (7), fixed from time to time upon the affirmative vote of voting members representing a majority of the total vote of the Condominium, pending which the Board shall consist of three (3) members. The initial Board, the members of which shall serve until their successors are duly elected and qualified, shall consist of three (3) persons appointed by Declarant, who need not be officers or employees of Declarant, and who need not own or occupy a unit. Each Director shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies. The Board may declare the office of a member absent from three consecutive meetings of the Board to be vacant. Each member of the Board shall be one of the owners or co-owners or a spouse of an owner or co-owner; provided, however, that in the event an owner is a corporation, partnership, trust or other legal entity other than a natural person or persons, then any officer or director of such corporation, partner of such partnership, beneficiary of such trust or manager of such other legal entity, shall be eligible to serve as a member of the Board.

SECTION 3. Election of Directors. Except as otherwise provided in Sections 2 and 5 of this Article, the Directors shall be elected initially at the Organizational Meeting and thereafter at the Annual Meeting of this Association; and those persons who receive the highest number of votes shall be deemed to have been elected.

SECTION 4. Removal. Directors may be removed from office with or without cause by the affirmative vote of the Unit Owners having a majority of the total votes entitled to vote at an election of directors. However, unless the entire Board is removed, an individual director may not be removed if the number of Unit Owners voting against the removal would be sufficient to elect a director if such Unit Owners voted cumulatively at an annual election. If any directors are so removed, new directors may be elected at the same meeting.

SECTION 5. Vacancies. A vacancy occurring in the Board of Directors, including directorships not filled by the Unit Owners, may be filled by a majority of the remaining directors, though

less than a quorum, or by the sole remaining director; but a vacancy created by an increase in the authorized number of Directors shall be filled only by election at an annual meeting or a special meeting of this Association called for that purpose. Voting members may elect a Director at any time to fill any vacancy not filled by the Directors.

SECTION 6. Compensation. Directors shall receive no compensation for their services unless expressly allowed by the Board at the direction of the Unit Owners having two-thirds (2/3) of the total votes.

SECTION 7. Executive Committees. The Board may, by resolution, designate two or more directors to constitute an Executive Committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board in the management of the Condominium.

SECTION 8. Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Condominium and may do all such acts and things, except such acts as by law or by the Declaration or by these By-Laws may not be delegated to the Board. Such powers and duties of the Board shall include, but shall not be limited to, the following:

(a) Operation, care, upkeep, and maintenance of the common areas and facilities.

(b) Determination of the common expenses required for the affairs of the Condominium, including without limitation, the operation and maintenance of the property.

(c) Collection of the common charges from the Unit Owners.

(d) Employment and dismissal of the personnel necessary for the maintenance and operation of the common areas and facilities.

(e) With the approval of the Unit Owners having the majority of the total votes, the adoption and amendment of such reasonable rules and regulations as it may deem advisable for the maintenance, conservation, and beautification of the property, and for the health, comfort, safety, and general welfare of the owners and occupants of the property. Written notice of such rules and regulations shall be given to all owners and occupants and the entire property shall at all times be maintained subject to such rules and regulations.

(f) Opening of bank accounts on behalf of the Condominium and designating the signatories required thereon.

(g) Purchasing or leasing or otherwise acquiring in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, units offered for sale or lease.

(h) Purchasing of units at foreclosure or other judicial sales in the name of the Board or its designee, corporate or otherwise, on behalf of all Unit Owners.

(i) Selling, mortgaging, voting the votes appurtenant to or otherwise dealing with units acquired by the Board or its designee, corporate or otherwise, on behalf of all Unit Owners, subject to the Declaration and other applicable restrictions, and organizing corporations to act as designees of the Board in acquiring title to units on behalf of all Unit Owners.

(j) Maintaining and repairing any unit if such maintenance or repair is necessary in the discretion of the Board or by operation of applicable restrictions to protect the common areas

and facilities or any other portion of the building and the owner of said unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair has been delivered or mailed by the Board to said owner, provided that the Board shall levy a special assessment against such owner for the costs of said maintenance or repair.

(k) Entering any unit when necessary in connection with any maintenance or construction for which the Board is responsible; provided, such entry shall be made during reasonable hours with as little inconvenience to the owner as practicable, and any damage caused thereby shall be repaired by the Board and such expenses shall be treated as a common expense.

(l) Signing all agreements, contracts, deeds and vouchers for payment for expenditures and other instruments in such manner as from time to time shall be determined by written resolution of the Board. In the absence of such determination by the Board, such documents shall be signed by the Treasurer and countersigned by the President of this Association.

(m) Obtaining of insurance for the property, including the units, pursuant to applicable provisions of the Declaration.

(n) Making of repairs, additions, and improvements to or alterations of the property and repairs to and restoration of the property in accordance with the other provisions of these By-Laws and the Declaration, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceeding.

(o) Employ attorneys to represent the Board when deemed necessary.

SECTION 9. Managing Agent. The Board may engage the services of any person, firm, or corporation to act as managing agent at a compensation established by the Board, to perform such duties and services for the Condominium as the Board shall authorize including, but not limited to, the duties listed in subdivisions (a), (c), (d), (j), (k), (l), (n) of Section 8 of this Article III. The Board may delegate to the managing agent all of the powers granted to the Board by these By-Laws other than the powers set forth in subdivisions (b), (e), (f), (g), (h), (k), (m) and (o) of Section 8 of this Article III.

ARTICLE IV - MEETINGS OF DIRECTORS

SECTION 1. Organizational Meeting. The first meeting of the members of the Board shall immediately follow the Organizational Meeting of this Association (as provided in Section 2 of Article II). No notice shall be necessary to the newly elected members of the Board in order to legally constitute such meeting, providing a quorum shall be present.

SECTION 2. Regular Meetings. A regular meeting of the Board shall be held immediately after, and at the same place as the annual meeting or substitute annual meeting of this Association. In addition, the Board may provide by resolution the time and place either within or without the State of North Carolina, for the holding of a regular meeting of the Board.

SECTION 3. Special Meetings. Special meetings of the Board may be called by or with the request of the President or by a majority of the Directors. Such meetings may be held either within or without the State of North Carolina.

SECTION 4. Notice of Meetings. Regular meetings of the Board may be held without notice. The person or persons calling a spe-

cial meeting of the Board shall, at least two days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

SECTION 5. Waiver of Notice. Any member of the Board may at any time waive notice of any meeting of the Board in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board at any meeting of the Board shall constitute a waiver of notice by him of the time and place thereof, except where a director attends the meeting and announces immediately upon the meeting's being called to order that he is attending for the sole purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the members of the Board are present at any meeting of the Board, and no objection is made, no notice shall be required and any business may be transacted at such meeting.

SECTION 6. Quorum. A majority of the number of Directors fixed by these By-Laws shall be required for and shall constitute a quorum for the transaction of business at any meeting of the Board.

SECTION 7. Manner of Acting. Except as otherwise provided in this section, the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

A vote of a majority of the number of Directors fixed by the By-Laws shall be required to adopt a resolution constituting an Executive Committee. The vote of a majority of the Directors then holding office shall be required to adopt, amend, or repeal a by-law.

SECTION 8. Organization. Each meeting of the Board shall be presided over by the President, by any person selected to preside by vote of the majority of the Directors present. The Secretary, or in his absence, an Assistant Secretary, or in the absence of both the Secretary and the Assistant Secretary, any person designated by the Chairman of the meeting, shall act as Secretary of the meeting.

SECTION 9. Informal Action of Directors. Action taken by a majority of the Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Board, whether done before or after the action so taken.

SECTION 10. Minutes. The Board shall keep minutes of its proceedings.

SECTION 11. Liability of the Board. The members of the Board shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Unit Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Condominium unless any such contract shall have been made in bad faith or knowingly contrary to the provisions of the Declaration or these By-Laws. Said indemnity obligation, and all costs reasonably incurred in enforcing it, including reasonable attorneys' fees, shall be secured by a lien in favor of the Board and each of its members individually identical to that provided in connection with common expenses. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Condominium, except to the extent that they

are Unit Owner(s). It is also intended that the liability of any Unit Owner arising out of any contract made by the Board or out of the aforesaid indemnity in favor of the members of the Board, shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interests of all the Unit Owners in the common areas and facilities. Every agreement made by the Board or by the managing agent on behalf of the Condominium shall provide that the members of the Board, or the managing agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his interest in the common areas and facilities bears to the interest of all Unit Owners in the common areas and facilities.

ARTICLE V - OFFICERS

SECTION 1. Number. The principal officers of the Condominium shall consist of a President, a Secretary, a Treasurer, and such Vice Presidents, Assistant Secretaries, Assistant Treasurers, and other officers as the Board may from time to time elect. Any two or more offices may be held by the same person except the offices of President and Secretary.

SECTION 2. Election and Term. The officers of the Condominium shall be elected by and from among the Board. Such elections may be held at the regular annual meeting of the Board.

Each officer shall hold office for a period of one year or until his death, resignation, retirement, removal, disqualification, or his successor is elected and qualifies.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board may be removed by the Board with or without cause; but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4. Compensation. No officer shall receive any compensation from the Condominium for acting as such.

SECTION 5. President. The President shall be the principal executive officer of the Condominium and, subject to the control of the Board, shall supervise and control the management of the Condominium. The President shall, when present, preside at all meetings of the Board and of this Association and, in general, shall perform all duties incident to the office of President and such other duties as may be prescribed from time to time by the Board.

SECTION 6. Vice President. The Vice President, and if there be more than one, the Vice President designated by the Board, shall, in the absence or disability of the President, have the powers and perform the duties of said office. In addition, each Vice President shall perform such other duties and have such other powers as shall be prescribed by the President.

SECTION 7. Secretary. The Secretary shall keep accurate records of the acts and proceedings of all meetings of this Association and Directors. He shall give, or cause to be given, all notices required by law and by these By-Laws. He shall have general charge of the minute books and records of both this Association and the Board. He shall sign such instruments as may require his signature, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may be assigned him from time to time by the President or by the Board.

SECTION 8. Treasurer. The Treasurer shall have custody of all Condominium funds and securities and shall receive, deposit, or

disburse the same under the direction of the Board. He shall keep full and accurate accounts of the finances of the Condominium in books especially provided for its assets and liabilities as of the close of each fiscal year, and of the results of its operations and of changes in surplus for each fiscal year, all in reasonable detail, to be prepared and distributed to all Unit Owners and members of the Board on or before the 15th day of the third month following the close of each fiscal year. The statement so filed shall be kept available for inspection by any Unit Owner for a period of three (3) years. The Treasurer shall also file all reports and returns required by Federal, State, or local law and shall generally perform all other duties as may be assigned to him from time to time by the President or the Board.

SECTION 9. Assistant Secretaries and Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall, in the absence or disability of the Secretary or the Treasurer, respectively, have all the powers and perform all of the duties of those officers, and they shall in general perform such other duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President.

ARTICLE VI - COMMON CHARGES

As more fully described in the Declaration, each member is obligated to pay to the Board annual and special common charges which are secured by a lien upon the property which the common charge is made. Any common charges not paid when due shall be delinquent. If the common charges are not paid within thirty (30) days after the due date, the common charges shall bear interest from the date of delinquency at the rate of twelve percent (12%) per annum, and the Board may bring an action at law against the Unit Owner personally obligated to pay the same or foreclose the lien against the property, and interest, and costs, and reasonable attorneys' fees of any such action shall be added to the amount of such common charges. No Unit Owner may waive or otherwise escape liability for the common charges provided for herein by non-use of the Common Areas or abandonment of his Unit.

ARTICLE VII - RECORDS, AUDITS, REPORTS AND NOTICES

The Board or the managing agent shall keep detailed records of the actions of the Board and the managing agent, minutes of the meetings of the Board, minutes of the meetings of the Unit Owners, and financial records and books of account of the Condominium, including a chronological listing of receipts and expenditures, as well as a separate account for each Unit which, among other things, shall contain the amount of each assessment of the common charges against such Unit, the date when due, the amounts paid thereon, and the balance remaining unpaid. The financial records and books of account, as well as copies of the Declaration, By-Laws and any Rules and Regulations then in effect, as amended to the time, shall be available for examination by all the Unit Owners, and to holders, insurers or guarantors of any first deed of trust, or their respective authorized agents or attorneys, upon request during normal business hours or under other reasonable circumstances. A written report summarizing all receipts and expenditures of the Condominium shall be rendered by the Board to all Unit Owners on or before the 15th day of the third month following the end of each fiscal year covering the preceding year. In addition, an annual report of the receipts and expenditures of the Condominium, certified by an independent certified public accountant, shall be rendered by the Board to all Unit Owners as soon as practicable after the end of each fiscal year.

ARTICLE VIII - RIGHTS OF ELIGIBLE MORTGAGE HOLDERS AND ELIGIBLE INSURERS OR GUARANTORS

SECTION 1. Audited Statements. Mortgage holders, if any, which hold mortgages on at least fifty-one percent (51%) of the Units shall be entitled to have an audited statement prepared at their expense if one is not otherwise available.

SECTION 2. Notice of Action. Upon written request to the Board, identifying the name and address of the holder, insurer or guarantor and the Unit number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the project or any Unit on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;

(b) Any delinquency in the payment of assessments or charges owed by an owner of a Unit subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Board;

(d) Any proposed action which would require the consent of a specified percentage of eligible mortgage holders as specified herein.

SECTION 3. Other Provisions for Eligible Mortgage Holders. Eligible mortgage holders shall also be afforded the following rights:

(a) Any restoration or repair of the project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by eligible holders holding mortgages on Units which have at least fifty-one percent (51%) of the votes of unit estates subject to eligible holder mortgages.

(b) Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the property shall require the approval of eligible holders holding mortgages on Units which have at least fifty-one percent (51%) of the votes of members subject to eligible holder mortgages.

(c) In the event professional management has been previously required by any eligible mortgage holder or eligible insurer or guarantor, whether such entity became an eligible mortgage holder or eligible insurer or guarantor at that time or later, any decision to establish self management by the Board shall require the prior consent of owners of Units to which at least sixty-seven percent (67%) of the votes in the Board are allocated and the approval of eligible holders holding mortgages on Units which have at least fifty-one percent (51%) of the votes of Units subject to eligible holder mortgages.

ARTICLE IX - AMENDMENT

These By-Laws may be amended by the affirmative vote of the owners representing a majority of the total undivided interest of the Condominium; provided, however, that any such amendment shall not become operative until set forth in amended Declaration and duly recorded. All Unit Owners shall be bound to abide by any

amendment upon the same being passed and duly set forth in an amended Declaration, duly recorded.

In the case of conflict between the Articles of Incorporation and the By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the initial Directors of the Farm B Condominium, have hereunto set our hands, this 4th day of April, 1984.

[Signature]
[Signature]
[Signature]

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of the Farm B Condominium; and

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the initial Board of Directors thereof, held on the 4th day of April, 1984.

IN WITNESS WHEREOF, I have hereunto subscribed my name this 4th day of April, 1984.

[Signature]
Secretary

FILED
RUTH MACKIE
APR 4 PM 3 26

REGISTERED

NORTH CAROLINA CATAWBA COUNTY

The foregoing certificate of Joan E. Shuford, Notary Public of Catawba County, N.C., is certified to be correct. Filed on April 4, 1984, at 3:26 P.M. and recorded in Book 1353 at Page 78.

[Signature]
Ruth Mackie - Register of Deeds

DECLARATION OF INTENTION TO SUBMIT PROPERTY Condo 1 Unit 6
TO THE PROVISIONS OF CHAPTER 47A
OF THE NORTH CAROLINA GENERAL STATUTES

THE FARM A CONDOMINIUM

THIS DECLARATION, made this 20th day of November, 1979, by MYERS & CO., LTD., d/b/a S & M BUILDERS, a North Carolina corporation, hereinafter called the "Declarant", pursuant to the provisions of Chapter 47A of the North Carolina General Statutes entitled the "Unit Ownership Act";

W I T N E S S E T H :

WHEREAS, the Declarant is the owner of certain real property in Catawba County, State of North Carolina, and more particularly described in Exhibit A attached hereto; and

WHEREAS, the Declarant is the owner of a certain condominium type multi-unit building and certain other improvements heretofore constructed or hereafter to be constructed upon the aforesaid property and it is the desire and the intention of the Declarant to divide the project into "condominium units" or "units" as those terms are defined under the provisions of the North Carolina Unit Ownership Act, and to sell and convey the same to the various purchasers subject to the covenants, conditions and restrictions herein reserved to be kept and observed; and

WHEREAS, Declarant desires and intends, by the filing of this Declaration, to submit the above described property and the multi-unit buildings located thereon and all other improvements constructed or to be constructed thereon, together with all appurtenances thereto, to the provisions of the North Carolina Unit Ownership Act (Chapter 47A, North Carolina General Statutes);

NOW, THEREFORE, the Declarant does hereby publish and declare that all of the property described above and as described in Paragraph 1 below is held and shall be held, conveyed, hypothecated, encumbered, used, occupied, and improved subject to the following covenants, conditions, restrictions, uses, limitations and obligations, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into condominium units and shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and any person acquiring

or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

1. Description of Property. All that certain parcel of land with the buildings and improvements thereon erected and to be erected lying and being in the County of Catawba, State of North Carolina, and more particularly described in Exhibit A attached hereto and made a part thereof.

2. Description of the Buildings. The Farm A Condominium will consist of three (3) multi-unit residential buildings. The buildings are designated as "The Farm A" as shown on the Master Site Plan, a copy of which is attached hereto and made a part hereof as Exhibit A, which such Master Site Plan further shows the location of said building on the real property described in Exhibit A, and its location with respect to other improvements thereon. The said buildings contain a total of twenty-six (26) separate units.

The number of stories in said buildings and the number of units and basements are as follows:

<u>Building Designation</u>	<u>Total Units in Building</u>	<u>Basement</u>	<u>Stories</u>
1	10	No	2
2	6	No	2
3	10	Yes	2

Said multi-unit buildings are more particularly described and defined in the Plans and Specifications of said buildings, a copy of which Plans and Specifications are attached hereto and made a part hereof as Exhibit B showing all particulars of the buildings, including the layout, number of stories, the location, ceiling and floor elevations, building designation, unit numbers and dimensions of the units. Such plans bear the verified statement of Carroll Williams, Civil Engineer, certifying that said Plans are actual copies of portions of the Plans of the building as filed with and approved by the municipal or other governmental subdivision having jurisdiction over the issuance of permits for the construction of buildings. For a more particular description of the building reference is hereby made to the Plans and Specifications filed herewith as Exhibit B.

3. Unit Designations.

(a) The unit designation of each condominium unit, approximate area, number of rooms and other data concerning its proper identification are set forth in Exhibit C attached hereto and made a part hereof. Access to the common areas and facilities from

each unit is direct from each unit and by walkways and parking areas in the common areas and facilities as are fully shown on the drawings filed herewith as Exhibit A.

(b) Each unit shall constitute a single freehold estate and shall consist of all of the space bounded by the undecorated and/or unfinished interior surfaces of its perimeter walls, load bearing walls, lowermost floors, uppermost ceilings, windows and window frames, door and door frames. Each unit includes both portions of the building within such boundaries and the space so encompassed, including, without limitations, the decorated surfaces, including paint, lacquer, varnish, wallpaper, paneling, tile, carpeting and any other finishing materials applied to interior walls, doors, floors and ceilings and interior surfaces of permanent walls, interior non-load bearing walls, windows, doors, floors and ceilings.

4. Encroachments. If any portion of the common areas and facilities encroaches upon any unit, or if any unit now encroaches upon any other unit, or upon any portion of the common areas and facilities, as a result of the construction of the buildings, or if any such encroachment shall occur hereafter as a result of settling or shifting of the buildings, a valid easement for the encroachment and for the maintenance of same shall exist so long as the buildings shall stand. In the event the buildings, the unit, any adjoining unit, or any adjoining common area or facility 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 then rebuilt, encroachment of parts of the common areas and facilities upon any unit or of any unit upon any other unit or upon any portion of the common areas and facilities due to such rebuilding shall be permitted, and valid easements for such encroachments and the maintenance thereof shall exist so long as the buildings shall stand.

5. Common Areas and Limited Common Areas.

(a) Description of Common Areas and Facilities. The common areas and facilities consist of all parts of the multi-unit building situated on the property described hereinabove, other than the individual dwelling units therein and described in Paragraph 3 above, including, without limitation, the following (except such portions of the following as may be included within an individual unit):

(i) The land on which the buildings are erected and all lands surrounding the buildings as are more fully described in Paragraph 1 above, subject to the easements, if any, as shown on the plat of survey attached as Exhibit A.

- (ii) All foundations, columns, girders, beams, supports, and other structural members.
- (iii) The yards, roads, driveways and parking areas.
- (iv) All roof, exterior walls and interior walls except those partitioned walls wholly within a unit.
- (v) All central and appurtenant installations for services, such as power, light, water, TV antenna and cables, tanks, pumps, motors, fans, conduits, and compressors in connection therewith, whether located in common areas or in units.
- (vi) All sewer pipes.
- (vii) All exterior walkways.
- (viii) All other parts of the property and all apparatus and installations existing in the buildings or upon the property for common use or necessary or convenient to the existence, maintenance, or safety of the property.

The undivided interest of each unit owner in such common areas and facilities is set forth in Exhibit C and attached hereto and made a part hereof.

(b) Description of Limited Common Areas and Facilities. Limited common areas and facilities shall mean and include those common areas and facilities designated in this Declaration and on the attached Exhibits as vehicle parking areas. Each unit owner may park not more than two (2) vehicles in such areas. Large commercial vehicles shall be prohibited. No overnight parking of motor homes, mobile homes or recreational vehicles shall be permitted, other than the van/passenger type.

7. Person to Receive Service of Process. J. Don Myers is hereby designated to receive service of process in any action which may be brought against or in relation to the Condominium. Said person's place of business is 405 4th Street, S. W., Hickory, N. C., 28601, which is located within the county in which the buildings are located.

8. Easements. Each unit owner shall have an easement in common with the other owners of all other units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in

favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Directors shall have the right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair or replace the common facilities contained therein or elsewhere in the building.

The Board of Directors may hereafter grant easements or utility purposes for the benefit of the property including the right to install, lay, maintain, repair and replace water lines, pipes, sewer lines, gas mains, telephone wires and equipment and electrical conduits, and wires over, under, along, and on any portion of the common areas; and each unit owner hereby grants the Board of Directors an irrevocable power of attorney to execute, acknowledge and record for and in the name of each unit owner such instruments as may be necessary to effectuate the foregoing.

9. Partitioning. The common areas and facilities shall not be divided nor shall any right to partition any thereof exist. Nothing herein contained, however, shall be deemed to prevent ownership of a condominium unit by the entirety, jointly, or in common or in any other form by law permitted.

10. Liens. While the property remains subject to this Declaration and the provisions of the North Carolina Unit Ownership Act, no liens of any nature shall arise or be created against the several units and their respective common interests under the provisions of the North Carolina Unit Ownership Act. Every agreement for the performance of labor, or the furnishing of materials to the common areas and facilities, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and the right to file a mechanic's lien or other similar lien by reason of labor performed or materials furnished is waived.

11. Nature of Interest in Units. Every condominium unit, together with its undivided common interest in the common areas and facilities shall for all purposes be, and it is hereby declared to be and to constitute a separate parcel of real property and the unit owner thereof shall be entitled to the exclusive ownership and possession of his condominium unit subject only to the covenants, restrictions, easement, bylaws, rules, regulations, resolutions and decisions adopted pursuant hereto and as may be contained herein and in the accompanying bylaws and in the minutes of the Board of Directors.

12. Assessments.

(a) Taxes. Every condominium unit, together with its undivided common interest in the common areas and facilities, shall constitute a separate parcel of real property and shall be separately assessed and taxed by each assessing unit for all types of taxes authorized by law. Each unit owner shall be liable solely for the amount taxed against his individual unit.

(b) Common Expenses. Each unit owner shall contribute pro rata, in proportion to his undivided interest as set forth in Exhibit C hereto, toward the expenses and administration and of maintenance and repair of the common areas and facilities, in accordance with the bylaws of the condominium and under the provisions of the North Carolina Unit Ownership Act.

(13) Insurance. Insurance coverage on the property shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the condominium property shall be purchased by the Board of Directors for the benefit of the Board and the unit owners and their mortgagees as their interests may appear, and provision shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of unit owners. Unit owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

(b) Coverage. All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value as determined annually by the Board of Directors with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and

(ii) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the land, and,

(iii) said policies shall contain clauses providing for waiver of subrogation. Public liability insurance shall be secured by the Board of Directors in such amount and with such coverage as shall be deemed necessary by the Board of Directors including, but not limited to, an endorsement to cover liability of the unit owners as a group to a

single unit owner. There shall also be obtained such other insurance coverage as the Board of Directors shall determine from time to time to be desirable and necessary.

(c) Premiums. Premiums upon insurance policies purchased by the Board of Directors shall be paid by the Board of Directors as a common expense.

(d) Proceeds. All insurance policies purchased by the Board of Directors shall be for the benefit of the Board of Directors and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Board as insurance trustee under this Declaration. The sole duty of the Board of Directors as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes elsewhere stated herein or stated in the bylaws and for the benefit of the unit owners and their mortgagees in the following shares:

(i) Proceeds on account of damage to common areas and facilities - an undivided share for each unit owner, such shares being the same as each unit owner's undivided interest in the common areas and facilities (as set forth in Exhibit C attached hereto).

(ii) Proceeds on account of damage to units shall be held in the following undivided shares:

A. When a building is to be restored - for the owners of damaged units in proportion to the cost of repairing the damage suffered by each unit owner, which cost shall be determined by the Directors.

B. When a building is not to be restored - an undivided share for each unit owner's proportionate interest in the building based upon the total fair market value of the building.

(iii) In the event a mortgagee endorsement has been issued to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear.

14. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Board of Directors as insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Expense of the Trust. All expenses of the insurance

trustee shall be first paid or provisions made therefor.

(b) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as provided by Paragraph 15 hereof. Any proceeds remaining after defraying such cost shall be distributed to the beneficial owners.

(c) Failure to Reconstruct or Repair. If it is determined, as provided in Paragraph 15 hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners thereof.

15. Damage and Destruction. Except as hereinafter provided, damage to or destruction of a building shall be promptly repaired and restored by the Board of Directors using the proceeds of insurance on the building for that purpose and unit owners shall be liable for assessment of any deficiency; provided, however, if the building be so damaged or destroyed by fire or other casualty that the same is untenable, the building shall not be reconstructed.

Any reconstruction or repair shall be in accordance with the plans and Specifications of the original building, portions of which are attached hereto as exhibits; and if not, then according to plans and specifications approved by the Board of Directors and Declarant.

16. Transfer of Units. In the event that any person, firm or corporation who owns a unit shall desire to sell such unit, then the said unit which said owner shall desire to sell shall first be offered for sale to Declarant at the same price and on the same terms under which the highest acceptable bona fide offer has been made to the owner of the said unit. The owner desiring to sell a unit shall give the Declarant written notice in the form of a sworn affidavit by registered mail, return receipt requested, of the owner's desire to sell such unit and shall further advise the Declarant in said offer of the name and address of the person, firm or corporation making said highest acceptable bona fide offer as well as the amount and terms of said offer. The Declarant shall have a period of thirty (30) days after receipt of said written notice within which to exercise its option to purchase such unit at the Board of Directors and the Declarant.

The Declarant, upon the request of a selling unit owner, shall execute in recordable form an instrument indicating compliance with the terms and provisions of this Declaration by the selling owner.

No unit owner may mortgage his unit or any interest therein without the prior written approval of the Board of Directors except as to a first mortgage lien made to a bank, life insurance company or savings and loan association. The Board may, and it is hereby authorized to, impose reasonable conditions upon which approval as to any other mortgage shall be given. No unit owner may mortgage or otherwise encumber his unit or any interest therein unless such mortgage or encumbrance shall provide for written notice to the Board of Directors in the event of a default under such mortgage or other encumbrance and shall further provide for not less than ten days' written notice to the Board of Directors prior to any foreclosure under any such mortgage or other encumbrance. Each unit owner who shall mortgage or otherwise encumber his unit or any interest therein shall furnish to the Board of Directors a copy of all such mortgages, deeds of trust or other instruments creating such encumbrances.

Any sale, voluntary transfer, conveyance, lease or mortgage which is not authorized by the terms of this Declaration or for which authorization has not been obtained pursuant to the terms hereof is voidable and may be voided by certificates of the Board of Directors or Declarant duly recorded in the recording office where this Declaration is recorded.

The right of first refusal of the Declarant provided for in this Paragraph 16 shall not apply to transfers, sales or conveyances involving a foreclosure sale or other judicial sale or transfer to a mortgagee in lieu of foreclosure, any transfer by mortgagee following foreclosure or any proceeding or arrangement in lieu thereof.

17. Units Subject to Declaration, Bylaws, Rules and Regulations. All present and future owners, tenants and occupants of units shall be subject to, and shall comply with the provisions of this Declaration, the bylaws and any rules and regulations as may be adopted in accordance with the bylaws, as said Declaration bylaws, rules and regulations may be amended from time to time. The acceptance of a deed or conveyance or the entering into of a lease or the entering into occupancy of any unit shall constitute an agreement that the provisions of this Declaration, the bylaws and any rules and regulations which may be adopted are accepted and ratified by such owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person having at any time any interest or estate in such unit as though such provisions were made a part of each and every deed or conveyance or lease.

18. Amendment to Declaration. This Declaration may be amended by the vote of at least 75% in common interest of all unit owners,

cast in person or by proxy at a meeting duly held in accordance with the provisions of the bylaws, which such amendment shall become effective upon recordation of a written instrument duly executed and acknowledged by unit owners holding 75% in common interest of the condominium in the office of the Register of Deeds of Catawba County, North Carolina; provided, however, that any amendment which amends or alters the percentage of undivided interests in the common areas and facilities, or voting rights shall require the written approval of all unit owners.

Notwithstanding anything herein to the contrary, until all units have been sold by Declarant, no amendment to this Declaration shall be effective unless approved in writing by Declarant, and during said period, Declarant reserves the right to change the interior design and arrangement of any unsold units, to alter the boundaries between unsold units, and to add such additional common facilities or recreational facilities as it may deem desirable without amendment of this Declaration in the manner hereinbefore set forth so long as such change shall not increase the number of units or alter the boundaries of the common areas and facilities. If Declarant shall make any changes in units, as provided in this paragraph, such changes shall be reflected by an amendment of this Declaration with Plans attached, reflecting such authorized alteration of units, and the same amendment need only be executed and acknowledged by Declarant. The Plans shall be certified in the manner required by the North Carolina Unit Ownership Act. If more than one unit is concerned, Declarant shall reapportion between the units the shares in the common areas and facilities appurtenant to the units concerned, together with reapportioning the common expense and common profits of the units concerned, and such share of the common areas and facilities, common expense and common profits shall be duly noted in the amendment of this Declaration. The Unit Owners Association shall cause written notice to be given to the holder of any mortgage on any unit in the condominium at least thirty (30) days prior to the effective date of any amendment to this Declaration.

19. Invalidity. The invalidity of any provisions of this Declaration shall not be deemed to impair or affect in any manner the validity and enforceability or effect of the remainder of this Declaration, and in such event, all the other provisions of this Declaration shall continue in full force and effect as if such invalid provision had never been included herein.

20. Waiver. No provisions contained in the Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

21 Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way to define, limit or describe the scope of this Declaration nor the intent of any provisions hereof.

22. Law Controlling. This Declaration and the Bylaws attached hereto shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, MYERS & CO., LTD., d/b/a/ S & M BUILDERS, has caused this Declaration to be executed by its duly authorized Officers and its corporate seal to be hereunto affixed, the day and year first above written.



MYERS & CO., LTD., d/b/a S & M BUILDERS

J. Don Myers

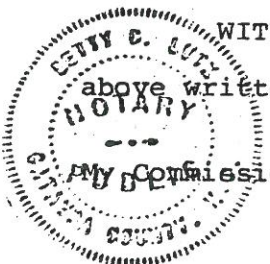
J. Don Myers, President

ATTEST:
Myra S. Myers

Secretary

STATE OF NORTH CAROLINA
CATAWBA COUNTY

This 20th day of November, 1979 personally appeared before me J. DON MYERS who, being by me duly sworn, says that he is the President of Myers & Co., Ltd., d/b/a S & M Builders, and that the seal affixed to the foregoing instrument in writing is the corporate seal of the Company, and that said writing was signed and sealed by him in behalf of the Corporation, by its authority duly given. And the said J. DON MYERS acknowledged the said writing to be the act and deed of said Corporation.



WITNESS my hand and Notarial Seal the day and year first above written.

Betty C. Yutz

Notary Public

(Continued)

W. C. Banks, Finger, Atty.

CATAWBA COUNTY
STATE OF NORTH CAROLINA

3538

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AMENDMENT TO DECLARATION OF INTENTION TO SUBMIT
PROPERTY TO THE PROVISIONS OF CHAPTER 47-A OF THE
NORTH CAROLINA GENERAL STATUTES

THE FARM A CONDOMINIUM

WHEREAS, MYERS & CO., LTD., d/b/a S & M BUILDERS, a North Carolina Corporation, hereinafter called the "Declarant", previously executed the said Declaration of The Farm A Condominium, dated November 20, 1979, and recorded said Declaration in Book 1219 at Page 654, and in Condominium Unit Ownership Book 1 at Page 6, Catawba County, North Carolina, and

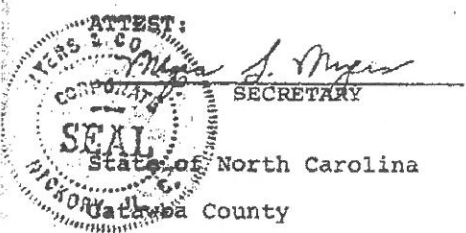
WHEREAS, said Declaration may be amended as provided, and the Declarant desires to amend to provide the appropriate and required architect's certificate, plans, and specifications with regard to Building Two (2);

NOW, THEREFORE, the aforesaid Declaration is hereby amended as follows:

AMENDEMENT #1

Exhibit "B" of said Declaration is hereby amended by adding thereto, as a part thereof, the documents dated October 14, 1980 and filed in Condominium Unit Ownership Book 1 at Page 6.

IN WITNESS WHEREOF, Declarant has caused this Amendment to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, this the 14th day of October, 1980.



MYERS & CO., LTD. d/b/a S & M BUILDERS
By: John Myers
President

This the 16th day of October, 1980, personally came before me,
John Don Myers

who being by me duly sworn, says that he is the President of Myers & Co., Ltd., d/b/a S & M Builders and that the seal affixed to the foregoing Amendment is the corporate seal of the corporation, and that the said writing was signed and sealed by him in behalf of the said corporation by its authority duly given. And the said J. Don Myers acknowledged the said writing to be the act and act of the corporation.

Witness my hand and notarial seal this 16th day of October, 1980.

MY COMMISSION EXPIRES:
1-27-82

Carroll J. [Signature] (SEAL)
Notary Public

FILED
RUTH MACKIE

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1980 OCT 16 AM 11 12

REGISTER OF DEEDS
CATAWBA

NORTH CAROLINA CATAWBA COUNTY

The foregoing certificate of Carolyn E. Duncan, Notary Public of
Catawba County, N.C., is certified to be correct.

Filed on October 16, 1980, at 11:12 A M and recorded in Book 1245 Page 425.

Ruth Mackie

REGISTER OF DEEDS