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BOOK 759 PAGE 763

STATE OF NORTH CAROLINA

COUNTY OF ONSLOW

DECLARATION OF CONDOMINIUM

GUM BRANCH CENTER

THIS DECLARATION, made and entered into this 17th day of DECEMBER, 1985, by Topland Corporation, doing business under the firm name of Gum Branch Center Condominiums, hereinafter referred to as Declarant:

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in Onslow County, North Carolina, more particularly described in Exhibit "A" attached hereto and incorporated herein, hereinafter called the land; and,

WHEREAS, the Declarant plans to construct improvements upon the land with the intention of dividing the improvements into condominium units as defined under the provisions of the North Carolina Unit Ownership Act (Chapter 47A, North Carolina General Statutes), and to sell and convey said units to purchasers subject to the covenants, conditions and restrictions herein reserved:

NOW, THEREFORE, Declarant hereby declares that all of the property described in Exhibit "A" shall be held, sold and conveyed subject to the following easements, restrictions, covenants, uses, limitations and obligations in furtherance of a plan for the division of said property into condominium units and which shall be deemed to run with the land and be binding on all parties having any right, title or interest in the land or any part thereof, their heirs, successors and assigns.

ARTICLE I

NAME AND ADDRESS

The name by which this condominium is to be known is: Gum Branch Center Condominiums, and the address of Gum Branch Center Condominiums is:

Gum Branch Center Condominiums
Gum Branch Square, Suite 106
Jacksonville, N.C. 28540

ARTICLE II
DEFINITIONS

All terms as used herein and in the By-Laws shall have the meaning stated in the Unit Ownership Act, Chapter 47A, North Carolina General Statutes, unless otherwise defined herein or in the By-Laws.

Section 1. "Condominium Unit" shall mean and refer to a unit as described in the Unit Ownership Act, Chapter 47A, North Carolina General Statutes. "Condominium Units" shall be used interchangeably with and mean the same thing as "Units".

Section 2. "Association" shall mean or refer to Gum Branch Center Condominium Owners Association, Inc., its successors and assigns.

Section 3. "Owner" shall mean the record owner, whether one or more persons or entities, of a unit within a building.

Section 4. "Common Areas and Facilities" shall mean all real property and such community and commercial facilities now and hereinafter added existing for common use and enjoyment of the owners and all appropriate items set out in G.S. 47A-3(2). "Common Areas and Facilities" shall be used interchangeably with and mean the same thing as "Common Elements". All water lines not located in public streets which serve the development and all sewer lines which serve the development not located on either public streets or City of Jacksonville utility easements are common areas.

Section 5. "Limited Common Areas and Facilities" shall mean those certain portions of the Common Areas and Facilities reserved for the use of a particular Condominium Unit or Units to the exclusion of other units.

Section 6. "Common Expenses" shall mean and include all sums lawfully assessed against an Owner by the Association, including, but not limited to, expenses for hazard insurance (including "extraordinary premiums" as set forth in Articles XIV and XV below), taxes and assessments applicable to Common Areas and Facilities. It shall also mean expenses of administration, maintenance, repair or replacement of the Common Areas and Facilities. It also means and includes expenses agreed upon as Common Expenses by the Association and expenses declared Common Expenses by the provisions of Chapter 47A, the Declaration or the By-Laws.

Section 7. "Declarant" shall mean or refer to Gum Branch Center Condominiums, its successors and assigns.

CAYLOR, EVANOFF AND MCELVAUGHEN, ATTORNEYS
119 NEW BRIDGE STREET
JACKSONVILLE, NORTH CAROLINA 27834
PHONE 878-8544

ARTICLE III

IDENTIFICATION OF PROPERTY

A. Land. The description of the land on which the buildings and improvements are to be located is set forth in Exhibit "A" of this Declaration.

B. Buildings. The description of the buildings to be erected by Declarant on the land described in Exhibit "A" is set forth in Exhibit "B" of this Declaration.

C. Unit Designations. The unit designation of each Condominium Unit, its location, its dimensions, number of rooms and Common Areas and Facilities to which it has immediate access, and other data concerning its proper identification are set forth in Exhibit "C" of this Declaration.

D. Common Areas and Facilities

1. Description. The Common Areas and Facilities shall consist of the property described in Exhibits "A" and "B" other than the individual office units described in Exhibit "C" and other than the Limited Common Areas and Facilities as herein defined.

2. Nature of Interest. Each Owner shall own an undivided interest in the Common Areas and Facilities as set forth in Exhibit "D" of this Declaration.

3. Property Rights. Each Owner shall have a right and easement of enjoyment in and to the Common Areas and Facilities which shall be appurtenant to and pass with the title to each unit, subject to the following provisions.

E. Limited Common Areas and Facilities. Certain portions of the Common Areas and Facilities are reserved for the use of a particular Condominium Unit or Units to the exclusion of other Units and are designed as Limited Common Areas and Facilities. The Limited Common Areas and Facilities and the Condominium Unit or Units to which they are reserved are as follows:

1. The steps and stoops which are a part of each Condominium Unit are Limited Common Areas and Facilities and are reserved for the use of the Owners, their guests, invitees, licensees, employees and lessees of Units served by the respective steps and stoops.

2. The foyers located inside the structure are Limited Common Areas and Facilities and are reserved for the use of the owners, their guests, invitees, licensees, employees and lessees with which each foyer is associated.

Foyers are to be shared equally by the Owner of an upper Unit and the Owner of a lower Unit associated with any specific foyer.

3. The concrete compressor pads or areas located to the rear of each building are Limited Common Areas and Facilities and their use is limited to the respective Owner or Owners of the Condominium Unit or Units with which each concrete compressor pad or area is associated. Each concrete compressor pad or area has the same Unit designation as the Unit with which it is associated.

4. The attic spaces and air handlers therein located immediately over a pair of Units are Limited Common Areas and Facilities and their use is limited to the respective Owner or Owners of the Condominium Units with which each attic space is associated. The extent of the attic space associated with a specific Condominium Unit is physically defined by the dividing rafters within the attic space.

5. The area designated and described in Exhibit "E", which shall be a Limited Common Area dedicated solely to the use of the owner, occupant and/or patrons and customers of the owner or occupant of Unit 5, Building B, is set forth in the Condominium Documents recorded herewith.

ARTICLE IV

AMENDMENT OF RATIOS

1. As provided by this Declaration, the By-Laws and the terms of Chapter 47A of the General Statutes of North Carolina, the ratio of the undivided interest of each Owner in the Common Areas and Facilities as set forth on Exhibit D attached hereto may be altered by an amendment to this Declaration adopted by unanimous consent of the Owners and their respective mortgagees, if any, and duly recorded.

ARTICLE V

NATURE OF INTEREST IN UNITS

Every Condominium Unit, together with its undivided interest in the Common Areas and Facilities, shall for all purposes be, and it is hereby declared to be and to constitute, a separate parcel of real property, and the Owner thereof shall be entitled to the exclusive ownership and possession of his Condominium Unit subject to the covenants, restrictions, easements, rules, regulations, resolutions and decisions as may be contained or provided for herein and in the accompanying By-Laws and minutes of the Association and the Board of Directors. No amendment to this Declaration or to the By-Laws

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shall become effective until submitted to and approved by the City Attorney of the City of Jacksonville. If the City Attorney fails to approve or disapprove such proposed amendment within thirty (30) days, then such amendment shall be deemed to have been approved and shall become effective upon recordation in the Onslow County Registry. Each Unit shall constitute a single freehold estate and shall consist of all of the space bounded by the undecorated interior surfaces (whether plaster, dry wall, wood, concrete or other materials) of the perimeter walls, windows and doors, the floor and the ceilings of such Unit, projected, if necessary by reason of structural divisions such as interior walls, floors, ceilings and other partitions, as may be necessary to form a complete enclosure of space with respect to such Unit (the exact layout and dimensions of each Unit being shown on the drawings), and including, without limitation, all space occupied by any Common Areas and facilities located within the bounds of such Unit, together with the decorated surfaces, including paint, lacquer, varnish, wall paper, paneling, tile and any other furnishing material applied to interior walls, doors, floors, ceilings and the interior surfaces of the perimeter walls, windows, doors, floors and ceilings.

ARTICLE VI

USE

The buildings and each of the Units therein shall be used primarily for retail business or office purposes. Any Owner may delegate, in accordance with this Declaration and the By-Laws hereafter, his right of possession, use and enjoyment of the Common Area and Facilities and easements to guests, invitees, licensees, tenants and employees subject to the provisions of Article XXV below.

ARTICLE VII

SERVICE OF PROCESS

H. King McGlaughon, Jr. of the firm of Gaylor, Edwards & McGlaughon is hereby designated to receive Service of Process in any action which may be brought against or in relation to this condominium development, the Declarant and the Association. Said person's place of business is Gaylor, Edwards & McGlaughon, 219 New Bridge Street, Jacksonville, North Carolina 28541-1057, County of Onslow, which is within the City and County in which the development is located. The Board of Directors of the Association may revoke

necessary to operate said condominium complex as set forth in this Declaration and the By-Laws as they may be amended from time to time.

The Association's powers of maintenance, operation, administration, management and care of the condominium property may be delegated to a manager as provided for in Article XIV herein. All other affairs of the Association shall be conducted by a Board of Directors who shall be designated as provided in the By-Laws of the Association.

C. Members.

1. Qualifications. The members of the Association shall consist of all the record Owners of Units. Security holders are specifically excluded as members.

2. Change of Membership. After receiving the approval of the Association elsewhere required, a change of membership in the Association shall be established by recording in the public records of Onslow County, North Carolina, a deed or other instrument establishing a record title to a Unit or Units and the delivery to the Association of a certified copy of such instrument, the Owner designated by such instrument thereby becoming a member of the Association. The membership of the prior Owner shall be hereby terminated.

3. Voting Rights. There shall be one person with respect to each Unit Ownership who shall be known and hereafter referred to as a voting member. Such voting member may be the Owner or one of a group composed of all of the Owners of a Unit or may be some other person designated by such Owner or Owners to act as a proxy on his or their behalf. A proxy need not be an owner. Such designation shall be made in writing to the Board of Directors and shall be revocable at any time by actual notice to the Board of Directors of the death or judicially-declared incompetence of any designator by written notice of such revocation to the Board of Directors by the Owner or Owners. The total number of votes of all voting members shall be equal to the total number of Units composing the condominium complex and each owner or group of owners, including the Board of Directors if said Board or its designee shall then hold title to one or more units, shall be entitled to the number of votes equal to the total of the percentage of Ownership in the Common Areas and Facilities applicable to he or their Unit Ownership as set forth in Exhibit D of this Declaration. A vote on any matter may be by secret

callot upon motion duly made and seconded by any voting member.

4. Approval or Disapproval of Matters. Whenever the decision of an Owner is required upon any matter, whether or not the subject of an Association meeting, such decision shall be expressed by the same person who would cast the vote of such Owner if in an Association meeting unless the order of record Owners is specifically required by this Declaration.

5. Restraint upon Assignment of Shares in Assoco. The share of a member in the funds and assets of the Association cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his Unit.

Any assessment for reserve or sinking funds for capital improvements or repairs shall be held by the Board of Directors for the purposes so designated and for no other. In the event such purpose or contingency does not occur, said allocated funds shall be expended only for the general operation of the property and any excess assessments in any year shall be used to reduce the following year's assessments.

6. Designation of Voting Representative. If a Unit is owned by one person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one person, by a partnership, by a trust, by an estate or is under lease, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record Owners of the Unit or signed by the partnership, trustee or other fiduciary and filed with the secretary of the Association. If a Unit is owned by a corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by the president, vice president or secretary of the corporation and filed with the secretary of the Association. Such certificates shall be valid until revoked or until superceded by a subsequent certificate or by a change in the ownership of the Unit concerned.

D. Indemnification of Directors. Every director and every officer of the Association shall be indemnified by the Association against all expenses and liabilities, including reasonable counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party or in which he may become involved by reason of his being or having been a director or officer at the time of the acts in question or such expenses are incurred, except in such cases wherein the director or officer is adjudged

guilty of wilful misfeasance or malfeasance in the performance of his duties; provided, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interests of the Association. The foregoing rights of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled. The foregoing rights of indemnification do not include any liability a director has as a result of ownership of a Unit.

E. By-Laws. The By-Laws of the Association shall be in the form attached hereto as Exhibit "F" as they may be amended from time to time.

F. Property in Trust. All funds, the titles of all properties acquired by the Association and the proceeds thereof shall be held in trust for the members in accordance with the provisions of this Declaration and the By-Laws.

ARTICLE XIII

COMMON EXPENSE

The Common Expenses and surpluses of the property shall be shared by the Owners in the ratios specified in Exhibit "D" as they may be amended from time to time, and shall be based initially upon the square footage interior area of each Unit.

ARTICLE XIV

MANAGEMENT AND MAINTENANCE

A. Manager. The Association may enter into a contract with a management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance and management of the property. All the powers and duties of the Association necessary or convenient for such maintenance and management may be delegated to and vested in the manager by the Board of Directors, except such as are specifically required by this Declaration, the By-Laws or the North Carolina Unit Ownership Act to have the approval of the Board of Directors or the Association. The manager is hereby further authorized to recommend the annual budget and, upon approval hereof by the Board of Directors, collect assessments for Common Expenses and such other assessments as provided in this Declaration and the By-Laws, subject always to the supervision and right of approval of the Board of Directors. The manager is hereby specifically authorized to obligate the

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Association financially up to 25% of the total budgeted amount for any expenditure or item included in said budget without seeking the prior approval of the Board of Directors.

B. Owner's Maintenance.

1. Each Owner agrees as follows:

(a) To maintain his Unit in good condition and repair said Unit and all interior surfaces within said Unit, such as walls, ceilings and floors, which are not Common Elements or exterior surfaces, the maintenance of which shall be the responsibility of the Association and assessable to all the Owners as a Common Expense.

(b) To make or cause to be made no structural addition to the Common Elements without the prior written consent of the Association.

(c) To make no alteration, repair, replacement or change to the Common Elements or to any outside or exterior portion of the building whether within a Unit or part of the Common Elements.

(d) To permit the Board of Directors, the manager or the agents or employees of the Association to enter with notice at any reasonable hour of the day to maintain, inspect, repair or replace improvements within the Units or the Common Elements, or to determine, in the case of emergency, the circumstances threatening any Unit(s) or the Common Elements or to determine compliance with the provisions of this Declaration, the By-Laws or any Rules and Regulations promulgated thereunder.

2. In the event an Owner fails to maintain a Unit as required herein, makes any structural addition or alteration to the Common Elements without the prior written consent of the Board of Directors or fails to permit entrance to those persons authorized above, the manager, on behalf of the Board of Directors, or the Board in its own behalf shall have the right to proceed either at law or in equity for whatever appropriate remedy the circumstances require. In lieu thereof or in addition thereto, the Association, through the Board of Directors, shall have the right and power to levy an assessment against said Owner and the Unit itself for such necessary sums to remove any unauthorized structure or alteration and to restore the property to its former condition. The Association or the Board of Directors shall have the further right and power to have its employees, agents or any subcontractor appointed by it enter said Unit at any and all reasonable times to do such

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work as is deemed necessary by the Board to enforce compliance with the provisions hereof.

C. Limitation of Liability. Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable to Owners for injury or damage caused by any latent condition of the property maintained and repaired by the Association, by the elements of or caused by other Owners or persons.

Owners shall be subject to assessments for the Common Expenses and "Extraordinary Premiums" as defined in Article XV below by the Board of Directors upon acquiring title to their Unit as provided in Paragraph XII above. Assessments may include a sinking fund for capital improvements.

Assessments which are unpaid for over thirty (30) days after the due date thereof shall bear the interest at a monthly rate of one percent (1%) from the due date thereof until paid in full. Any assessment remaining unpaid for more than ninety (90) days shall constitute a lien upon the delinquent Unit or Units when filed of record in the Office of the Clerk of Superior Court of Onslow County in the manner provided for by Article 8 of Chapter 44 of the General Statutes of North Carolina as amended. The lien for unpaid assessments shall also secure reasonable attorney's fees incident to the collection of such assessments or the enforcement of such lien in the amount of 15% of the amount of said lien. In any foreclosure of a lien for assessments, the Owner subject to the lien shall be required to pay a reasonable rental for the Unit and the manager or Board of Directors shall be entitled to the appointment of a receiver to collect the same. The grantee of any Unit subject to such lien shall be jointly and severally liable with the grantor thereof for all unpaid assessments against the latter up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor any amounts paid by the grantee therefor. However, a grantee may request and shall be entitled to receive a statement from either the manager or Board of Directors setting forth the amount of the unpaid assessments against the grantor, and such grantee then shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth.

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ARTICLE XV
INSURANCE

A. Ownership of Policies. All insurance policies upon the condominium property shall be purchased by the Association or manager for the benefit of the Association, the Owners and the mortgagees as their interests may appear. and provisions shall be made for the issuance of certificates of mortgage encumbrances to the mortgagees of individual Owners. Owners may, at their option, obtain additional insurance providing such other coverage as they may desire.

B. Coverage. All buildings and improvements and all personal property included in the Common Elements shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, by 90% co-insurance blanket coverage or by such other form of policy as the Board of Directors annually determines will most reasonably provide the funds necessary to repair or reconstruct the insured improvements. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, located and used as the buildings on the land including, but not limited to, vandalism and malicious mischief.

C. Public Liability Insurance. Public liability insurance shall be secured by the association or manager in such amount and with such coverage as shall be deemed necessary by the Board of Directors including, but not limited to, an endorsement to cover liability of the Owners as a group or to a single Owner. There shall also be obtained such other insurance coverage as the Board of Directors or manager shall determine from time to time to be desirable or necessary.

D. Premiums. Premiums upon insurance policies purchased by the Association or manager shall be paid by the Association and chargeable by the Association as a Common Expense, except for "Extraordinary Premiums" as defined herein, which shall be assessed only against the Owner or Owners whose use or occupancy results in the charge of such additional premiums.

E. Extraordinary Premiums. In the event that any Insurer contracted with by the Association assesses an additional or extra premium for issuance of coverage to Association as the result of the use or occupancy of a Unit or

Units for a particular purpose by any Owner or Tenant, the Owner of such Unit or Units shall be responsible to the Association, by way of an additional assessment under the terms of this Declaration governing assessments, for the amount of such extra or extraordinary premium. The additional assessment shall become due immediately upon delivery of a statement by the Association to the Owner or Owners subject to the additional assessment for "extraordinary premiums," and the additional assessment shall be treated as any regular assessment under all Articles hereof.

F. Proceeds. All insurance policies purchased by the Association or manager shall be for the benefit of the Association, the Owners and the mortgagees, as their interests may appear, and shall provide that all proceeds hereof shall be payable to the Association as insurance trustee under this Declaration. Upon receipt of such proceeds, the Board of Directors shall hold the same in trust for the purposes stated herein or in the By-Laws and for the benefit of the Association, the Owners and the mortgagees, as their interests may appear.

G. Mortgage Endorsement. Where a mortgage endorsement has been issued to a Unit, the share of the proceeds for such Owner shall be held in trust for both the mortgagee and the Owner, as their interests may appear.

H. Additional Coverage. Each Owner shall be responsible for purchasing coverage at his own expense to insure accidents occurring within his own Unit, his own personal property, any business interruption, any fire damage, his mortgage or any other hazards, causes or purposes as the Owner deems necessary or desirable.

ARTICLE XVI

DISTRIBUTION OF INSURANCE PROCEEDS

Proceeds of insurance policies shall be payable to the Gum Branch Center Condominium Owners Association, Inc., as insurance trustee, and shall be distributed to or for the benefit of the beneficial Owners in the following manner:

A. Expenses of the Trustee. All expenses of the insurance trustee first shall be paid or provision made therefor.

B. Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as determined in Article XV hereof. Any proceeds

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remaining after defraying such cost shall be distributed as surplusage to the beneficial Owners of the damaged Units pursuant to Article XIII hereof.

C. Mortgagee. In the event a mortgage endorsement has been issued as to a Unit, the share of the proceeds for such Owner shall be held in trust for the mortgagee and the Owner, as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether or not any damaged property shall be reconstructed or repaired.

ARTICLE XVII

DAMAGE AND DESTRUCTION

A. Determination to Reconstruct or Repair. If any part of the condominium property shall be damaged by casualty, the determination to reconstruct or repair shall be made as follows:

1. Common Elements. If the damaged improvement is a Common Element, the damaged property shall be reconstructed or repaired unless it is determined in the manner elsewhere provided that the condominium shall be terminated.

2. Units.

(a) Partial Destruction. If the damaged improvement is a Unit and if termination as provided in subparagraph (b) below does not occur, the damaged property shall be reconstructed or repaired, unless within sixty (60) days after the casualty it is determined by agreement in the manner elsewhere provided that the condominium shall be terminated.

(b) Total Destruction. If more than two-thirds (2/3) of the total Units are destroyed and the Owners of three-fourths (3/4) of all Units in the entire condominium project should determine not to proceed with repair or restoration, then the procedure set forth in Section 47A-25 of the North Carolina Statutes, and any amendments thereto, shall take place.

B. Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building as set forth in Article XXVI hereafter, in accordance with plans and specifications approved by the Board of Directors or, if the damaged property is individual Units, in accordance with the plans and specifications approved by the Owners of all damaged Units, which approvals shall not be unreasonably withheld. The Board of Directors may not lawfully reconstruct

damaged property except in conformity with plans and specifications already approved by the City and recorded unless such new plans are first approved by the City and then recorded with the Onslow County Register of Deeds.

C. Responsibility. If the damage is only to that part of a Unit for which the responsibility of maintenance and repair belongs to the Owner, then the Owner thereof shall be responsible for any reconstruction and repair costs. In all other instances, the responsibility for reconstruction and repair shall belong to the Association.

D. Estimate of Costs. Immediately after a determination to rebuild or repair damage to property for which the Association has the responsibility for reconstruction and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair.

E. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if during reconstruction and repair or upon completion of reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the Owners of the damaged Units and against all Owners in the case of damage to Common Elements in sufficient amounts to provide funds for the payment of such costs. Such assessments against Owners for damage to individual Units shall be in proportion to the costs of reconstruction and repair of their respective Units. Such assessments on account of damage to Common Elements shall be in proportion to the Owner's share in the Common Elements.

ARTICLE XVIII

USE AND OCCUPANCY

A. Use. The buildings and each of the Units shall be used primarily for office and retail business purposes. Any Owner may delegate, in accordance with this Declaration and the By-Laws of the Association, his rights of possession, use and enjoyment of his Unit and the Common Area and Facilities to his invitees, employees, guests and tenants subject to the provisions of Article XXV below.

B. Nuisance. No Owner shall permit nor suffer anything to be done to or kept in or about his Unit which will increase the rate of insurance on the building or which will obstruct or interfere with the rights of other Owners or annoy them by unreasonable noises, odors or otherwise. No Owner shall

commit nor permit any nuisance, immoral or illegal act in or about the building.

C. Exterior. It shall be the responsibility of each Owner and the Board of Directors to prevent the development of any unclean, unsightly or unkempt condition of the property which shall tend to decrease the beauty of the neighborhood either as a whole or as to a specific area.

No Owner shall cause anything to be hung, displayed or placed on the exterior walls, doors, balconies, chimneys, windows or other exterior part of the building without the prior consent of the Board of Directors, except as allowed by signage regulations adopted by the Declarant or the Association from time to time. No person may place or cause to be placed any communications antenna, television antenna or similar device on any portion of the condominium property without the written consent of the Board of Directors.

D. Signs. No signs, including for rent, for sale, property identification signs or other similar signs, shall be erected or maintained on any Unit, except in accordance with the Jacksonville City Code and signage regulations adopted by the Declarant or the Association, with written permission of the Board of Directors or as may be required by legal proceedings.

E. Structures, Outbuildings and Trailers. No structure of a temporary character shall be placed upon the property at any time: provided, however, this prohibition shall not apply to shelters used by a contractor or an interim manager during the construction or repair of the buildings so long as these temporary shelters are not, at any time, used as residences, offices or for any business purposes of an Owner nor permitted to remain on the building plot after completion of said construction or repair.

No mobile home of any kind, trailer, tent, barn, storage shed, garage, tree house or other similar outbuilding or structure, regardless of purpose or function, shall be placed on the property at any time, either temporarily or permanently.

F. Rules and Regulations. No person shall use a Unit, the Common Elements or any part thereof, the condominium property or any part thereof or any other property, the use of which has been acquired for the benefit of the Association or the Owners, in any manner contrary to or not in accordance

with the rules and regulations pertaining thereto, as from time to time may be promulgated by the Board of Directors or the Association.

G. Breach of Restrictions. In the event of a violation or breach of any of the restrictions contained in this Declaration or of any other covenants contained in this Declaration, the By-Laws or rules and regulations of the Association by any Owner, tenant, employee or agent of such Owner or any of them, jointly or severally, the Association shall have the right to proceed at law, in equity or both to compel compliance with the terms thereof or to prevent the violation or breach thereof. In addition to the foregoing, the Board of Directors shall have the right whenever there shall have been any violation to said restrictions, to enter upon the property where such violation exists and summarily abate or remove the same at the expense of the offending Owner if after thirty (30) days' written notice of such violation it shall not have been corrected by said Owner. Any such entry, abatement or removal shall not be deemed a trespass. The failure to enforce any right, reservation or condition in this Declaration, the By-Laws or rules and regulations, however long continued, shall not be deemed a waiver of the right to do so thereafter as to the same breach or as to a breach occurring prior or subsequent thereto and shall not bar or affect its enforcement. The invalidation by any Court of any restrictions in this Declaration, the By-Laws or rules and regulations shall in no way affect any of the other restrictions, but they shall remain in full force and effect. An aggrieved Owner has similar rights to those of the Board of Directors as set out in G.S. 47A-10.

ARTICLE XIX

UNITS SUBJECT TO DECLARATION

All present and future Owners, tenants and occupants of Units shall be subject to and shall comply with the provisions of this Declaration, the By-Laws and any rules and regulations of Gum Branch Center Condominium Owners Association, Inc., as said Declaration, By-Laws and rules and regulations may be amended from time to time. The acceptance of a deed, the entering into of a lease or the entering into occupancy of any Unit shall constitute an agreement that the provisions of this Declaration, By-Laws and any rules and regulations which may be adopted are accepted and ratified by such Owner, tenant or occupant and all of such provisions shall be deemed and taken to be covenants running with the land and shall bind any person

BOOK 759 PAGE 781

having any interest or estate in such Unit as though such provisions were made a part of each and every deed, conveyance or lease.

ARTICLE XX

AMENDMENT OF DECLARATION

This Declaration may be amended by the vote of at least two-thirds (2/3) of all Owners with undivided interests in the Common Elements as set forth in Exhibit "D", cast in person or by proxy at a meeting duly held in accordance with the provisions of the By-Laws except that Declarant herein shall have the right to amend said Declaration without the approval of the Association at any time prior to the sixth (6th) Unit being contracted for sale. No such amendment shall be effective until recorded in the Office of the Register of Deeds in Onslow County after having been filed with and approved by the City Attorney of the City of Jacksonville as provided in Article V above. Notwithstanding any contrary provision in this Declaration, it is understood and agreed that Declarant reserves the right to change the interior design and arrangements of units, so long as Declarant owns the Units so altered and does not increase or decrease the square footage, and to more particularly explain and describe the Exhibits attached hereto by altering them for the purpose of clarifying their meaning. Such amendments to plans and Exhibits do not require the two-thirds (2/3) vote elsewhere described in this Article.

ARTICLE XXI

WAIVER

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

ARTICLE XXII

CAPTIONS

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

ARTICLE XXIII

LIMITATION OF LIABILITY

A. Limitation upon Liability of Association. Notwithstanding the duty of the Association to maintain and repair parts of the condominium property, the Association shall not be liable for injury or damage, other than the cost of

maintenance and repair, caused by a latent condition of the property to be maintained and repaired by the Association, by the elements by Owners or by other persons.

B. Property in Trust. All funds and the titles to all properties acquired by the Association and the net proceeds from the sale or use thereof shall be held in trust for the members in accordance with the provisions of this Declaration and the By-Laws of the Association.

ARTICLE XXIV

EMINENT DOMAIN

In the event of a taking by eminent domain, condemnation or a conveyance in lieu of condemnation of part or all of the Common Elements, the award of such taking shall be payable to the Association, which shall represent the Owners named in the proceedings. Said award shall be utilized to the extent possible for the repair, restoration, replacement or improvement of the remaining Common Elements if only a part is taken. If all or more than two-thirds (2/3) of all of the Common Elements are taken, it shall be deemed a destruction of more than two-thirds (2/3) of all of the Common Elements and the condominium regime shall be terminated as hereinbefore provided. In the event of a partial taking, any funds not utilized shall be applied in payment of Common Expenses otherwise assessable. In the event of a taking of all or part of a Unit, the award shall be made payable to the Owner of such Unit and his mortgagee, if any, as their interests may appear.

ARTICLE XXV

RESALE AND ACQUISITION OF UNITS

A. In the event of resale, renting or leasing of a Unit, the Board of Directors has the option to purchase, rent or lease the same on the same conditions as offered by the Owner to any third person. Any attempt to resell, rent or lease a Unit without a prior offer to the Board shall be deemed a breach of this Declaration, and shall wholly be null and void, and shall confer no title or interests whatsoever upon the intended purchaser, tenant or lessee.

B. Should the Owner wish to sell, lease or rent his Unit (which means the Unit, together with the undivided share in the Common Elements, and the right to use the limited Common Elements, if applicable, which are appurtenant thereto) he shall, before making or accepting any offer to sell, purchase,

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lease or rent his Unit, deliver to the Board of Directors, at the office of the Association, a written notice of his intent to sell, lease or rent, which notice shall contain the terms of the offer he has received, which he wishes to accept, or the terms of the offer he is prepared to make, and the name and address of the prospective purchaser or tenant. The Board of Directors, within ten (10) days after receiving such notice, or, by written notice to be delivered to the Owner's Unit, designate that the Association, one or more persons then Owners, or any other person or persons satisfactory to the Board of Directors is willing to purchase, lease or rent upon the said terms as those specified in the Owner's notice. Thereupon, the Owner shall either accept such offer or withdraw or reject the offer specified in this notice to the Board of Directors. The stated designee of the Board of Directors shall have fifteen (15) days from the date of the notice sent by the Board of Directors to close upon the same terms specified in the Owner's notice. Failure of the Board of Directors to designate such person or persons within said ten (10) day period, or the failure of such person or persons to close within the said fifteen (15) day period, shall be deemed consent by the Board of Directors to the transaction specified in the Owner's notice, and the Owner shall be free to make or accept the offer specified in his notice, and sell, lease or rent said interest pursuant thereto to the prospective purchaser or tenant named therein. The Board of Directors shall give to the Owner an instrument in recordable form showing the consent of the Board of Directors to the transfer of ownership in the Unit. The Owner shall have no right to sell, lease or rent his interest, or any part thereof, except as expressly provided for herein. The sub-leasing or sub-renting of said interest shall be subject to the same limitations as are applicable to the leasing or renting thereof. The liability of the Owner under these covenants shall continue notwithstanding the fact that he may have leased or rented said interests as provided herein. Every purchaser, tenant or lessee shall take, subject to this Declaration, the By-Laws and provisions of the Unit Ownership Act.

C. Upon receipt of an Owner's written notice, the Board of Directors may, with the authorization and approval of the majority of the members present at any regular or special meeting of the members, acquire, rent or lease a Unit in the name of the Association or a designee.

D. At any judicial sale of any Unit, the Board of Directors may, with the authorization and approval of a majority of the members present at any regular or special meeting of the members, acquire a Unit in the name of the Association or its designee. The term "judicial" as used in this section shall include any foreclosure of any lien, including a lien for assessment. The power of the Board of Directors to acquire at any judicial sale shall never be interpreted as any requirement or obligation on the part of the Board of Directors or of the Association, to acquire at any judicial sale, the provisions hereof being permissive in nature and for the purpose of setting forth power in the Board of Directors to so acquire should the requisite approval of the members be obtained.

ARTICLE XXVI

MISCELLANEOUS

A. Encroachments. The Owners of the respective condominium Units agree that if any portion of a Unit or Common Element encroaches upon another, a valid easement for the encroachment and maintenance of same, so long as it stands, shall and does exist. In the event the building is partially or totally destroyed and then rebuilt, the Owners of the Units agree that inadvertent, non-negligent encroachments due to such construction on parts of the Common Elements or Limited Common Elements or Units, as described herein shall be permitted and that a valid easement for said encroachments and the maintenance thereof shall exist.

B. Exemption from Liability. No Owner may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use and enjoyment of any of the Common Elements or by the abandonment of his Unit.

C. Merger of Units. Nothing hereinabove set forth in this Declaration shall be construed as prohibiting the removal of any party wall between any Units in order that said Units might be used together as one Unit. In such event or in the event of the ownership by any purchaser of both upstairs and connecting downstairs Units, all assessments, voting rights and the share of the Common Elements shall be the same as for one Unit multiplied by the number of original Units so combined.

D. Construction. Whenever the context so requires, the use of any gender shall be deemed to include all genders, and the use of the singular shall include the plural, the plural shall include the singular. The provisions

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of the Declaration shall be liberally construed to effectuate its purpose of treating a uniform plan for the operation of condominium property.

E. Warranties and Representations. The Declarant specifically disclaims any intent to have made any warranty or representation in connection with the property or the condominium documents, except as specifically set forth therein, and no person shall rely upon any warranty or representation not so specifically made therein. Any estimates of Common Expenses, taxes or other charges are deemed accurate, but no warranty or guaranty is made or intended nor may one be relied upon.

F. Controlling. This Declaration, the Exhibits attached hereto and Amendments hereof shall be construed and controlled by and under the laws of the State of North Carolina.

G. Covenants. All provisions of this Declaration, the Exhibits attached hereto and Amendments hereof shall be construed to be covenants running with the land, and of every part thereof and interest therein including, but not limited to, every Unit and the appurtenances thereof, the Common Elements, every Owner, every claimant of the property or any part thereof or any interest therein and his heirs, executors, administrators, tenants, successors and assigns, shall be bound by all of the provisions of said Declaration, the exhibits annexed hereto and Amendments hereof.

H. Control of Parking and Street Repairs. The Association shall have authority to regulate the parking of motor vehicles within the property affected by these covenants and also shall have authority to repair the streets within said property.

I. Invalidation. If any provision of this Declaration, the Exhibits hereto, the Amendments hereof, the Unit Ownership Act included in Chapter 47A of the North Carolina General Statutes, any section, sentence, clause, phrase, word or the application thereof, in any circumstances, is held invalid, the validity of the remainder of this Declaration, the Exhibits hereto, the Amendments hereof or the Unit Ownership Act shall not be affected thereby.

J. Survey and Description of Improvements. Filed simultaneously herewith and expressly made a part hereof as Unit Ownership Book 1, Page 92, herein "Unit Ownership File", consisting of 5 pages, is a survey of the land and graphic descriptions and plans of the improvements constituting the Condominium, identifying the Condominium Units and Common Areas and

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BOOK 759 PAGE 786

Facilities, as said terms are hereinabove defined, and their respective locations and approximate dimensions.

TOPLAND CORPORATION

By: [Signature]
President

ATTEST:

[Signature]
Secretary

(Corporate Seal)

(CORPORATE SEAL)

STATE OF NORTH CAROLINA

COUNTY OF ONSLOW

Personally appeared before me this date, George R. Riggs
and acknowledged that (s)he is the Asst. Secretary of TOPLAND CORPORATION, a North Carolina corporation, and that by authority duly given and as the act of said corporation, the foregoing instrument was signed by its _____ President, sealed with its corporate seal and attested by her/him as its Asst. Secretary.

This the 18th day of December, 1985.

[Signature]
Notary Public

My commission expires:

6/2/86



NORTH CAROLINA, Onslow County

The foregoing certificate of F. King McGlaughon, Jr.

Notary Public is (are) certified to be correct. The instrument was presented for registration and recorded in this office in

Book 759 Page 765 This 18 day of December

in 8:55 a.m. on 4:22 at [Signature] P. M.

[Signature] Register of Deeds

Register of Deeds

EXHIBIT "A"

BEGINNING at the point of intersection of the centerline of Gum Branch Road (NCSR 1308-80 foot right-of-way) with the centerline of Nottingham Road (100 foot right-of-way); thence from the above described point of beginning and running with the centerline of Gum Branch Road in a Southerly direction 502.45 feet to an existing P.K. Nail; thence continuing with the centerline of said Gum Branch Road, South 14 degrees 12 minutes 22 seconds East 432.38 feet to an existing P.K. Nail; thence leaving said centerline, South 75 degrees 47 minutes 38 seconds West 40.0 feet to an existing iron pipe on the approximate centerline of Dotey's Branch on said right-of-way of Gum Branch Road, said pipe being THE TRUE POINT OF BEGINNING of the hereinafter described tract; thence from the above described TRUE POINT OF BEGINNING and continuing with said right-of-way, South 14 degrees 09 minutes 50 seconds East 225.44 feet to a new iron pipe; thence leaving said right-of-way and with the now or formerly Cliff Jacobs' Northernmost property line, South 71 degrees 45 minutes 35 seconds West 270.65 feet to an existing iron pipe on the Northeasternmost right-of-way of Morton Street (30 foot right-of-way); thence leaving said Jacobs' property line and with said right-of-way of Morton Street and beyond, North 33 degrees 09 minutes 30 seconds West 281.19 feet to a point in the approximate centerline of Dotey's Branch, North 86 degrees 37 minutes 55 seconds East 94.37 feet to an existing iron pipe; thence North 71 degrees 32 minutes 30 seconds East 215.39 feet to an existing iron pipe; thence South 83 degrees 49 minutes 10 seconds East 56.48 feet to the true point and place of beginning. Containing 1.79 acres. The above description being drawn by James E. Stewart and Associates, Inc. on November 27, 1984 from a survey in June 1984 and a map entitled "Survey Map, Property of W.D. Mills" prepared by Barden Lanier and Associates as certified by John L. Pierce, R.L.S., L-2596 February 13, 1984. All courses are correct in their angular relationship to magnetic North 1984.

EXHIBIT "B"

The Gum Branch Center Condominiums shall consist of eight (8) Units in three (3) separate buildings. The Units shall consist of eight (8) separate one and one-half story commercial usage buildings without basements.

Building A will contain three (3) separate Units; Building B will contain two (2) separate Units; and Building C will contain three (3) separate Units. The exterior walls shall consist of both brick and/or wooden siding. The roof will consist of 350 pound asphalt shingles supported by wooden trusses. The interior flooring will consist of wall-to-wall carpet laid on light weight concrete or 2500 pound concrete. The interior walls consist of sheetrock or wall board, covered by wallpaper or paint.

If two or more adjoining Units come under common ownership, the Owner, with the consent of the Board of Directors, may arrange to have a portion or all of the internal partitions separating said Units removed.

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BOOK 759 PAGE 789

EXHIBIT "C"

Three buildings are to be built and they are designated Buildings A, B, and C. Building A will contain three (3) Units, Units 1, 2, and 3. Building B will contain two (2) Units, Units 4 and 5. Building C will contain three (3) Units, Units 6, 7 and 8. There will be three sizes or types of Units and they are designated Types I, II, and III. Units 1, 3, 4 and 8 will be Type I Units. Units 2, 5 and 7 will be Type II Units. Unit 6 will be a Type III Unit. The approximate area of each Unit of Type I is Two Thousand Four Hundred square feet (2,400); the approximate area of each Unit of Type II is Three Thousand Eight Hundred Eighty square feet (3,880); and the approximate area of each Unit of Type III is One Thousand Eight Hundred thirty square feet (1,830). The immediate Common Area to each Unit is the front yard and the back yard of each Unit as well as the exterior walls and the land lying beneath each Unit.

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BOOK 759 PAGE 790

EXHIBIT "D"

<u>Unit</u>	<u>Percentage Interest Upon Completion</u>
Unit 1	10.5
Unit 2	16.9
Unit 3	10.4
Unit 4	10.4
Unit 5	16.7
Unit 6	8.0
Unit 7	16.9
Unit 8	0.2
Total	100.0

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BOOK 759 PAGE 791

EXHIBIT "E"

(LIMITED COMMON AREA FOR UNIT 5, BUILDING B,
GUM BRANCH CENTER CONDOMINIUMS)

BEGINNING at a point located in the centerline of N.C.S.R. 1308 (commonly known as Gum Branch Road - 80 foot right-of-way) where the projected centerline of Nottingham Road intersects; thence along the centerline of N.C.S.R. 1308 as measured in a general Southern direction, approximately 934.83 feet to a P.K. Nail; thence leaving said centerline, South 75 degrees 47 minutes 36 seconds West 40.00 feet to an existing iron pipe located on the Southwesternmost right-of-way line of N.C.S.R. 1308; thence with said right-of-way line, South 14 degrees 09 minutes 50 seconds East 225.44 feet to an existing iron stake; thence leaving said right-of-way line and with the Northernmost line of the Cliff Jacobs Property, South 71 degrees 45 minutes 35 seconds West 270.65 feet to an existing iron stake on the Northeasternmost line of Morton Street (30 foot right-of-way); thence leaving said right-of-way line and said Jacobs line, North 22 degrees 14 minutes 15 seconds East 70.86 feet to the TRUE POINT OF BEGINNING; thence from the TRUE POINT OF BEGINNING, North 20 degrees 53 minutes 15 seconds East 49.92 feet to the point of curvature of a curve, thence 20.86 feet along the arc of said curve having a radius of 16.51 feet and curving to the right to the point of tangency, said curve having a long chord bearing and distance of North 57 degrees 04 minutes 20 seconds East 19.50 feet; thence South 17 degrees 42 minutes 15 seconds East 9.0 feet; thence South 72 degrees 17 minutes 45 seconds West 16.75 feet to a point; thence South 17 degrees 42 minutes 15 seconds East 49.61 feet to the point of curvature of a curve; thence 37.26 feet along the arc of said curve having a radius of 45.32 feet and curving to the right to the point and place of beginning, said curve having a chord bearing and distance of North 84 degrees 09 minutes West 36.22 feet. Containing 0.03 acres. The above description being prepared by James E. Stewart and Associates, Inc. on December 18, 1985 from a survey of the tract on November 19, 1985 from tie down information taken from a map entitled "Survey Map, Property of W.D. Mills" prepared by Barden Lanier and Associates, dated February 13, 1984 and from a survey of a portion of the tie down completed November 19, 1985. All courses are oriented to Magnetic North 1984 per Map Book 22, Page 224 of the Onslow County Registry.

CAUSE: EMBARK AND W.P. KUBEN. ATTORNEYS: 215 NEWBRIER STREET • JACKSONVILLE, NORTH CAROLINA 28511-0227 • PHONE: 919-455-1494