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DECLARATION OF
DOCKSIDE CONDOMINIUM

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DECLARATION OF
DOCKSIDE CONDOMINIUM

THIS DECLARATION, made this 5th day of May, 1989, by THE LAKE NORMAN COMPANY, INC., a North Carolina corporation, ("Developer"), pursuant to the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes ("Act").

W I T N E S S E T H:

WHEREAS, Developer is the owner in fee simple of certain real estate situated in the Lemley Township, County of Mecklenburg, and State of North Carolina, more particularly described on Exhibit A attached hereto and made a part hereof, together with all buildings and improvements now or hereafter constructed or located thereon, and all rights, privileges, easements and appurtenances belonging to or in any way pertaining to said real estate; and

WHEREAS, Developer desires to submit all of said property to the Act.

NOW, THEREFORE, Developer, as the owner of said property, hereby declares as follows:

ARTICLE I.

Definitions

Definitions. As used herein, the following words and terms shall have the following meanings:

1.1. Act. The North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes.

1.2. Association. Dockside Homeowners Association, Inc., a nonprofit corporation organized under Section 47C-3-101, North Carolina General Statutes.

1.3. Board. The Executive Board of the Association.

1.4. Bylaws. The Bylaws of the Association which are hereby incorporated herein and made a part hereof by this reference, and attached as Exhibit B.

1.5. Common Elements. All portions of the Condominium except the Units. Limited Common Elements are Common Elements.

1.6. Common Expenses. Expenditures made or liabilities incurred by or on behalf of the Association, together with any allocations to reserves.

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1.7. Condominium. The condominium created by this Declaration.

1.8. Declarant. Developer and (i) any other person who has executed this Declaration, or who hereafter executes an amendment to this Declaration except First Mortgagees and except persons whose interests in the Property will not be conveyed to Unit Owners, and (ii) any person who succeeds to any Special Declarant Rights as defined in Section 47C-1-103(23) of the Act.

1.9. Declarant Control Period. The period commencing on the date hereof and continuing until the earlier of (i) the date two (2) years after all Declarants have ceased to offer Units for sale in the ordinary course of business, or (ii) the date upon which Declarant surrenders control of the Condominium, or (iii) the date one hundred twenty (120) days after the Declarant has conveyed seventy-five percent (75%) of the Units (including Units annexed by Supplemental Declaration) to Unit Owners other than a Declarant, or (iv) the date two (2) years after any development right to add new Units was last exercised by Declarant.

1.10. First Mortgage and First Mortgagee. A First Mortgage is a mortgage or deed of trust which has been recorded so as to give constructive notice thereof, and which is a first lien on the Units described therein. A First Mortgagee is the holder, from time to time, of a First Mortgage as shown by the records of the Office of the Register of Deeds for the county in which the First Mortgage is recorded, including the Federal National Mortgage Association and a purchaser at foreclosure sale upon foreclosure of a First Mortgage until expiration of the mortgagor's period of redemption. If there be more than one holder of a First Mortgage, they shall be considered as, and act as, one First Mortgagee for all purposes under this Declaration and the Bylaws.

1.11. Limited Common Elements. Those portions of the Common Elements allocated by this Declaration, the Plans or by operation of Section 47C-2-102(2) or (4) of the Act for the exclusive use of one but fewer than all of the Units, including, but not limited to, any deck, porch, balcony or patio appurtenant to a Unit.

1.12. Occupant. Any person or persons in possession of a Unit, including Unit Owners, the family members, lessees, guests and invitees of such person or persons, and family members, guests and invitees of such lessees.

1.13. Person. A natural person, corporation, partnership, trust or other legal or commercial entity, or any combination thereof.

1.14. Plans. The plans of the Condominium recorded with, and by the Act made a part of, this Declaration, as the same may hereafter be amended, and described on Exhibit C.

1.15. Plat. The survey plat depicting the Condominium and the location of the buildings on the Property recorded with, and by the Act made a part of, this Declaration, as the same may hereafter be amended, and described on Exhibit D.

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

1.17. Rules and Regulations. The rules and regulations of the Condominium promulgated by the Executive Board from time to time.

1.18. Special Declarant Rights. The rights as defined in Section 47C-1-103(23) of the Act for the benefit of a Declarant, including as follows: to complete the improvements indicated on the Plans; to maintain sales offices, models and signs advertising the Condominium on the Property; to exercise any development right as defined in Section 47C-2-110 of the Act; to use easements over the Common Elements; to elect, appoint or remove members of the Board during the Declarant Control Period; and to make the Condominium part of a larger condominium. Declarant shall have no right to subdivide or convert Units owned by Declarant.

1.19. Unit. A portion of the Condominium, whether or not contained solely or partially within a building, together with its percentage of undivided interest in the Common Elements as set forth on Exhibit E. Each Unit is designated and delineated on the Plans.

1.20. Unit Boundaries. The boundaries of each Unit, both as to vertical and horizontal planes, as shown on the Plans, are the undecorated surfaces of the perimeter walls, exterior doors and exterior windows facing the interior of the Unit, the undecorated surfaces of the ceiling facing the interior of the Unit, and the topmost surfaces of the subflooring, and include the decoration on all such interior and topmost surfaces, including, without limitation, all panelling, tiles, wallpaper, paint, finished flooring and any other materials constituting any part of the decorated surfaces thereof, and also includes all spaces, interior partitions and other fixtures and improvements within such boundaries. Also included as a part of the Unit shall be those portions of the heating and air conditioning system

for the Unit which are located within the perimeter walls of the Unit and those portions of the heating and air conditioning system located in the Common Elements, wherever located.

1.21. Unit Owner. The person or persons, including the Declarant, owning a Unit in fee simple.

ARTICLE II.

Submission of Property to the Act

2.1. Submission. Developer hereby submits the Property to the Act.

2.2. Name. The Property shall hereafter be known as Dockside Condominium.

2.3. Division of Property into Separately Owned Units. Developer, pursuant to the Act, and to establish a plan of condominium ownership for the Condominium, does hereby divide the Property into forty-two (42) Units and does hereby designate all such Units for separate ownership, subject however, to the provisions of Section 2.4 hereof.

2.4. Alterations of Units. Subject to the provisions of the Bylaws, a Unit may be altered pursuant to the provisions of Sections 47C-2-111, 47C-2-112 and 47C-2-113 of the Act.

2.5. Limited Common Elements. The Limited Common Elements serving or designed to serve each Unit are hereby allocated solely and exclusively to each such Unit.

2.6. Unit Allocations. The allocation to each Unit of a percentage of undivided interest in the Common Elements and of a percentage of the Common Expenses, is as stated on Exhibit E. The allocation of undivided interests in the Common Elements and of the Common Expenses has been determined by a ratio formulated upon the relation that the square foot area of each Unit bears to the then aggregate square foot area of all Units. The votes in the Association are equally allocated to all Units with each Unit Owner having one (1) vote for each Unit owned.

2.7. Encumbrances. The liens, defects and encumbrances affecting the Property to which the rights of Unit Owners and Occupants are hereby made subject are set out on Exhibit F.

2.8. Condominium Ordinances. The Condominium is not subject to any code, real estate use law, ordinance, charter provision, or regulation (i) prohibiting the condominium

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form of ownership, or (ii) imposing conditions or requirements upon a condominium which are not imposed upon physically similar developments under a different form of ownership. This statement is made pursuant to Section 47C-1-106 of the Act for the purpose of providing marketable title to the Units in the Condominium.

2.9. Reservation of Special Declarant Rights. Declarant hereby reserves all Special Declarant Rights.

2.10 Designation of Parcel Status. The Property shall constitute a separate "Parcel" in Vineyard Point Yacht and Tennis Club as more particularly defined in the Declaration of Covenants, Conditions and Restrictions for Vineyard Point Yacht and Tennis Club recorded in the Mecklenburg County Public Registry, and Dockside Condominium shall have all rights and obligations of a Parcel as provided in the aforesaid Declaration.

ARTICLE III

Easements

3.1. Encroachments. In the event that, by reason of the construction, reconstruction, rehabilitation, alteration or improvement of the buildings or improvements comprising a part of the Property, any part of the Common Elements now or hereafter encroaches upon any part of any Unit, or any part of the Common Elements, or upon any part of another Unit, an easement for the continued existence and maintenance of each such encroachment is hereby declared and granted and shall continue for so long as each such encroachment exists; provided that in no event shall an easement for such encroachment be created if such encroachment is detrimental to or interferes with the reasonable use and enjoyment of the Common Elements or Units so encroached upon.

3.2. Easements Through Walls. Easements are hereby declared and granted to the Association and to such persons as are authorized by the Association, to install, lay, maintain, repair and replace any chutes, flues, ducts, vents, pipes, wires, conduits and other utility installations, and structural components running through the walls of the Units, whether or not such walls lie in whole or in part within the boundaries of any Unit.

3.3. Easements To Repair, Maintain, Restore and Reconstruct. Wherever in, and whenever by, this Declaration, the Bylaws or the Act, a Unit Owner, the Association, the Board, or any other person, is authorized to enter upon a Unit or the Common Elements to inspect, repair, maintain, restore or reconstruct all or any part of a Unit or the Common

Elements, such easements as are necessary for such entry and such repair, maintenance, restoration or reconstruction are hereby declared and granted.

3.4. Easements for Utilities. The Units and Common Elements shall be, and are hereby, made subject to easements in favor of the Declarant (until Declarant shall have satisfied all of its obligations under the Declaration and Bylaws and all commitments in favor of any Unit Owner and the Association), the Association, appropriate utility and service companies and governmental agencies or authorities for such utility and service lines and equipment as may be necessary or desirable to serve any portion of the Property. The easements provided for by this Section 3.4 shall include, without limitation, rights of Declarant, the Association, any providing utility, any service company, and any governmental agency or authority and any of them to install, lay, maintain, repair, relocate and replace gas lines, pipes and conduits, water mains and pipes, sewer and drain lines, telephone wires and equipment, television equipment and facilities (cable or otherwise), electrical wires, conduits and equipment and ducts and vents and any other appropriate equipment and facilities over, under, through, along and on the Units and Common Elements. Notwithstanding the foregoing provisions of this Section 3.4, unless approved in writing by the Unit Owner or Unit Owners affected thereby, any such easement through a Unit shall be located either in substantially the same location as such facilities or similar facilities existed at the time of first conveyance of the Unit by the Declarant to a grantee other than the Declarant, or so as not to materially interfere with the use or occupancy of the Unit by its Occupants.

3.5. Declarant's Easement. Declarant hereby reserves such easements through the Common Elements as may be reasonably necessary for the purposes of discharging its obligations, exercising Special Declarant Rights, and completing the development and construction of the Condominium, which easements shall exist as long as reasonably necessary for such purpose.

3.6 Easements for Pedestrian Access. The Executive Board of the Association may hereafter grant and accept, and Declarant hereby reserves unto itself, its successors and assigns, easements and other rights for the benefit of the Property and also for the benefit of all other adjacent or nearby land developed or to be developed as apartments, condominiums, townhouses for sale, or planned unit developments (whether under separate declaration(s) of condominium or separate declaration(s) of covenants, conditions, restrictions and easements) or otherwise, for the purpose of providing such benefits as shared recreational facilities and amenities, reasonable access for pedestrian and

vehicular traffic, open areas, green spaces, park lands and other suitable shared uses in, along and over any portion of the Common Elements. Each Unit Owner hereby grants to the Executive Board and Declarant an irrevocable "durable" power of attorney (which shall survive incompetency) pursuant to Chapter 32A of the North Carolina General Statutes to execute, acknowledge and record for and in the name of each Unit Owner such instruments as may be necessary to effectuate the foregoing; provided, further, that the designation by Declarant on the Plans of an area dedicated for the use of any of the foregoing purposes in connection with the Property or in connection with any adjacent or other land of Declarant as hereinabove described, shall constitute the granting of such easement without the consent or joinder of any Unit Owner.

A permanent easement is reserved by Declarant, its successors and assigns, guests or invitees, for pedestrian ingress, egress and regress over and upon a fifteen (15) foot strip of land of the Common Elements adjacent to and along the 760 foot mean sea level contour line of Lake Norman together with a ten (10) foot construction easement adjacent to the above-referenced fifteen (15) foot pedestrian easement for the purpose of constructing a proposed walkway within such pedestrian easement. An easement is also reserved to Declarant, its successors and assigns, guests and invitees, for ingress, egress and regress of vehicular and pedestrian traffic in, upon and across the streets, parking lots and other Common Elements to such fifteen (15) foot pedestrian easement and ten (10) foot construction easement for construction, maintenance and use of the proposed walkway.

3.7 Easement for Boat Slip Facility. Declarant, its successors and assigns, reserve a permanent easement over the Common Elements to construct and maintain a boat slip facility on or adjacent to the Property, including the right to dredge the harbor adjacent to the Property, to install up to four hundred and fifty (450) boat slips, to define and stabilize the shoreline with treated wood bulkheads and riprap, to install walkways with decorative and functional lighting to serve the boat slip facility, and to install other improvements such as a gazebo or other architectural or functional details as may be desired to enhance such boat slip facility provided such improvements do not structurally affect, and are architecturally consistent with, the improvements in the Condominium. All improvements constructed by Declarant on the Property shall remain the property of Declarant, its successors and assigns.

3.8 Easements For Access To Boat Slips. Declarant reserves for itself, its successors and assigns, guests and invitees, an easement for ingress, egress and regress of pedestrian traffic in, upon and across the streets,

driveways and parking lots located on the Common Elements, and across so much of the Property as lies within fifteen (15) feet of the 760 mean sea level contour line of Lake Norman and within fifteen (15) feet of both the northerly and southerly boundaries of the Property and over such other portions of the Common Elements necessary for access to and from the boat slip facility referenced in Section 3.7 hereof. Declarant further reserves for itself, its successors and assigns, guests and invitees, a construction easement over the Property for the purpose of constructing, and thereafter maintaining and repairing, the boat slip facility referenced in Section 3.7 hereof, which easement shall be for ingress, egress, regress and parking of vehicular and pedestrian traffic in, upon and across the streets, driveways and parking lots located on the Common Elements and across so much of the Property as lies within twenty-five (25) feet of the 760 foot mean sea level contour line of Lake Norman and within twenty-five (25) feet of both the northerly and southerly boundaries of the Property and over such other portion of the Common Elements as necessary for access to and from said boat slip facility, including the right to temporarily store construction materials and vehicles thereon. Declarant further reserves for itself, its successors and assigns, guests and invitees, an easement over the Common Elements for the installation, maintenance and repair of utilities, including water, sewer, electricity and telephone, necessary to service the aforementioned boat slip facility. Declarant, its successors and assigns, agree, in the exercise of its construction easement rights hereunder, to indemnify, reimburse and compensate the Association for any damage, claims, demands, liabilities, suits, actions, judgments or injuries to person or property (including any court costs and reasonable attorney's fee related thereto) which may arise due to Declarant's exercise of its rights with respect to the easements granted herein.

3.9 Easements To Run With Land. All easements and rights described in this Article III are appurtenant easements running with the land, and except as otherwise expressly provided in this Article III shall be non-exclusive and perpetually in full force and effect, and shall inure to the benefit of and be binding upon Declarant, the Association, Unit Owners, Occupants, First Mortgagees and any other person having any interest in the Condominium or any part thereof. The Condominium and every part thereof shall be conveyed and encumbered subject to and together with all easements and rights described in this Article III, whether or not specifically mentioned in any such conveyance or encumbrance.

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ARTICLE IV.

Restrictions, Conditions and Covenants

4.1. Compliance with Declaration, Bylaws and Rules and Regulations. Each Unit Owner and Occupant shall comply with all applicable provisions of the Act, this Declaration, the Bylaws, the Articles of Incorporation of the Association, and rules and regulations promulgated by the Board or the Association, as amended. Failure to comply shall be grounds for an action by the Association, an aggrieved Unit Owner, or any person adversely affected, for recovery of damages, injunction or other relief.

4.2. Administration of Condominium. The Condominium shall be administered in accordance with the provisions of the Act, this Declaration and the Bylaws.

4.3. Use Restricted; Use by Declarant.

(a) The Units shall be occupied and used by Unit Owners and Occupants for residential purposes only.

(b) No "For Sale" or "For Rent" signs or other window displays or advertising shall be maintained or permitted by any Unit Owner or Occupant on any part of the Condominium without the prior written consent of the Board.

(c) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, Declarant shall have an easement to maintain sales offices and models for sales of Units throughout the Condominium. Declarant shall have the right to relocate, from time to time, and to discontinue and reestablish, from time to time, within the Condominium, until all of the Units have been conveyed to a Unit Owner other than a Declarant, any one or more of such offices or models. Declarant also shall have the right to change the use or combination of uses of such offices or models, provided that such offices or models shall be used only for sales offices or models. The total number of such offices or models maintained at any time by a Declarant shall not exceed three (3), and the size of any such relocated or reestablished office or model shall not exceed the size of the largest Unit in the Condominium.

(d) Declarant shall also have an easement to maintain signs on the Common Elements advertising the Condominium until all of the Units have been conveyed to Unit Owners other than a Declarant. Declarant shall remove all such signs not later than thirty (30) days after all of the Units have been conveyed to Unit Owners other than Declarant and shall repair or pay for the repair of all damage done by removal of such signs.

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(e) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, the Association may maintain an office in the Condominium for management of the Condominium.

4.4. Hazardous Use and Waste. Nothing shall be done to or kept in any Unit or the Common Elements that will increase any rate of insurance maintained with respect to the Condominium without the prior written consent of the Board. No Unit Owner or Occupant shall permit anything to be done to or kept in his Unit or the Common Elements that will result in the cancellation of insurance maintained with respect to the Condominium, or that would be in violation of any law, or that will result in the commitment of waste (damage, abuse, or destruction) to or in his Unit or the Common Elements.

4.5. Alterations of Common Elements. No Unit Owner or Occupant, except Declarant during the Declarant Control Period, shall alter, construct anything upon, or remove anything from, the Common Elements, or paint, decorate, landscape or adorn any portion of the Common Elements, without the prior written consent of the Board.

4.6. Prohibition of Renting for Transient or Hotel Purposes. No Unit Owner shall rent his Unit for transient or hotel purposes, which, for the purposes of this Declaration shall be defined as either a rental for any period less than thirty (30) days or any rental if the lessee of the Unit is provided customary hotel services. Each permitted lease shall lease an entire Unit, shall be in writing, and shall be subject to this Declaration and the Bylaws, and any failure of the lessee to comply with the terms of such documents shall be a default under the lease. Any Unit Owner who enters into a lease of his Unit shall promptly notify the Association of the name and address of each lessee, the Unit rented, and the term of the lease. Other than the foregoing restrictions, each Unit Owner shall have the full right to lease his Unit.

4.7. Pets. No pet shall be allowed in the Condominium, except as may be provided by the rules and regulations promulgated from time to time by the Board or the Association or in the Bylaws.

4.8. Rules and Regulations. In addition to the foregoing restrictions, conditions and covenants concerning the use of the Condominium, reasonable rules and regulations not in conflict therewith and supplementary thereto may be promulgated and amended from time to time by the Board or the Association, as more fully provided in the Bylaws.

4.9. Restrictions, Conditions and Covenants To Run With Land. Each Unit Owner and Occupant shall be subject to all

restrictions, conditions and covenants of this Declaration, and all such restrictions, conditions and covenants shall be deemed to be covenants running with the land, and shall bind every person having any interest in the Property, and shall inure to the benefit of every Unit Owner.

ARTICLE V

Assessments

5.1. Assessment Liens. The Board has the power to levy assessments against the Units for Common Expenses. Such assessments shall be a lien on the Units against which they are assessed, and if any payment thereof becomes delinquent, the lien may be foreclosed and the Unit sold, or a money judgment obtained against the persons liable therefor, all as set forth in the Bylaws.

5.2. Personal Liability of Transferees; Statement; Liability of First Mortgagee.

(a) The personal obligation for assessments which are delinquent at the time of transfer of a Unit shall not pass to the transferee of said Unit unless said delinquent assessments are expressly assumed by said transferee.

(b) Any transferee referred to in (a) above shall be entitled to a statement from the Board, pursuant to Section 6.2 of the Bylaws, and such transferee's Unit shall not be subject to a lien for any unpaid assessments against such Unit in excess of the amount therein set forth.

(c) Where a First Mortgagee, or other person claiming through such First Mortgagee, pursuant to the remedies provided in a deed of trust, or by foreclosure or by deed, or assignment, in lieu of foreclosure, obtains title to a Unit, the liability of such First Mortgagee or such other person for assessments shall be only for the assessments, or installments thereof, that would become delinquent, if not paid, after acquisition of title. For purposes hereof, title to a Unit shall be deemed acquired by foreclosure upon expiration of the applicable period of redemption.

(d) Without releasing the transferor from any liability therefor, any unpaid portion of assessments which is not a lien under (b) above or, resulting, as provided in (c) above, from the exercise of remedies in a deed of trust, or by foreclosure thereof or by deed, or assignment, in lieu of such foreclosure, shall be a Common Expense collectible from all Unit Owners, including the transferee under (b) above and the First Mortgagee or such other person under (c) above who acquires ownership by foreclosure or by deed, or assignment, in lieu of foreclosure.

5.3. Prohibition of Exemption from Liability for Contribution Toward Common Expenses. No Unit Owner may exempt himself from liability for his share of the Common Expenses assessed by the Association by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his Unit or otherwise.

ARTICLE VI.

Management, Maintenance, Repairs Replacements, Alterations and Improvements

6.1. Common Elements.

(a) By the Association. The management, replacement, maintenance, repair, alteration, and improvement of the Common Elements shall be the responsibility of the Association, and, subject to the provisions of Section 6.2 hereof, the cost thereof shall be a Common Expense to the extent not paid by Unit Owners pursuant to Section 6.1(b) hereof. All damage caused to a Unit by any work on or to the Common Elements done by or for the Association shall be repaired by the Association, and the cost thereof shall be a Common Expense.

(b) By Unit Owners. Each Unit Owner shall pay all costs to repair and replace all portions of the Common Elements that may become damaged or destroyed by reason of his intentional acts or the intentional acts of any Occupant of his Unit. Such payment shall be made upon demand made by the Association.

6.2. Common Expenses Associated with Limited Common Elements or Benefitting Less Than All Units.

(a) Any Common Expense associated with the maintenance, repair, or replacement of a Limited Common Element shall be assessed against the Unit, or in equal shares to the Units, to which such Limited Common Element was allocated at the time the expense was incurred.

(b) In addition, the Association may assess any Common Expense benefitting less than all of the Units against the Units benefitted in proportion to their Common Expense liability.

6.3. Units. Each Unit Owner shall maintain his Unit at all times in a good and clean condition, and repair and replace, at his expense, all portions of his Unit; shall perform his responsibilities in such manner as not to unreasonably disturb other Occupants; shall promptly report to the Board, or its agents, any defect or need for repairs the responsibility for which is that of the Association;

and, to the extent that such expense is not covered by the proceeds of insurance carried by the Association, shall pay all costs to repair and replace any portion of another Unit that has become damaged or destroyed by reason of his own acts or omissions, or the acts or omissions of any Occupant of his Unit. Such payment shall be made upon demand by the Unit Owners of such other Unit. Nothing herein contained shall modify any waiver by insurance companies of rights of subrogation.

6.4. Waiver of Claims. Except only as provided in Section 6.5(a) and (b), the Association agrees that it shall make no claim against a Unit Owner or Occupant, and each Unit Owner and Occupant agrees that he shall make no claim against the Association, the members of the Board, officers of the Association, or employees or agents of any thereof, or against any manager retained by the Board, or his or its officers, directors, employees or agents, or other Unit Owners or Occupants, for any loss or damage to any of the Property, or to a Unit or personal property therein, even if caused by the omission or neglect of any one or more of such persons and all such claims are hereby waived and released; provided, that this waiver shall not apply to any such loss or damage due to intentional acts.

6.5. Right of Entry.

(a) By the Association. The Association, and any person authorized by the Association, may enter any Unit or any of the Limited Common Elements in case of any emergency or dangerous conditions or situation originating in or threatening that Unit or any of the Limited Common Elements. The Association, and any person authorized by the Association, after reasonable notice to a Unit Owner or Occupant, may enter that Unit or any of the Limited Common Elements for the purposes of performing any of the Association's powers under the Act, this Declaration or the Bylaws with respect to that or any other Unit, any Limited Common Elements, or the Common Elements. Notwithstanding Section 6.4, the Association shall be responsible for the repair of any damage caused by the Association or its authorized person to the entered Unit, and the cost thereof shall be a Common Expense. All such entries shall be made and done so as to cause as little inconvenience as possible to the Unit Owner and Occupant of the entered Unit or any portion of the Limited Common Elements allocated to the Unit Owner.

(b) By Unit Owners. Each Unit Owner and Occupant shall allow other Unit Owners and Occupants, and their representatives, to enter his Unit, or Limited Common Elements allocated to his Unit, when reasonably necessary for the purpose of altering, maintaining, repairing or replacing the Unit, or performing the duties and obligations under the Act, this Declaration or the Bylaws, of the Unit

Owner or Occupant making such entry, provided that requests for entry are made in advance and that such entry is at a time convenient to the Unit Owner or Occupant whose Unit or Limited Common Element is to be entered. In case of an emergency or dangerous condition or situation, such right of entry shall be immediate. Notwithstanding Section 6.4, the person making such entry shall be responsible for repair of any damage caused by such person to the entered Unit or Limited Common Element.

ARTICLE VII.

Insurance

7.1. Casualty Insurance. The Association shall maintain, to the extent available, casualty insurance upon the Property in the name of, and the proceeds thereof shall be payable to, the Association, as trustee for all Unit Owners and First Mortgagees as their interests may appear, and be disbursed pursuant to the Act. Such insurance shall be in an amount equal to one hundred percent (100%) of the insurable value of the Property on a replacement cost basis exclusive of land, excavations, foundations and other items normally excluded from property policies, and shall insure against such risks and contain such provisions as the Board from time to time shall determine, but at a minimum shall conform in all respects to the requirements of the Act, and shall provide that, notwithstanding any provision thereof that gives the insurer an election to restore damage in lieu of making a cash settlement, such option shall not be exercisable if such restoration is prohibited pursuant to Section 47C-3-113(h) of the Act.

7.2. Public Liability Insurance. The Association shall maintain public liability insurance for the benefit of the Unit Owners, Occupants, the Association, the Board, the managing agent, if any, the Declarant, and their respective officers, directors, agents and employees, in such amounts and with such coverage as shall be determined by the Board; provided that the public liability insurance shall be for at least One Million Dollars (\$1,000,000) per occurrence for death, bodily injury and property damage. Said insurance shall comply in all respects to the requirements of the Act and shall contain a severability-of-interest endorsement precluding the insurer from denying liability because of negligent acts of any insured; insure all of such benefited parties against such liability arising out of or in connection with the use, ownership or maintenance of the Common Elements, and the streets, sidewalks and public spaces adjoining the Condominium; and insure the Association, the Board, the manager, if any, and their respective officers, directors, agents and employees against such liability

arising out of or in connection with the use or maintenance of the Units.

7.3. Fidelity Coverage. If available at reasonable cost, fidelity coverage shall be maintained by the Association in commercial blanket form covering each director and officer of the Association, any employee or agent of the Association and any other person handling or responsible for handling funds of the Association in the face amount of at least the greater of (i) one and one-half (1-1/2) times the estimated annual operating expenses and reserves of the Association, or (ii) the sum of three months' aggregate assessments on all Units plus the Association's reserve funds. Such bonds shall contain an appropriate endorsement to cover persons who serve without compensation. The premium on such bonds shall be a Common Expense.

7.4. Insurance Unavailable. If the insurance described in Section 7.1, 7.2 or 7.3 is not reasonably available, the Association shall promptly cause notice of such fact to be hand-delivered or sent prepaid by United States mail to all Unit Owners.

7.5. Other Insurance. The Association may procure such other insurance, including worker's compensation insurance, as it may from time to time deem appropriate to protect the Association or the Unit Owners. If at least one Unit is subject to mortgage financing, the Association shall obtain and keep in force such insurance as such mortgagee shall reasonably require from time to time.

7.6. Insurance Trustee. The Board may engage, and pay as a Common Expense, any appropriate person to act as an insurance trustee to receive and disburse insurance proceeds upon such terms as the Board shall determine, consistent with the provisions of the Act and this Declaration.

7.7. Individual Policy for Unit Owners. Each Unit Owner may obtain insurance, at his own expense, affording personal property, additional living expense, condominium assessment, personal liability, and any other coverage obtainable, to the extent and in the amounts such Unit Owner deems necessary to protect his own interests; provided that any such insurance shall contain waivers pursuant to Section 6.4 and shall provide that it is without contribution as against the insurance purchased by the Association. If a casualty loss is sustained and there is a reduction in the amount of the proceeds that would otherwise be payable on the insurance purchased by the Association due to the proration of insurance purchased by a Unit Owner under this Section, such Unit Owner shall be liable to the Association to the extent of such reduction and shall pay the amount of such reduction to the Association upon demand, and assigns

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the proceeds of his insurance, to the extent of such reduction, to the Association.

ARTICLE VIII.

Casualty Damage

If all or any part of the Property shall be damaged or destroyed, the same shall be repaired or replaced unless: (1) the Condominium is terminated, (2) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (3) the Unit Owners elect not to rebuild or replace by a ninety percent (90%) vote, including one hundred percent (100%) approval of owners of Units not to be rebuilt or owners assigned to Limited Common Elements not to be rebuilt. All proceeds of insurance shall be used and applied in accordance with the provisions of Section 47C-3-113(e) and (h) of the Act.

ARTICLE IX.

Condemnation

In the event of a taking by eminent domain, or by a conveyance in lieu thereof, of all or any part of the Property, the awards paid on account thereof shall be applied in accordance with Section 47C-1-107 of the Act.

ARTICLE X.

Termination

The Condominium may be terminated only in strict compliance with Section 47C-2-118 of the Act.

ARTICLE XI.

Amendment

This Declaration may be amended only in strict compliance with the Act, including, without limitation, Sections 47C-2-105 and 47C-2-117 of the Act, except that no amendment altering or impairing Special Declarant Rights may be made without the written consent of Declarant.

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ARTICLE XII.

Rights of First Mortgagees;
VA, FNMA and FHLMC Provisions

The following provisions shall take precedence over all other provisions of this Declaration and the Bylaws:

12.1. Amendments during Declarant Control Period. Any amendments to this Declaration or to the Bylaws during the Declarant Control Period shall be subject to the prior approval of all First Mortgagees provided, however, that, if any First Mortgagee fails to respond to a written request for approval within thirty (30) days of said request, approval shall be deemed to have been given by such First Mortgagee.

12.2. Availability of Condominium Documents, Books, Records and Financial Statements. The Association shall, upon request and during normal business hours, make available for inspection by Unit Owners and the First Mortgagees and the insurers and guarantors of a First Mortgage on any Unit, current copies of the Declaration, the Bylaws, other rules and regulations governing the Condominium and the books, records and financial statements of the Association. The Association shall provide an audited financial statement for the preceding fiscal year if requested in writing by a First Mortgagee or insurer or guarantor of a First Mortgage. The Association shall, upon request and during normal business hours, make available for inspection by prospective purchasers of Units, current copies of the Declaration, Bylaws, the Rules and Regulations governing the Condominium, and the most recent annual audited financial statement.

12.3. Successors' Personal Obligation for Delinquent Assessments. The personal obligation for assessments which are delinquent at the time of transfer of a Unit shall not pass to the successors in title or interest to said Unit unless said delinquent assessments are expressly assumed by them.

12.4. Rights of Action. The Association and any aggrieved Unit Owner shall have a right of action against Unit Owners and any aggrieved Unit Owner shall have a right of action against the Association for failure to comply with the provisions of this Declaration, the Bylaws and the Rules and Regulations, and decisions of the Association made pursuant to authority granted to the Association in this Declaration and the Bylaws.

12.5. Management and Other Agreements. Any management agreement between the Declarant or the Association and a professional manager or any other agreement providing for services of the developer, sponsor, builder or Declarant

shall be terminable by either party thereto without cause and without payment of a termination fee upon not more than thirty (30) days' prior written notice and shall not exceed a term of three (3) years, subject to renewal by the consent of both parties.

12.6. Right of First Refusal. The right of a Unit Owner to sell, transfer, mortgage or otherwise convey his interest in his Unit shall not be subject to any right of first refusal.

12.7. Consent of First Mortgagees. This Section 12.7 shall be effective only if, at the time this Section would apply, at least one Unit is subject to mortgage financing. Any decision to terminate the Condominium for reasons other than substantial destruction or condemnation of the property shall require the prior written consent of Eligible Mortgage Holders, as defined in Section 12.9 hereof, representing at least 67% of the votes allocated to Units subject to First Mortgages held by Eligible Mortgage Holders, or such greater requirements specified by the Act. Except for any amendment to the Declaration made for the purpose of adding Additional Real Estate, if any, to the Condominium in accordance with the provisions hereof, any amendment to the Declaration or Bylaws which materially changes any of the following shall require the prior written consent of Unit Owners holding at least 67% of the total votes in the Association and of Eligible Mortgage Holders representing at least 51% of the votes allocated to Units subject to First Mortgages held by Eligible Mortgage Holders, or such greater requirements specified by the Act or hereunder:

- (a) voting rights;
- (b) assessments, assessment liens or the priority of such liens,
- (c) reserves for maintenance, repair and replacement of Common Elements;
- (d) responsibility for maintenance and repairs;
- (e) reallocation of interests in the Common Elements or Limited Common Elements or rights to their use;
- (f) boundaries of any Unit;
- (g) convertibility of Units into Common Elements or Common Elements into Units;
- (h) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium;

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- (i) insurance or fidelity bonds;
 - (j) leasing of Units;
 - (k) imposition of any restrictions on a Unit Owner's right to sell, transfer or otherwise convey his Unit;
 - (l) a decision by the Association to establish self-management when professional management had been required previously by any Eligible Mortgage Holder;
 - (m) restoration or repair of the Condominium (after damage or destruction or partial condemnation) in a manner other than that specified in this Declaration or the Bylaws;
 - (n) any action to terminate the legal status of the Condominium after substantial damage or destruction or condemnation; or
 - (o) any provisions that expressly benefit First Mortgages or insurers or guarantors of First Mortgages.

An addition or amendment to the Declaration or Bylaws shall not be considered material if it is for the purpose of correcting technical or typographical errors, or for clarification only.

12.8. Consent of First Mortgagees or Unit Owners. This Section 12.8 shall be effective only if, at the time this Section would apply, at least one Unit is subject to mortgage financing. Unless First Mortgagees holding at least 66 2/3% of the votes allocated to First Mortgagees (except, higher percentage as is required by law, of the First Mortgagees (based upon one vote for each First Mortgage owned) and Unit Owners (other than a Declarant) holding at least 66 2/3% of the total votes in the Association have given their prior written approval, or such greater requirements specified in the Act or hereunder have been satisfied, the Association shall not be entitled to:

- (a) by act or omission, seek or abandon or terminate the Condominium;
- (b) change the pro rata interest or obligations of any Unit for the purpose of:
 - (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or
 - (ii) determining the pro rata share of ownership of each Unit in the Common Elements;
- (c) partition or subdivide any Unit;

(d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause);

(e) use hazard insurance proceeds for losses to any part of the Condominium (whether to Units or to Common Elements) for other than repair, replacement or reconstruction thereof subject to Article VIII and Section 7.1 of Article VII hereof.

12.9. Notice. Each First Mortgagee and each insurer or guarantor of a First Mortgage, upon written request stating its name and address and describing the Unit encumbered by the First Mortgage, held, insured or guaranteed, shall be entitled to timely written notification by the Association of (i) any proposed action which requires consent of a specified percentage of First Mortgagees; (ii) any condemnation or casualty loss that affects either a material portion of the Condominium or the Unit securing its First Mortgage; (iii) any 60-day delinquency in the payment of assessments or charges owed by the Unit Owner of the Unit on which the First Mortgagee held its First Mortgage or in the performance of any obligation under this Declaration or the Bylaws by said Unit Owner; or (iv) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association. Each First Mortgagee who has requested the Association to notify it of any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders shall be considered an "Eligible Mortgage Holder." Any Eligible Mortgage Holder who receives a written request by the Association, or any Unit Owner, by certified or registered mail, return receipt requested, to approve an addition or amendment to the Declaration or Bylaws who does not deliver or post to the requesting party a negative response within 30 days shall be deemed to have approved such request.

12.10. Assessments. Assessments shall be due and payable in monthly installments. As provided in Article VI of the Bylaws and as legally required by Section 47C-3-115 of the Act, Declarant shall pay all accrued expenses of the Condominium until assessments are levied against the Units. An assessment shall be deemed levied against a Unit upon the giving of notice by the Board to a member of the Association who is a Unit Owner of that Unit. Unit Owners shall have no obligation to pay monthly assessments until an assessment is levied. Assessments will begin at such time as the Board elects.

12.11. Rights of First Mortgagee; Insurance Proceeds or Condemnation Awards. With respect to First Mortgages held

by or for the benefit of First Mortgagees, no provision of this Declaration or the Bylaws shall be deemed to give a Unit Owner, or any other party, priority over any rights of a First Mortgagee pursuant to its First Mortgage on said Unit Owner's Unit, in the case of a distribution to said Unit Owner of insurance proceeds or condemnation awards for losses to or a taking of Units and/or Common Elements.

ARTICLE XIII.

Off-Site Amenities; Boat Slips

13.1 Off-Site Amenities of Vineyard Point Yacht and Tennis Club.

(a) Pursuant to that certain Declaration of Covenants, Conditions and Restrictions for Vineyard Point Yacht and Tennis Club duly recorded in the Mecklenburg County Public Registry (the "Master Declaration"), certain land and facilities located adjacent to or in close proximity of the Condominium will hereafter become dedicated to the use and benefit of the Condominium and of other property which is developed or is to be developed as part of the Vineyard Point Yacht and Tennis Club.

(b) Under the Master Declaration, two hard-surfaced tennis courts are to be constructed upon a Master Amenities Tract and dedicated to the use of the Vineyard Point Yacht and Tennis Club, Inc. for the nonexclusive use of the Unit Owners of the Condominium together with the owners, occupants or users of other developments within the Vineyard Point Yacht and Tennis Club. Other recreational amenities similar to those mentioned above may be constructed upon other tracts and dedicated to the use of the Vineyard Point Yacht and Tennis Club Association, Inc. All of the recreational amenities described above and/or to be established, dedicated and constructed, now or hereafter, pursuant to the Master Declaration and any supplements or amendments thereto, are hereinafter referred to as the "Off-Site Amenities."

(c) A portion of the expenses of operation, maintenance, repair and replacement of the Off-Site Amenities is assessable against each Unit Owner as a member of the Vineyard Point Yacht and Tennis Club Association, Inc., and the Association shall be entitled to charge and assess said share of such expenses to the Unit Owners in the Condominium as Common Expenses. Each Unit Owner's share of expenses relating to the Off-Site Amenities is determinable in accordance with the terms and conditions of the Master Declaration.

(d) Under the Master Declaration, each Unit Owner in the Condominium is to have non-exclusive rights and

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privileges to use the Off-site Amenities pursuant to the terms and conditions of the Master Declaration; provided, however, Declarant makes no warranties, express or implied, with respect to the quantity, quality or existence of the Off-Site Amenities or any Master Amenities Tract or Tracts, and the rights and privileges of Unit Owners in the Condominium and the Association with respect to same are "AS IS," WITHOUT WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE.

13.2 Boat Slips. Declarant plans, but is not obligated, to construct a boat slip facility on Lake Norman partially on or adjacent to the Property if necessary governmental and regulatory approvals for such facility are obtained by Declarant. Such boat slips, if constructed, may be leased or sold by Declarant, in its discretion, to the general public. A Unit Owner will not have a preferential right to lease or purchase such boat slips, if constructed, from Declarant unless expressly provided for and agreed to in a Deposit Agreement between Declarant and any proposed Unit Owner. If all the boat slips are constructed and offered for sale or lease by Declarant, and not leased or sold to persons having preferential rights as provided hereinabove, then sales or leases of all remaining boat slips shall be on a "first-come, first-serve" basis and will be offered to such persons as Declarant, in its discretion, may select. Declarant further reserves, in its discretion, the right to offer for lease or sale any or all of the boat slips to the Association or any Unit Owner, or to permanently retain ownership of the boat slips in Declarant. If offered for sale or lease to the Association, the Association may elect to purchase or lease any or all of such boat slips only upon an affirmative vote of three-fourths (3/4) of all Unit Owners not including the Declarant. An easement across the Common Elements for access to and from such boat slip facility is reserved in Article III, Section 3.7 hereof.

ARTICLE XIV.

General Provisions

14.1: Conflict with the Act; Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provisions of the Act, the provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event the Declaration shall control. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph or clause of this Declaration, or of any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, or the application of any such covenant,

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restriction, condition, limitation, provision, paragraph or clause to any other person or circumstances.

14.2. Interpretation of Declaration. Whenever appropriate singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely to the part in which they appear.

14.3. Captions. The captions herein are only for convenience and reference and do not define, limit or describe the scope of this Declaration, or the intent of any provision.

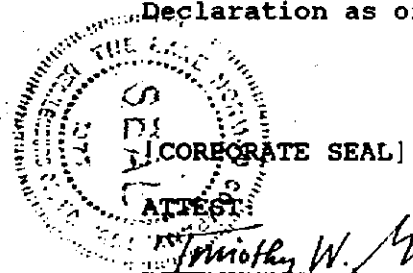
14.4. Exhibits. Exhibits A, B, C, D, E and F attached hereto are hereby made a part hereof.

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

14.6. Waiver. No provision of this 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.

14.7. Law Controlling. This Declaration shall be construed and controlled by and under the laws of the State of North Carolina.

IN WITNESS WHEREOF, the undersigned has executed this Declaration as of the day and year first above written.



Timothy W. Gilbert
Assistant Secretary

THE LAKE NORMAN COMPANY, INC., a North Carolina corporation

By: *Ronald J. Gumpel*
EXC. VICE President

STATE OF NORTH CAROLINA

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COUNTY OF MECKLENBURG

This 5th day of MAY, 1989 before me, the undersigned Notary Public in and for the County and State aforesaid, personally came Ronald D. Kenarky, who, being duly sworn, says that he is Exc. Vice President of THE LAKE NORMAN COMPANY, INC. and that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, and that he signed and sealed said instrument on behalf of said corporation by its authority duly given. And the said Exc. Vice President acknowledged said instrument to be the act and deed of said corporation.

WITNESS my hand and seal, this 5th day of MAY, 1989.

Constance A. Brown
Notary Public

Expires: 4-17-91

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