

INDEX TO DECLARATION OF
WINDSWEPT RIDGE GOLF VILLAS CONDOMINIUM
A Condominium within The Currituck Club Community

ARTICLE I.

Definitions

1.1	Act	1
1.2	Association	1
1.3	Board	1
1.4	Bylaws	1
1.5	Common Elements	1
1.6	Common Expenses	2
1.7	Condominium	2
1.8	Declarant	2
1.9	Declarant Control Period	2
1.10	First Mortgage and First Mortgagee	2
1.11	Limited Common Elements	2
1.12	Occupant	3
1.13	Person	3
1.14	Plans	3
1.15	Plat	3
1.16	Property	3
1.17	Rules and Regulations	3
1.18	Special Declarant Rights	3
1.19	Units	3
1.20	Unit Boundaries	3
1.21	Unit Owner	4
1.22	Additional Real Estate	4
1.23	The Currituck Club	4
1.24	Currituck Club Declarant	4
1.25	The Currituck Club Declaration	4
1.26	The Currituck Club Architectural Control Committee	4
1.27	Currituck Club Association	4
1.28	Currituck Golf Course Owner	5

ARTICLE II

Submission of Property to the Act

2.1	Submission	5
2.2	Name	5
2.3	Division of Property into Separately Owned Units.	5

2.4	Alterations of Units	5
2.5	Limited Common Elements	5
2.6	Unit Allocations	5
2.7	Encumbrances	5
2.8	Condominium Ordinances	5
2.9	Reservation of Special Declarant Rights	6

ARTICLE III

Additional Real Estate

3.1	Declarant's Right to Add Additional Real Estate	6
3.2	Maximum Number of Additional Units; Units Restricted to Residential Use	6
3.3	Compatibility of Style, Etc.	6
3.4	Applicability of Restrictions, Etc.	6
3.5	Other Improvements and Common Elements	6
3.6	Applicability of Assurances if Additional Real Estate Added	7
3.7	Allocation of Interest in Common Elements and Common Expenses	7

ARTICLE IV

Easements

4.1	Encroachments	7
4.2	Easements through Walls	7
4.3	Easements to Repair, Maintain, Restore and Reconstruct	7
4.4	Easements for Utilities	8
4.5	Declarant's Easement	8
4.6	Easements to Run With Land	9

ARTICLE V

Restrictions, Conditions and Covenants

5.1	Compliance with Declaration, Bylaws and Rules and Regulations	9
5.2	Administration of Condominiums	9
5.3	Use Restricted; Use by Declarant	10

5.4	Hazardous Use and Waste	10
5.5	Alterations of Common Elements	11
5.6	Intentionally Left Blank	11
5.7	Pets	11
5.8	Rules and Regulations	11
5.9	Restrictions, Conditions and Covenants to Run With Land	11
5.10	Storage and Parking of Vehicles	11
5.11	Exterior and Visible Interior Improvements	12
5.12	Prohibitions on Use of Common Area and Facilities	12
5.13	Nuisances	12
5.14	Lawful Use	13
5.15	Access to Units	13

ARTICLE VI

Assessments

6.1	Assessment Liens	13
6.2	Personal Liability of Transferees; Statement; Liability of First Mortgagee	13
6.3	Prohibition of Exemption from Liability for Contribution Toward Common Expenses	14
6.4	Date of Commencement of Annual Assessments	14
6.5	Capitalization of Association; Working Capital Fund	14

ARTICLE VII

Management, Maintenance, Repairs,
Replacements, Alterations and Improvements

7.1	Common Elements	15
7.2	Common Expenses Associates with Limited Common Elements or Benefitting Less Than All Units	15
7.3	Units	15
7.4	Waiver of Claims	16
7.5	Right of Entry	16

ARTICLE VIII

Insurance

8.1	Casualty Insurance	17
8.2	Public Liability Insurance	17
8.3	Fidelity Coverage	17
8.4	Insurance Unavailable	18
8.5	Other Insurance	18
8.6	Insurance Trustee	18
8.7	Individual Policy for Unit Owners	18

ARTICLE IX

Casualty Damage	18
-----------------------	----

ARTICLE X

Condemnation	19
--------------------	----

ARTICLE XI

Termination	19
-------------------	----

ARTICLE XII

Amendment	19
-----------------	----

ARTICLE XIII

Rights of First Mortgagees:
FNMA and FHLMC Provisions

13.1	Amendments During Declarant Control Period	19
13.2	Availability of Condominium Documents, Books, Records and Financial Statements	19
13.3	Successors' Personal Obligation for Delinquent Assessments	20
13.4	Rights of Action	20
13.5	Management and Other Agreements	20
13.6	Right of First Refusal	20
13.7	Consent of First Mortgagees	20
13.8	Consent of First Mortgagees or Unit Owners	22
13.9	Notice	23
13.10	Assessments	23

13.11 Rights of First Mortgagee; Insurance
Proceeds or Condemnation Awards 23

13.12 Additional Real Estate: Common Element Interests;
Reallocation 24

ARTICLE XIV
General Provisions

14.1 Conflict with the Act; Severability 24

14.2 Interpretation of Declaration 24

14.3 Captions 24

14.4 Exhibits 24

14.5 Invalidity 24

14.6 Waiver 25

14.7 Law Controlling 25

ARTICLE XV

The Currituck Club 25

BOOK 409 PAGE 662
DECLARATION OF
WINDSWEPT RIDGE GOLF VILLAS

THIS DECLARATION, made this ____ day of August, 1997, by Shallowbag Bay Development Company, LLC, a North Carolina limited liability company ("Declarant"), pursuant to the North Carolina Condominium Act, Chapter 47C, North Carolina General Statutes ("Act").

WITNESSETH:

WHEREAS, Declarant is the owner in fee simple of certain real estate situated in or near the Town of Corolla, County of Currituck, 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, Declarant desires to submit all of said property to the Act.

NOW, THEREFORE, Declarant, 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. The Windswept Ridge Golf Villas Property Owners Association, Inc., a nonprofit corporation organized under Section 47C-3-101, North Carolina General Statutes. The Articles of Incorporation of the Association are attached hereto as Exhibit D.

1.3 Board. The Executive Board of the Association.

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

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.

1.7 Condominium. The condominium created by this Declaration.

1.8 Declarant. Shallowbag Bay Development Company, LLC, a North Carolina limited liability company and (i) any other owner who has executed this Declaration, or who hereafter executes an amendment to this Declaration to add Additional Real Estate, 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 Declarant has 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 maximum number of Units which Declarant may create on the Phase I Property and on the Additional Real Estate Units 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 Unit or 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 Currituck County, North Carolina, in which the First Mortgage is recorded, including the Federal National Mortgage Association and including 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 patio, garage, driveway or sidewalk appurtenant to a Unit and any attic storage areas appurtenant to a Unit. That portion of the property upon which heating and air conditioning equipment serving a Unit is located shall constitute a Limited Common Element allocated specifically to the Unit served by such equipment.

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 in Unit Ownership File No. 469 in the Office of the Register of Deeds for Currituck County, North Carolina, and by the Act made a part of this Declaration.

1.15 Plat. The survey plat depicting the Condominium and the location of the building on the property, recorded in Unit Ownership File No. 116 in the Office of the Register of Deeds for Currituck County, North Carolina, and by the Act made a part of this Declaration.

1.16 Property. The real estate described on Exhibit A, and the real estate described on Exhibit A-1, if added by Declarant pursuant hereto, together with all building 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 but not limited to the following: to complete the improvements indicated on the Plans; to maintain sales offices, management offices, models and signs advertising the Condominium; to exercise any development right as defined in Section 47C-2-110 of the Act; to use easements through the Common Elements; to elect, appoint or remove members of the Board during the Declarant Control period; to withdraw any portion of the Property from the Condominium; and to add Additional Real Estate. 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 B. 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 paneling, 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.

1.22 Additional Real Estate. The real estate described in Exhibit A-1 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.

1.23 The Currituck Club. The Planned Unit Development community consisting of single-family lots and residences, multi-family parcels and recreational and supporting facilities and which includes commercial parcels and an eighteen-hole golf course on the Currituck County Outer Banks of North Carolina, near the Village of Corolla, situated on an approximately 587 acre tract of land that was originally part of the Currituck Shooting Club property.

1.24 Currituck Club Declarant. The Currituck Associates - Residential Partnership, and any persons or entity who is specifically assigned the rights and interests of Declarant under the Declaration of Covenants, Conditions and Restrictions for The Currituck Club, Phase 1 and 2.

1.25 The Currituck Club Declaration. The Declaration of Covenants, Conditions and Restrictions for The Currituck Club, Phases I and 2, recorded in Deed Book 377 at page 281 in the Currituck County Register of Deeds office.

1.26 The Currituck Club Architectural Control Committee. The Architectural Control Committee for The Currituck Club established in Article Four of The Currituck Club Declaration.

1.27 Currituck Club Association. The Currituck Club Property Owners Association, Inc. created by The Currituck Club Declarant for The Currituck Club.

1.28 Currituck Golf Course Owner. The Currituck Associates-Golf Course Partnership and any person or entity who owns the eighteen-hole golf course at The Currituck Club.

ARTICLE II

Submission of Property to the Act

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

2.2 Name. The Property shall hereafter be known as Windswept Ridge Golf Villas.

2.3 Division of Property into Separately Owned Units. Declarant, pursuant to the Act, and to establish a plan of condominium ownership for the Condominium, does hereby divide the property into one phase (Phase I) containing one (1) building with the building being hereby divided into fifteen (15) Units for a total of fifteen (15) Units in Phase I 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 Section 47C-2-111 and 47C-2-112 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 allocations to each Unit of a percentage of undivided interest in the Common Elements and of a percentage of the Common Expenses are as stated on Exhibit B. The allocation of undivided interest in the Common Elements and of the Common Expenses has been determined by a ratio formulated upon the relation that each Unit bears to the total number of Units. The votes 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 C.

2.8 Condominium Ordinances. The Condominium is not subject to any code, real estate use law, ordinance, charter provisions, or regulation (i) prohibiting the condominium form of ownership, of (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 Réservation of Special Declarant Rights. Declarant hereby reserves all Special Declarant Rights, as defined in Article 1.18.

ARTICLE III

Additional Real Estate

3.1 Declarant's Right to Add Additional Real Estate. Declarant expressly reserves the right to add the Additional Real Estate to the Condominium. All or part of the Additional Real Estate identified and described on Exhibit A-1 may be added to the Condominium at different times, but no assurances are made in regard to the order in which such portions may be added. Declarant shall have no duty or obligation of any kind to add any or all of the Additional Real Estate. The method of adding the Additional Real Estate to the Condominium shall be pursuant to Section 47C-2-110 of the Act.

3.2 Maximum Number of Additional Units: Units Restricted to Residential Use. The maximum number of additional Units that may be created within the Additional Real Estate is seventy-eight (78) Units. All of such Units will be restricted exclusively to residential use.

3.3 Compatibility of Style, etc. It is Declarant's present intent that any buildings and Units that may be erected upon the Additional Real Estate or a portion thereof will be compatible with the other buildings in the Condominium in terms of architectural style, quality of construction, and size. However, Declarant expressly reserves the right to change the architectural style and size of any buildings and Units that may be erected upon the Additional Real Estate.

3.4 Applicability of Restrictions, Etc. All restrictions in this Declaration and the Bylaws affecting use, occupancy and alienation of Units will apply to any and all additional Units that may be created within the Additional Real Estate.

3.5 Other Improvements and Common Elements. In addition to the buildings and Units that may be erected upon the Additional Real Estate or a portion thereof, the other improvements and Common Elements that may be made or created upon or within the Additional Real Estate or each portion thereof which may be added to the Condominium will be generally similar in quality and quantity to the improvements and Common Elements located in the Condominium.

3.6 Applicability of Assurances if Additional Real Estate Not Added.

The assurances made in this Article III will not apply with respect to any Additional Real Estate that is not added to the Condominium. In the event that Declarant shall not expand the Condominium by the use of any portion of the Additional Real Estate, Declarant shall have the right to develop all or any portion of the Additional Real Estate without restriction.

3.7 Allocation of Interest in Common Elements and Common Expenses. If Declarant adds the Additional Real Estate, or portions thereof, to the Condominium, the percentage interest of each Unit Owner in the Common Elements and the Common Expenses will be determined by a ratio formulated upon the relation that each Unit bears to the total number of Units.

ARTICLE IV

Easements

4.1 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 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.

4.2 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.

4.3 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.

4.4 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 4.4 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 and equipment 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 of occupancy of the Unit by its Owners.

4.5 Declarant's Easements and The Currituck Golf Course Owner's Easement.

(a) 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.

(b) Declarant, its successors and assigns and any other entity owning the Additional Real Estate, or any portion thereof and Declarant's mortgagees, shall have and does hereby reserve a perpetual nonexclusive right and easement of use of those portions of the Common Elements of the Condominium used as streets or driveways, including the street entrance from North Soundview Trail in Phase I, and of use of any and all water lines; sewer lines, lift station; storm drains; electric, telephone or cable television wires or conduits; gas lines; or similar utilities facilities that are a part of the Common Elements, to the extent reasonably necessary for Declarant, or such other owner of the Additional Real Estate, or a portion thereof, to have ingress and egress to and from the Additional Real Estate over the Common Elements, and to provide drainage facilities and utility services including sewer lines, the use of the lift station and the use of the storm water detention ponds, drainage easements, storm drains and other drainage facilities to the Additional Real Estate. Provided, however,

the owner of the Additional Real Estate exercising such rights and easements shall contribute a reasonable pro-rata share of the cost of the operation and maintenance of the utility facilities and other portions of the Common Elements so utilized. These easements and rights may not be changed without the prior written consent of all parties entitled to the exercise of such easements and rights. Any easements rights of Declarant's mortgagees shall terminate upon satisfaction and cancellation of that mortgagee's deed of trust.

(c) Declarant hereby reserves and grants to The Currituck Golf Course Owner, and its successors and assigns and any other entity owning The Currituck Club eighteen-hole golf course, a perpetual non-exclusive right and easement of use of those portions of the Common Elements of the Condominium for any golf course irrigation lines and golf course cart paths which may be located on portions of the Common Elements.

4.6 Easements to Run With Land. All easements and rights described in this Article IV are appurtenant easements running with the land, and except as otherwise expressly provided in this Article IV shall be perpetually in full force and effect, and shall inure to the benefit of and be binding upon Declarant, its successors and assigns owning the Additional Real Estate, or any portion thereof, Declarant's mortgagees, 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 IV, whether or not specifically mentioned in any such conveyance or encumbrance.

ARTICLE V

Restrictions, Conditions and Covenants

5.1 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 the Rules and Regulations promulgated by the Board or the Association, as amended. In addition, each Unit Owner and Occupant shall comply with all applicable provisions of the The Currituck Club Declaration. Failure to comply shall be grounds for on an action by the Association, on an aggrieved Unit Owner, or any person adversely affected, for recovery of damages, injunction, or other relief.

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

5.3 Use Restricted: Use by Declarant.

(a) Except as may be otherwise expressly provided in this Declaration, each unit shall be used for residential purposes only. No trade or business of any kind may be conducted. Lease or rental of a unit for residential purposes shall not be considered to be a violation of this Covenant, so long as the lease is in compliance with the provisions of this Declaration, the Bylaws and reasonable Rules and Regulations adopted by the Board.

(b) No Unit Owner other than the Declarant may erect any sign on or in his Unit or any Limited Common Element which is visible from outside his Unit or from the Common Elements without prior written permission of the Board; except for a "For Sale" or "For Rent" or other similar type sign not more than five (5) feet in front of his Unit for a reasonable time not to exceed 3 feet by 2 feet in size. Except as reserved by Declarant, no billboards, unsightly objects, or nuisances shall be erected, placed or permitted to remain on the property subject to this Declaration.

(c) The foregoing provisions of this Section or any other provision of this Declaration or the Bylaws notwithstanding, Declarant shall have on 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 four (4); and the size of any such relocated or re-established office or model shall not exceed the size of the largest Unit in the Condominium.

(d) Declarant shall also have on 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.

5.4 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.

5.5 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.

5.6 Intentionally Left Blank.

5.7 Pets. No animals, livestock, or poultry of any kind shall be raised, bred, or kept in any Unit or in the Common Elements except that a reasonable number of dogs, cats or other household pets may be kept in any Unit subject to the rules and regulations adopted by the Board.

5.8 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.

5.9 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.

5.10 Storage and Parking of Vehicles. No motor vehicle (other than private passenger vehicles including motorcycles, conversion vans and pick-up and small trucks which shall be currently licensed and inspected) including commercial vehicle, truck (other than pick-up and small truck), tractor, mobile home or trailer (either with or without wheels), camper, camper trailer, boat or other water craft, boat trailer, or any other transportation device of any kind, shall be parked or stored in or upon the Common Elements except in any area provided by the Association for such storage and subject to rules, regulations and fees charged by the Association, or parked or stored within any street right-of-way. No Unit Owner or Occupant shall repair or restore any vehicle of any kind upon the property, except for emergency repairs, and then only to the extent necessary to enable movement thereof to a proper repair facility. Notwithstanding the above, temporary parking of vehicles involved in deliveries to a Unit or the Community Center shall be allowed.

5.11 Exterior and Visible Interior Improvements.

(a) No awnings, shades, screens or other item shall be attached to, hung or used on the exterior of any window or door of a unit or on the exterior of any building without the prior written consent of the Board of Directors. All shades, blinds, drapery linings and other window treatments visible from the exterior of a unit on any window or door shall be white or off-white. Outside clothes lines or other outside facilities for drying or airing clothes are specifically prohibited and shall not be erected, placed or maintained on any portion of the Condominium, nor shall any clothing, rugs, or any other item be hung on any railing or fence enclosing any patio or upstairs windows.

(b) No unit owner shall install any electrical or telephone wire, television antenna, air conditioning unit, or other machine anywhere on the Condominium in such a fashion that it is visible anywhere outside of a Unit.

5.12 Prohibitions on Use of Common Elements. Except with the specific written approval of the Board, the Common Elements, including Limited Common Elements, shall not be used for temporary or permanent storage of supplies, personal property, trash or refuse of any kind, other than in common trash receptacles placed at the discretion of the Board, nor shall such areas be used in any way for the drying or airing of clothing, rugs or other fabrics. Entrances, sidewalks, yards, driveways, parking areas and stairways shall not be obstructed in any way, other than normal usage by a Unit Owner. No activities shall be carried on nor condition maintained by any Unit Owner, either in his Unit or upon the Common Elements, if such activities should despoil, or tend to despoil, the appearance of the Property. No "garage", "attic sales" or "yard sales" shall be permitted outside of a Unit. It is expressly acknowledged and agreed by all parties concerned that this section is for the mutual benefit of all Unit Owners of the Property and is necessary for the protection of the Unit Owners and is enforceable by the Board or by any one or more Unit Owners through the Board of Directors. The provisions of this section shall not prevent the temporary placement on Common Elements of closed sanitary containers approved by the City of Charlotte or the Board on garbage collection days.

5.13 Nuisances. No nuisances shall be allowed upon the Property and no person shall engage in any use, practice or activity upon the Property which is noxious, offensive or a source of annoyance to Unit Owners or their tenants or which unreasonably interferes with the peaceful possession and proper use of the Condominium Property by any Unit Owner and/or tenants. No exterior speakers, horns, whistles, bells or other sound devices except security devices used exclusively for security purposes, shall be located, used or placed on the Property. All parts of the Property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage shall be allowed to accumulate and no fire hazard shall be allowed to exist.

Any Unit Owner who shall dump or place (or permit his family, tenants, guests or agent to do so) any trash or debris upon any portion of the Property shall be liable to the Association for the actual cost of removal thereof or the sum of \$100.00, whichever is greater, and the same shall be added to and become a part of the assessment next coming due to which the Unit Owner of his Unit is subject. No Unit Owner shall permit any use of a Unit or of the Common Elements which will increase the rate of insurance upon the Property. The Association and its Agent shall have the right to remove any item or items left outside a Unit on the Common Elements or hanging on a patio fence or from an upstairs window.

5.14 Lawful Use. No immoral, improper or unlawful use shall be made of the Condominium Property or any part thereof. All valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof shall be observed.

5.15 Access to Units. The Association and its agent shall have access to each Unit from time to time during reasonable working hours, upon oral or written notice to its Unit Owner or occupant of the Unit, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association and its agents shall also have access to each Unit at all times without notice, as may be necessary to make emergency repairs to prevent damage to Common Elements.

ARTICLE VI

Assessments

6.1 Assessment Liens. The Board has the power to levy assessments against the Units for Common Expenses. Such assessments, together with interest at the rate of two (2%) percent above the prime rate of interest charged by NationsBank, as it changes from time to time, per annum, costs and reasonable attorney's fees 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.

6.2 Personal Liability of Transferees: Statement: Liability of First Mortgage.

(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 mortgage or 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 therefore, 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 mortgage or 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 of such other person under above who acquires ownership by foreclosure or by deed, or assignment, in lieu of foreclosure.

6.3 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. Assessments are not subject to credit or set off for any reason without prior written approval of the Board.

6.4 Date of Commencement of Annual Assessments. The annual assessments provided for herein shall commence as to all Units on the first day of the month following the conveyance of the first Unit by the Declarant. The first annual assessment shall be adjusted according to the number of months then remaining in that fiscal year. The initial monthly assessment for the first calendar year shall not exceed \$240.00 per month with the Board reserving the right to charge a lesser amount for the first year.

6.5 Capitalization of Association: Working Capital Fund. Upon acquisition of record title to a Unit, each Owner shall make a non-refundable contribution to the working capital fund of the Association in on an amount equal to one-sixth (1/6th) of the amount of the annual assessment for that Unit as determined by the Board. This amount shall be paid by the buyer at the closing of the purchase of the Unit and shall be disbursed to the Association. Such contributions are not to be considered as advance payments of the normal monthly assessments.

ARTICLE VII

Management, Maintenance, Repairs
Replacements, Alterations and Improvements

7.1 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 7.2 hereof, the cost thereof shall be a Common Expense to the extent not paid by Unit Owners pursuant to Section 7.1(b) hereof. In addition, the Association shall be responsible for providing and paying for water and sewer for all Units. 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.

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

(a) Any Common Expenses 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.

7.3 Units. Each Unit Owner shall maintain his Unit, and any limited Common Elements appurtenant thereto, 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 Owner of

such other Unit. Nothing herein contained shall modify any waiver by insurance companies of rights of subrogation.

7.4 Waiver of Claims. Except only as provided in Section 7.5(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 of 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.

7.5 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 7.4, 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 on an emergency or dangerous condition or situation, such right of entry shall be immediate. Notwithstanding Section 7.4, 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 VIII

Insurance

8.1 Casualty Insurance. The Association shall maintain, to the extent available, casualty insurance upon the Common Elements 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 interest may appear, and be disbursed pursuant to the Act. Such insurance shall be in on an amount equal to not less than one hundred percent (100%) of the full 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.

8.2 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 (\$1,000,000.00) per occurrence for death, bodily injury and property damage. Said insurance shall comply in all respects with the requirement 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 managing agent, 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.

8.3 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 ½) 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.

8.4 Insurance Unavailable. If the insurance described in Sections 8.1, 8.2, or 8.3 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.

8.5 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.

8.6 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.

8.7 Individual Policy for Unit Owners. Each Unit Owner is required to 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 interest; provided that such policy shall insure one hundred (100%) percent of the cost of the improvements and betterments of the Unit; provided, further that any such insurance shall contain waivers pursuant to Section 7.4 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 the 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 assigns the proceeds of his insurance, to the extent of such reduction, to the Association.

ARTICLE IX

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 on an 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 X

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 and Section 9.2 of the Bylaws.

ARTICLE XI

Termination

The Condominium may be terminated only in strict compliance with Section 47C-2-118 of the Act and Section 9.4 of the Bylaws.

ARTICLE XII

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.

ARTICLE XIII

Rights of First Mortgagees:
FNMA and FHLMC Provisions

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

13.1 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.

13.2 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 a 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 financial statement.

13.3 Successor's Personal Obligation for Delinquent Assessments. The personal obligations 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.

13.4 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.

13.5 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 sponsor 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.

13.6 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.

13.7 Consent of First Mortgagees. This Section 13.7 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 13.9 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.

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 subordination 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, except as provided elsewhere;
- (f) boundaries of any Unit;
- (g) convertibility of Units into Common Elements or Common Elements into Units, except as provided elsewhere;
- (h) expansion or contraction of the Condominium or the addition, annexation or withdrawal of property to or from the Condominium, except as provided elsewhere;
- (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 Mortgagees or insurers or guarantors of First Mortgages.

On 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.

13.8 Consent of First Mortgagees or Unit Owners. This Section 13.8 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 percentages as are 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) except in the case of any addition of the Additional Real Estate pursuant to the provisions hereof, 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 IX and Section 6.1 of Article VIII hereof.

13.9 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 on an "Eligible Mortgage Holder." With respect only to non-material amendments (which excludes items (a) to (o) of Section 13.7), such as for the correction of technical errors or for clarification, any First Mortgagee who receives a written request by the Association, or any Unit Owner, to approve on 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.

13.10 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-1-115 of the Act, Declarant shall pay all accrued expenses of the Condominium until assessments are levied against the Units. On 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 on an assessment is levied.

13.11 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.

13.12 Additional Real Estate: Common Element Interests: Reallocation. If the Additional Real Estate is added, the ownership interest in the Common Elements and the liability for Common Expenses for each Unit shall be reallocated using the ratio formulated upon the relation that each Unit bears to the total number of Units, and each Unit shall continue to have one vote. The effective date for said reallocation shall be the date of recordation of the amendment to this Declaration, which document shall comply with the provisions of the Act. The effective date for the assignment of assessments to the Units added to the Condominium shall be the date the Board levies on an assessment against said Units. All improvements intended to be located within any portion of the Additional Real Estate added to the Condominium shall be substantially completed prior to the addition of said portion of the Additional Real Estate.

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

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, A-1, B, C, D and E 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.

ARTICLE XV

The Currituck Club

Windswept Ridge Golf Villas is a portion of The Currituck Club. Each Unit in Windswept Ridge Golf Villas is subject to the terms, conditions, restrictions and provisions of The Currituck Club Declaration, including but not limited to, the obligations of membership in the said Currituck Club Property Owners Association, Inc., with all the rights privileges and responsibilities and the liens of assessments pertinent thereto, however unless said terms, conditions and/or restrictions are expressly exempt from their application by this Declaration or a reasonable interpretation of this Declaration is inconsistent therewith, in which case all provisions of this Declaration shall govern; therefore, each Unit Owner is a member of two (2) property owner's associations, to wit: (i) the Windswept Ridge Golf Villas Property Owners Association, Inc. and (ii) The Currituck Club Property Owners Association, Inc. and will be obligated to pay assessments to each property owner's association as provided in this Declaration of Windswept Ridge Golf Villas Condominium and in The Currituck Club Declaration.

The Currituck Associated-Residential Partnership, a North Carolina general partnership ("The Currituck Club Declarant") is the owner of The Currituck Club and has created thereon a residential Community (the "Community"), together with streets, roads, bike paths, footways, open spaces, landscaping, entrances, drainage facilities, access easements, site lighting and signage and any recreation area(s) and any other common facilities shown on any recorded plat of the real property or a portion thereof (hereinafter sometimes referred to collectively as the "Community Facilities") for the benefit of the Community. The Currituck Club Declarant, in order to provide for the preservation of the values and amenities of the Community and for the maintenance of the Community Facilities, has subjected the Phase I and 2 residential areas in The Currituck Club to the Declaration of Covenants, Conditions and Restrictions of the Currituck Club dated the 14th day of December, 1995, which have been recorded in the office of the Register of Deeds, Currituck County, North Carolina, in Deed Book 377, at

page 281 (said covenants hereinafter referred to as "The Currituck Club Declaration") and intends to subject the other residential areas in The Currituck Club to similar declarations..

The Currituck Club Declaration contains covenants, conditions, restrictions, easements, charges and liens as set forth therein, each and all of which is, and are, for the benefit of said real property and each owner of a portion thereof.

The Currituck Club Declarant's present intention (restated here for information of present intent only and not as a warranty or representation of a future fact) is to develop the Community with residential units of different styles, designs and construction. These may include, by way of example and not limitation, subdivisions consisting of condominium units, townhouse dwellings, individually owned single-family lots upon which residences may be built, patio homes or zero lot line homes. Additionally, the Currituck Club Declarant reserves the option, in its sole discretion, to add commercial space and a hotel site which may or may not be subjected to the jurisdiction of The Currituck Club Association and the terms of The Currituck Club Declaration.

The Currituck Club Declarant has incorporated under the laws of the State of North Carolina a non-profit corporation, The Currituck Club Property Owners Association, Inc. (The "Currituck Club Association") for the purpose of maintaining, administering, operating and replacing the Community properties and Community Facilities, administering and enforcing the covenants, conditions and restrictions and collecting and disbursing the assessments and charges of The Currituck Club.

In the event any of the terms, conditions, provisions, paragraphs or clauses of this Declaration conflict with The Currituck Club Declaration, the provisions of this Declaration shall control.

IN WITNESS WHEREOF, Declarant hereby executes this Declaration by and through its authorized representatives on the day and year first above written.

SHALLOWBAG BAY DEVELOPMENT
COMPANY, LLC (SEAL)

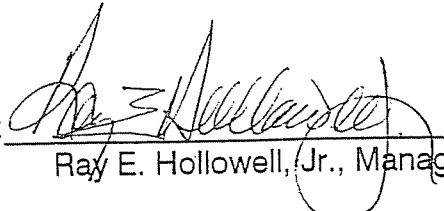
By: 
Ray E. Hollowell, Jr., Manager

EXHIBIT A
of Declaration of Condominium of Windswept Ridge
Phase I

The following distances and bearings are used to reach the point of beginning: RUNNING from Northwest corner of Lot 186, Phase 2 of the Currituck Club, said point lying on the Eastern right of way of a forty foot private roadway known as Hunt Club Drive: thence proceeding along the aforesaid right of way with a curve to the right, said curve having a radius of 1580.00, chord of South 07° 19' 38" East, 84.14 feet, a distance of 84.15 feet to a point, thence proceeding along the aforesaid right of way with a curve to the right, said curve having a radius of 480.00, a chord of South 00° 41' 03" West, 108.43, a distance of 108.67 feet to a point; thence proceeding along the aforesaid right of way with a curve to the left, said curve having a radius of 310.00, a chord of North 08° 41' 26" West, 127.42, a distance of 128.34 feet to the place and point of beginning; thence from said beginning point C1 bearing North 18° 54' 16" West with the chord of 25.46, length of 25.47 and radius of 310; thence C2 with bearing North 0° 04' 19" West with a chord of 187.93 and a length of 192.28 and a radius of 260; thence C3 bearing North 6° 04' 20" West with a chord of 246.72, a length of 256.23 and a radius of 270; thence C4 bearing North 31° 28' 07" West a chord of 61.24, a length of 61.25 and a radius of 980, to a point; thence North 48° 34' 46" East a distance of 175.61 feet to a iron pipe set; thence South 39° 06' 00" East 15.30 feet to a iron pipe set; thence South 44° 49' 07" East a distance of 84.87 feet to a iron pipe set; thence South 47° 59' 53" East a distance of 78.14 feet to a iron pipe set; thence South 69° 57' 51" East a distance of 17.19 feet to a iron pipe set; thence South 45° 31' 27" West a distance of 158.48 feet to a iron pipe set; thence South 8° 49' 52" East a distance of 48.59 feet to a iron pipe set; thence South 85° 12' 19" West a distance of 25.37 feet as shown and designated as L1 and more particularly described in the Line Table as shown on the aforescribed plat; thence South 00° 18' 01" East a distance of 43.90 feet and designated as L-2 on the aforescribed plat; thence North 89° 56' 48" East a distance of 18.01 feet and designated as L3 on the aforescribed plat to a iron pipe set; thence L4 which is South 5° 49' 47" West 28.25 feet to a iron pipe set; thence L5 which is North 85° 4' 37" West 20.10 feet; thence L6 which is South 9° 35' 14" West a distance of 11.75 feet to a iron pipe set; thence L7 which is South 77° 36' 33" East 20.23 feet to a iron pipe set; thence L8 which is South 13° 08' 12" West 30.12 feet to a iron pipe set; thence L9 which is North 75° 07' 13" West a distance of 20.02 feet to a iron pipe set; thence L10 which is South 18° 01' 25" West a distance of 29.49 feet to a iron pipe set; thence L11 which is South 68° 53' 05" East a distance of 19.45 feet; thence L12 which is South 11° 16' 45" West a distance of 67.91 feet to a iron pipe set; thence L13 which is North 88° 33' 28" West a distance of 16.55 feet to a iron pipe set; thence South 22° 38' 19" East 81.08 feet to a iron pipe set; thence South 57° 31' 10" West a distance of 89.22 feet to the point and place of beginning.

LESS AND EXCEPT from the above described property, Owner hereby reserves unto itself, its successors and assigns, a nonexclusive easement for vehicular and pedestrian ingress, egress and regress forty feet (40') in width over, through and across the access road located at the Southern portion of the property described above, said access road and easement area to run to and from Hunt Club Drive and the future development phases of Windswept Ridge Villas at The Currituck Club as shown on that certain plat entitled "Windswept Ridge At The Currituck Club, Poplar Branch Township, Currituck County, North Carolina Release Parcel", prepared by Bissell Professional Group and dated February 7, 1997, said access road being entitled "Sand and Sea Court"

Being the same property as shown and designated on a plat dated July 19, 1997 by Bissell Professional Group and Designated Phase I, Building 5 of Windswept Ridge at the Currituck Club and recorded in Unit Ownership File Book Pages Currituck County Public Registry, containing 67,882 square feet.

EXHIBIT A-1

"ADDITIONAL PROPERTY"
for Declaration of Windswept Ridge Golf Villas

All of that certain parcel of property designated as "Windswept Ridge Villas, Area Equals 10.00 Acres" as shown on that certain plat entitled "Survey of Windswept Ridge Villas, A Parcel of Land In The Currituck Club, Poplar Branch Township, Currituck County, North Carolina" prepared by William T. Robbins, R.L.S., drawn March 5, 1997, and recorded in Plat Cabinet F, Slide 133, Currituck County Public Registry.

LESS AND EXCEPT, and Owner hereby reserves unto itself, The Currituck Associates - Residential Partnership, and their successors and assigns, a perpetual, nonexclusive pedestrian and golf cart easement and right of way for ingress, egress and regress to and from property owned by the Currituck Associate Residential Partnership and consisting of the tenth (10th) and eleventh (11th) holes of the Currituck Club Golf Course, eight feet (8') in width and to run over, through and across the Eastern portion of the above described property. the easement area shall be located in the area of the existing cart path as currently located on the property and as shown on that certain plat entitled "WINDSWEPT RIDGE AT THE CURRITUCK CLUB, POPLAR BRANCH TOWNSHIP, CURRITUCK COUNTY, NORTH CAROLINA, SITE PLAN", prepared by Bissell Professional Group and consisting of Sheets one (1) through ten (10).

SAVING AND EXCEPTING THE FOLLOWING PARCEL OF LAND: The following distances and bearings are used to reach the point of beginning: RUNNING from Northwest corner of Lot 186, Phase 2 of the Currituck Club, said point lying on the eastern right of way of a forty foot private roadway known as Hunt Club Drive; thence proceeding along the aforesaid right of way of Hunt Club Drive with a curve to the right, said curve having a radius of 1580.00, chord of South 07° 19' 38" East, 84.14 feet, a distance of 84.15 feet to a point, thence proceeding along the aforesaid right of way with a curve to the right, said curve having a radius of 480.00, a chord of South 00° 41' 03" West, 108.43, a distance of 108.67 feet to a point; thence proceeding along the aforesaid right of way with a curve to the left, said curve having a radius of 310.00, a chord of North 08° 41' 26" West, 127.42, a distance of 128.34 feet to the place and point of beginning; thence from said beginning point C1 bearing North 18° 54' 16" West with the chord of 25.46, length of 25.47 and radius of 310; thence C2 with bearing North 0° 04' 19" West with a chord of 187.93 and a length of 192.28 and a radius of 260; thence C3 bearing North 6° 04' 20" West with a chord of 246.72, a length of 256.23 and a radius of 270; thence C4 bearing North 31° 28' 07" West a chord of 61.24, a length of 61.25 and a radius of 980, to a point; thence North 48° 34' 46" East a distance of 175.61 feet to a calculated point; thence South 39° 06' 00" East 15.30 feet to a calculated point; thence

EXHIBIT B
TO
DECLARATION OF WINDSWEPT RIDGE GOLF VILLAS

PERCENT INTEREST CHART

PHASE I

<u>Bldg. No.</u>	<u>Unit Designation on Plans</u>	<u>Address</u>	<u>Unit Type and Location</u>	<u>Percent Interest</u>
5	511	511 Sand and Sea Court		6.6666
5	512	512 Sand and Sea Court		6.6666
5	513	513 Sand and Sea Court		6.6666
5	514	514 Sand and Sea Court		6.6666
5	515	515 Sand and Sea Court	See	6.6666
5	521	521 Sand and Sea Court	Plans	6.6666
5	522	522 Sand and Sea Court	Located	6.6666
5	523	523 Sand and Sea Court	In	6.6666
5	524	524 Sand and Sea Court	Unit	6.6666
5	525	525 Sand and Sea Court	Ownership	6.6666
5	531	531 Sand and Sea Court	File	6.6666
5	532	532 Sand and Sea Court		6.6666
5	533	533 Sand and Sea Court		6.6666
5	534	534 Sand and Sea Court		6.6666
5	535	535 Sand and Sea Court		6.6666

EXHIBIT C
TO
DECLARATION OF WINDSWEPT RIDGE GOLF VILLAS
ENCUMBRANCES UPON TITLE

The Condominium is subject to:

(a) Terms, conditions and restrictions of the Declaration, the Bylaws, the Plans and the Rules and Regulations, if any, as each may be amended from time to time.

(b) Easements, conditions, restrictions and agreements set forth in Schedule B of ~~The Title Co. of NC, In~~ Title Insurance Company's Owners Title Policy No. FA-32-01329 dated 3-20-97, a copy of which is attached hereto, including the Master Declaration of Covenants, Conditions and Restrictions for Windswept Ridge Golf Villas.

(c) Unrecorded easements, discrepancies or conflicts in boundary lines, shortages in area encroachments which an accurate and complete survey would disclose, including any easements and encroachments as shown on the Plat and Plans.

(d) Easements and restrictions described in Articles IV and V of the Declaration including:

(i) Easements in favor of the appropriate utility companies to serve the Condominium Property and all appurtenances thereto;

(ii) Easements in favor of the Association and to such persons as authorized by the Association for utility installations within the walls of the Units;

(iii) An easement in favor of the Association, a Unit Owner, the Executive Board or any other person as permitted under the Condominium Documents to inspect, maintain, repair and replace the Common Elements;

(iv) Easements in favor of the Declarant, the Association, appropriate utility and service companies and governmental agencies and authorities for such utility and service lines and equipment as may be necessary or desirable over the Units and the Common Elements to serve any portion of the Condominium Property;

(v) Easements reserved by the Declarant through the Common Elements as reasonably necessary for discharging its obligations under the Condominium Documents and completion of construction of the Condominium;

(vi) Easements reserved by the Declarant to maintain sales offices or models in the Condominium on the condominium Property.

(vii) Easements reserved by the Declarant and Declarant's mortgagee to provide access and utilities to the Additional Property.

Schedule B

This policy does not insure against loss or damage by reason of the following:

1. Certifying Attorney must furnish additional Restrictive Covenants with recording information for this property, if applicable.
2. Taxes for the year 1997, and subsequent years not yet due and payable.
3. Pending such time as the improvements contemplated upon the insured land shall be commenced, liability under this policy is limited to the purchase price paid for the land; but as and when the erection of such improvements shall be commenced, liability hereunder shall increase, as the improvements progress, in the amount of the cost thereof, up to the amount of insurance in the policy.
4. Declaration of Covenants, Conditions and Restrictions recorded in Book 377, Page 28, and Book 381, page 468, Currituck County Registry; but the company insures that the same have not been

ALTA Owner's Policy 10-17-92

Office: The Title Company of North Carolina, Inc.
Post Officer Box 2739, Kill Devil Hills, NC 27948 919-441-2877/800-666-2258

File ID: 97-4732 Policy ID: FA-32-01329 [10304] Printed: 06-10-1997

First American Title Insurance Company

OWNER'S POLICY

Schedule B (Continued)

violated and that a future violation thereof will not cause a forfeiture or reversion of title.

5. Easements as set forth in the restrictive covenants.
6. Easement(s) to Virginia Electric and Power Company, now North Carolina Power, recorded in Book 80, Page 525, in Book 140, page 260, and in Book 212, page 632, Currituck County Registry.
7. Easement(s) to Norfolk and Carolina Telephone and Telegraph Company, now Carolina Telephone and Telegraph Company, recorded in Book 111, Page 400, in Book 381, page 784, in Book 381, page 785, and in Book 345, page 185, Currituck County Registry.
8. Restrictive Covenants recorded in Book 363, Page 420, Book 363, page 457, and in Book 375, page 574, Currituck County Registry; but the Company insures that said covenants have not been violated and that a future violation thereof will not cause a forfeiture or reversion of title.
9. Such easement accesses, setbacks and other restrictive notations appearing on the subdivision plat for Windswept Ridge at the Currituck Club.
10. Deed of Trust to Trustee(s) for The Bank of Currituck, securing the sum of \$1,500,000.00 recorded in Book 400, Page 729, Currituck County Registry.
11. Purchase money deed of trust to William V. Power, Trustee, securing the original principal sum of \$585,000.00, recorded in Book 400, page 743, Currituck County Registry.

Assignment and Security Agreement as set forth in Book 400, Page 746, Currituck County Registry.

12. Such state of facts as would be disclosed by an accurate survey and inspection of the land. (Upon receipt of a current survey and surveyor's report, this exception will be deleted or amended in accordance with the facts disclosed thereby.)
13. UCC Financing Statement recorded in Book 97, Page 59, Currituck County Registry.

ALTA Owner's Policy 10-17-92

Office: The Title Company of North Carolina, Inc.
Post Officer Box 2739, Kill Devil Hills, NC 27948 919-441-2877/800-666-2258