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Glen Cannon Townhouse Condominiums

THREE

8006

BY:

GLEN CANNON CONDOMINIUMS INC.

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INTRODUCTION

In 1963, the North Carolina Legislature enacted a detailed set of laws creating the Unit Ownership or Condominium as a form of ownership of real estate. The laws provide for the preparation of a number of documents in connection with the creation of a Condominium and the administration of its affairs. Those documents are included in this booklet and when you have this booklet and the other materials being supplied you by our sales personnel prior to your signing a Contract of Sale, you will have every item of information relevant to the Condominium which will be your new home in Glen Cannon Condominiums.

Before you decide to buy your new home in Glen Cannon Condominiums Three, we want you to know everything about it that we know. We would not have it any other way. Besides, we are proud of Glen Cannon Condominiums Three.

What do we mean when we say that we want you to know everything that we know? Well, for example, if you will refer to Exhibit "A" in this booklet you will find a site survey prepared by our engineers describing the condominium land and locating your unit building and the parking areas. Exhibit "B" contains a floor plan for each floor of your building prepared by our architects from which you can determine the location of your unit in the building. Included in your Brochure is the floor plan of your own unit showing the location and dimensions of your various rooms. And, of course, you have seen our model units.

We have gone to great lengths to make you knowledgable about what you are buying because even though we are still in construction, we want you to return to your present home with the peace of mind that comes with your knowing exactly what we are going to deliver when you come back to your new home in Glen Cannon Condominiums Three.

We know that our success depends upon earning your confidence, and we are striving for that confidence.

We feel that the financial strength of the developers and their accumulated experience in real estate development and management can be another basis for your confidence.

We want to take a few minutes of your time to discuss condominiums with you and to summarize the documents that we are delivering to you. The condominium laws of North Carolina permit persons to own individual units (apartments) in multi-family buildings, and the ownership of an apartment carries with it the joint ownership, with other apartment owners, of the common elements. The common elements are the portions of the land and buildings which are not included in the apartments, like roof, walls, walkways and lawns. The owner of each apartment has the obligations and benefits involved in the ownership of real property, including the right to sell, mortgage and lease his apartment, as provided in and subject to the Condominium Laws of North Carolina and the documents hereinafter referred to.

The following is a summary of the documents that we are delivering to you:

I CONTRACT OF SALE

The Contract of Sale sets forth the terms and conditions upon which you are buying your apartment. It describes the apartment being purchased, the purchase price, the down payment and additional payments to be made. The Contract of Sale also provides for the handling of deposits and describes the manner of determining the closing date and sets forth the payments required of the Purchaser in addition to the purchase price.

II DECLARATION OF CONDOMINIUM

Your Condominium is created by our recording the Declaration of Condominium in the public records of Transylvania County, North Carolina. The Declaration describes the property, the name of the Condominium Association charged with the operation of the Condominium, the name by which your Condominium will be identified, the number of apartments (units) within the building, and the numbers of the apartments on each of the floors. The

Declaration sets forth your share of the common elements, your share of expenses and surplus of the Condominium. The operation of the Condominium is governed by a non-profit North Carolina corporation. You, as an owner of an apartment, automatically become a Member of the non-profit corporation. The Declaration further provides for the method of amendment; it refers to the By-Laws of the Association charged with the management of the Condominium, the manner of levying assessments against the apartment owners, and the procedure for enforcing payment of the assessments. The Declaration also contains provisions relating to sale or rental of an apartment and the Association's and Management Firm's first right of refusal.

Provisions are contained in the Declaration for carrying insurance on the building, and the conditions relating to the use and occupancy of an apartment, and the obligation of each apartment Owner with respect to his apartment. The Declaration refers to the manner in which the condominium may be terminated, the separate taxation of each apartment, and other provisions pertaining to the ownership of the apartment.

III ARTICLES OF INCORPORATION OF THE NON PROFIT CORPORATION

Your Condominium Association is already in existence and a copy of its Articles of Incorporation is Exhibit "D" to the Declaration in this booklet. The Association will be charged with the operation of the Condominium, subject to the Management Agreement. The Articles set forth the address of the Corporation, its directors, the purpose for which it was formed, its powers, the Members, who will, from time to time, be the owners of apartments in the building, and authorizes the corporation to enter into the various agreements on behalf of its Members. The Articles and By-Laws of the Association, though subject to the provisions of the Declaration of Condominium, govern the management and operation of the Condominium.

IV BY-LAWS OF THE NON-PROFIT CORPORATION

The By-Laws which is Exhibit "C" to the Declaration in this booklet, provides for the number of Directors and the manner and method of their election, the replacement and removal of Directors; our right to designate the Directors for a specified period of time and to fill vacancies in the Board. It empowers the Directors to make and collect assessments, and to enter into agreements.

The By-Laws designate the officers of the Corporation, their term of office and manner of election. The By-Laws also provide that each apartment owner is a Member of the Association, and set forth his voting rights, and provide for the meetings of the membership. The By-Laws further set forth the determination of assessments and other matters, including the manner of amendment of the By-Laws.

V MANAGEMENT CONTRACT

This Agreement, which is Exhibit "E" to the Declaration in this booklet, is between the management company and your Condominium Association, of which you are a member. The purpose of this Agreement is to provide you experienced, professional management for the apartment buildings. The management company provides for repairs and maintenance, prepares the budget, employs personnel, and otherwise acts as a general manager of the apartment buildings.

The management company is paid a set fee for its managerial services and this fee is included in your monthly assessment for common expenses. The management fee cannot be increased during the term of the Management Agreement. We feel that this is a distinct improvement over the arrangement in many condominium projects where the fee is a percentage of the condominium budget and where the fee increases as the budget increases. That arrangement gives the management firm a direct interest in the size of the budget. In Glen Cannon, the fee cannot increase.

The Management Agreement will terminate either on the date specified in the Agreement or on the completion of development

of the Glen Cannon Condominium Community, whichever shall first occur.

VI WARRANTY DEED

The Warranty Deed, which is Exhibit "H" to the Declaration in this booklet, conveys to the Purchaser the title to his condominium parcel and is executed by the Developer, as grantor, at the time of closing. The Warranty Deed is recorded among the public records of Transylvania County, North Carolina.

This resume of the Condominium documents shall not be construed as altering, amending, enlarging or diminishing the provisions of any of the documents, and is solely for the purpose of enabling you to gain a general idea of the contents of the documents. The Developer retains the right to modify or amend any of the documents prior to recording same, provided, however, that no modification or amendment shall be permitted which would materially affect your rights, or the value of your Unit without obtaining your approval.

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DECLARATION OF UNIT OWNERSHIP
of
GLEN CANNON CONDOMINIUMS THREE
A CONDOMINIUM

GLEN CANNON CONDOMINIUMS, INC., A North Carolina corporation, hereinafter called the "Developer," being the owner in fee simple of the lands and improvements thereon hereinafter described, does hereby submit such property and the appurtenances thereto to the provisions of Chapter 47A of the General Statutes of North Carolina, known as the "Unit Ownership Act."

1. SUBMISSION TO CONDOMINIUM OWNERSHIP

The purpose of this Declaration is to submit the lands hereinafter described and the improvements constructed and to be constructed thereon to the condominium form of ownership and use in the manner provided by the Unit Ownership Act hereinabove referred to.

(a) The name by which this Condominium is to be identified is GLEN CANNON CONDOMINIUMS THREE, A CONDOMINIUM, hereinafter called the "Condominium," and its address is

The Professional Building
300 North Broad Street
Brevard, North Carolina 28712

(b) The lands owned by the Developer which are hereby submitted to the condominium form of ownership are the following:

All of that certain piece, parcel or lot of land situate, lying and being in Dunns Rock Township, Transylvania County, North Carolina, more particularly bounded and described as follows:

BEGINNING on an iron pipe, southwest corner of Glen Cannon Condominiums as described in Declaration thereof recorded in Book 1, page 66, Records of Condominiums for Transylvania County, and runs thence with the line of said Glen Cannon Condominiums, S 86 deg. 02 min. E 164.73 feet to a stake in the center of an unnamed 40-foot street; thence S 81 deg. 05 min. E 21.97 feet to a stake in the east margin of said 40-foot unnamed street and in the line of Glen Cannon Condominium Two; thence with the east margin of said unnamed 40-foot street and with the line of said Glen Cannon Condominium Three.

S 01 deg. 37 min. W 30.00 feet to an iron pipe; thence S 22 deg. 30 min. W 183.30 feet to an iron pipe; thence S 27 deg. 10 min. W 151.61 feet to an iron pipe; thence N 42 deg. 05 min. W 214.22 feet to an iron pipe; thence N 54 deg. 55 min. E 90.69 feet to an iron pipe; thence N 09 deg. 58 min. E 134.78 feet to the BEGINNING.

Together with a right of way for travel of all kinds, on foot and with all types of vehicles, in common with all others entitled to the use thereof, over and along the private unnamed 40-foot road hereinabove mentioned to Glen Cannon Drive, with the right of ingress, egress and regress over and along the same.

Together with a right of way for an electric power line, a telephone line and a gas pipeline and other public utilities in common with Developer and all others entitled to the use thereof, along or in the right of way of Glen Cannon Drive, or along the rear lines of the lots fronting along said Glen Cannon Drive, with the right of ingress, egress and regress over and along the same for the purpose of installing, maintaining and repairing said utilities.

There are reserved and not conveyed hereby the water distribution lines running through and across the property hereby conveyed leading from a well on other property of the Developer and serving the property hereby conveyed and other property of Developer and Glen Cannon Condominiums, with a right of way for said water distribution lines and the right of ingress, egress and regress over and along the same for installing, repairing and replacing said water distribution lines.

There is also reserved for the use of other land of Developer a right of way for travel of all kinds, on foot and with all types of vehicles, in common with the owners of the property hereinabove described, over that portion of the unnamed private 40-foot street hereinabove mentioned which is included in the property hereinabove described, with the right of ingress, egress and regress over and along the same, and the right to construct, maintain and repair such type of road thereon as Developer may desire.

2. DEFINITIONS

The terms used herein and in the By-laws attached hereto as Exhibit "C" shall have the meanings stated in the Unit Ownership Act as follows:

(a) "Association of Unit Owners" means all of the Unit Owners acting as a group in accordance with the By-laws and Declaration.

(a-1) "Association" means the Glen Cannon Condominiums Association Three and its successors.

(b) "Building" means a building, or group of buildings, each building containing one or more units, and comprising a part of the property; provided, that the property shall contain not less than two Units.

(c) "Common Areas and Facilities," unless otherwise provided in the Declaration or lawful amendments thereto, means everything not a Unit, and includes the following:

1. The land on which the buildings stand and such other land improvements thereon as may be specifically included in the Declaration, except any portion thereof included in a Unit;

2. The foundations, columns, girders, beams, supports, main walls, roofs, halls, corridors, lobbies, fire escapes, and entrances and exits of the buildings, and breezeways;

3. Installations of central services such as power, lights, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating;

4. The tanks, pumps, motors, fans, compressors, ducts, and in general, all apparatus and installations existing for common use;

5. Such community and commercial facilities as may be provided for in the Declaration; and

6. All other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

(d) "Common expenses" means and includes:

1. All sums lawfully assessed against the Unit Owners by the Association of Unit Owners;

2. Expenses of Administration, maintenance, repair or replacement of the common areas and facilities;

3. Expenses agreed upon as common expenses by the Association of Unit Owners;

4. Expenses declared common expenses by the provisions of Chapter 47-A of the General Statutes of North Carolina, or by the Declaration or by the By-laws;

5. Hazard insurance premiums, if required.

(e) "Common profits" means the balance of all income, rents, profits, and revenues from the common areas and facilities remaining after the deductions of the common expenses.

(f) "Condominium" means the ownership of single Units in a multi-unit structure with common areas and facilities.

(g) "Declaration" means the instrument, duly recorded by which the property is submitted to the provisions of Chapter 47-A of the General Statutes of North Carolina as hereinafter provided, and such declaration as from time to time may be lawfully amended.

(h) "Limited common areas and facilities" means and includes those common areas and facilities which are agreed upon by all the Unit Owners to be reserved for the use of a certain number of Units to the exclusion of the other Units, such as special corridors, sanitary services common to the Units of a particular floor, and the like.

(i) "Majority" or "Majority of Unit Owners" means the Owners of more than fifty per cent of the aggregate interest in the common areas and facilities as established by the Declaration assembled at a duly called meeting of the Unit Owners.

(j) "Person" means individual, corporation, partnership, association, trustee, or other legal entity.

(k) "Property" means and includes the land, the building, all improvements and structures thereon and all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for use in connection therewith, which have been or are intended to be submitted to the provisions of Chapter 47-A of the General Statutes of North Carolina.

(l) "Recordation" means to file of record in the office of the County Register of Deeds in the County where the land is situated, in the manner provided by law for recordation of instruments affecting real estate.

(m) "Unit" or "Condominium Unit" means an enclosed space consisting of one or more rooms occupying all or a part of a floor or floors in a building of one or more floors or stories regardless of whether it be designed for residence, for office, for the operation of any industry or business, or for any other type of independent use and shall include such accessory spaces and areas as may be described in the Declaration, such as garage space, storage space, balcony, terrace or patio, provided, it has a direct exit to a thoroughfare or to a given common space leading to a thoroughfare.

(n) "Unit Designation" means the number, letter or combination thereof designating the Unit in the Declaration.

(o) "Unit Owner" means a person, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a Unit within the building.

3. DEVELOPMENT PLANS

The Condominium is being developed according to the following plans:

(a) A survey of the land to be developed is attached as Exhibit "A".

(b) The improvements will be constructed by the Developer substantially in accordance with the plans and specifications prepared by McDonald & Brewton Associates, Inc., Architects, which are attached hereto as Exhibit "B". The Condominium will include two buildings described as follows:

BUILDING NO. 5:

Building No. 5 is a two story wood frame structure containing 4 units. Two units are located on the lower level and two units are located on the upper level. Dividing walls between the units are double wood stud. The roof is wood frame with asphalt shingles. The lower floor is concrete. Foundation walls are masonry block and the footings are poured concrete.

One carport will be provided with each unit, with guest parking privileges. Individual heating and electrical systems and meters will be provided for each unit and other facilities located substantially as shown on the plans.

BUILDING NO. 6:

Building No. 6 is a two story wood frame structure containing 4 units. Two units are located on the lower level and two units are located on the upper level. Dividing walls between the units are double wood stud. The roof is wood frame with asphalt shingles. The lower floor is concrete. Foundation walls are masonry block and the footings are poured concrete.

One carport will be provided with each unit, with guest parking privileges. Individual heating and electrical systems and meters will be provided for each unit and other facilities located substantially as shown on the plans.

(c) The general common areas consist of the lawns, guest parking spaces, the driveway extending from the Condominium property to Glen Cannon Drive and other common areas shown on the plans prepared by McDonald & Brewton Associates, Inc., Architects, recorded in the office of the Register of Deeds for Transylvania County, which are hereby incorporated by reference for a more complete description thereof. Each Unit Owner has the proportionate interest therein as set forth in paragraph 6 herein.

(d) The limited common areas consist of the parking spaces and carports allotted to the individual Units, and such other limited common areas shown on the plans prepared by McDonald & Brewton Associates, Inc., Architects, and Perry R. Raxter, Registered Land Surveyor, and recorded in the office of the Register of Deeds for Transylvania County, which are hereby incorporated by reference for a more complete description. Each Unit Owner has the proportionate interest therein as set forth in paragraph 6 herein.

(e) This Declaration may be amended by filing such additional plans as may be required to describe adequately the completion of the improvements. Such completion may be shown by a certificate of an architect, engineer or surveyor certifying that the improvements have been constructed substantially as herein represented or designating any changes made. Such plans or certificate, when signed and acknowledged by the Developer shall in themselves constitute an amendment of this Declaration, notwithstanding the procedures for amendment described elsewhere in the Declaration.

(f) Easements are reserved through the Condominium property as may be required for utility services.

4. UNIT BOUNDARIES

Each Unit shall include that part of the building containing the Unit which lies within the boundaries of the Unit, which boundaries shall be determined in the following manner:

(a) The upper boundary shall be the plane of the lower surfaces of the finished ceiling.

(b) The lower boundary shall be the plane of the lower surfaces of the sub-flooring.

(c) The vertical boundaries of the Unit shall be (i) the interior of the outside walls of the Condominium Building bounding a Unit, except where there is attached to the building a loggia, terrace, patio, canopy or other portion of the building serving only the Unit being bounded, in which event the boundaries shall be such as will include all of the structures and fixtures thereon, and (ii) the center line of the interior walls bounding the Unit.

5. DESCRIPTION OF UNITS

The Condominium is composed of two buildings containing a total of eight apartment type units. Building No. 5 contains four two-bedroom units and 4 carports. Building No. 6 contains four two-bedroom units. These units are generally described below by buildings and by sketches attached hereto as the exhibits designated in the following schedule. Further details are illustrated by the building plans and specifications attached as Exhibit "B".

UNIT	BUILDING 5
1 A	Located in the south end and lower level of Building 5 containing living room, dining area, kitchen, two bedrooms, two baths, deck and carport.
1 B	Located in the north end and lower level of Building 5, containing living room, dining area, kitchen, two bedrooms, two baths, deck and carport.
2 A	Located in the south end and upper level of Building 5, containing living room, dining area, kitchen, two bedrooms, two baths, deck and carport.
2 B	Located in the north end and upper level of Building 5, containing living room, dining area, kitchen, two bedrooms, two baths, deck and carport.

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UNIT ··· BUILDING 6

1 A Located in the south end and lower level of Building 6, containing living room, dining area, kitchen, two bedrooms, two baths, deck and carport.

1 B Located in the north end and lower level of Building 6, containing living room, dining area, kitchen, two bedrooms, two baths, deck and carport.

2 A Located in the south end and upper level of Building 6, containing living room, dining area, kitchen, two bedrooms, two baths, deck and carport.

2 B Located in the north end and upper level of Building 6, containing living room, dining area, kitchen, two-bedrooms, two baths, deck and carport.

Each unit has access to the immediate common area shown on plans prepared by Perry R. Raxter, Registered Land Surveyor, and recorded in the office of the Register of Deeds for Transylvania County, to which reference is hereby made for a more complete description.

The Developer reserves the right to change the interior design and arrangement of all units and to alter the boundaries between units so long as the Developer owns the units so altered. Any such change shall be reflected by an amendment of this Declaration which may be executed by the Developer alone, notwithstanding the procedures for amendment described in paragraph 21 of this Declaration. However, no such change shall increase the number of units nor alter the boundaries of the common elements without amendment of this Declaration in the manner described in paragraph 21 of this Declaration. If more than one unit is altered the Developer shall appropriately reapportion the shares in the common elements which are allocated to the altered units.

6. SHARES OF COMMON ELEMENTS AND EXPENSES

Each Unit Owner shall own a share in the common elements and in any surplus possessed by the Association, and be liable for common expenses as follows:

BUILDING 5:

Unit 1 A	An undivided share of	12.5%
Unit 1 B	An undivided share of	12.5%
Unit 2 A	An undivided share of	12.5%
Unit 2 B	An undivided share of	12.5%

BUILDING 6:

Unit 1 A	An undivided share of	12.5%
Unit 1 B	An undivided share of	12.5%
Unit 2 A	An undivided share of	12.5%
Unit 2 B	An undivided share of	12.5%
		100.0%

7. MAINTENANCE AND ALTERATION OF UNITS

(a) The Association shall maintain, repair and replace:

(1) all portions of a Unit, except interior surfaces, contributing to the support of the Condominium buildings, which portions shall include but not be limited to the outside walls of the Condominium buildings and all fixtures on the exteriors thereof; boundary walls of Units; floor and ceiling slabs; and load-bearing walls; and

(2) all conduits, ducts, plumbing, wiring and other facilities for the furnishing of utility services which are contained in the portions of a Unit maintained by the Association; and all such facilities contained within a Unit which service part or parts of the Condominium other than the Unit within which contained.

All incidental damage caused to a Unit by such work shall be promptly repaired at the expense of the Association.

(b) The responsibility of the Unit Owner shall be:

(1) to maintain, repair and replace at his expense all portions of his Unit except the portions to be maintained, repaired and replaced by the Association;

(2) not to paint or otherwise decorate or change the appearance of any portion of the exterior of the Condominium building including any patio forming a part of said Unit.

(3) to promptly report to the Association any defect or need for repairs the responsibility for which is that of the Association.

(c) Except as elsewhere reserved to the Developer, neither a Unit Owner nor the Association shall make any alteration in the portions of a Unit or Condominium building which are to be maintained by the Association, or remove any portion thereof, or make any additions thereto, or do anything which would jeopardize the safety or soundness of the Condominium building, or impair any easement, without first obtaining approval in writing of owners of all Units in which such work is to be done and the approval of the

Board of Directors of the Association. A copy of plans for all of such work prepared by an architect licensed to practice in this state shall be filed with the Association prior to the start of the work.

8. MAINTENANCE AND ALTERATION OF COMMON ELEMENTS

(a) The maintenance and operation of the common areas and facilities, both general and limited, shall be the responsibility and the expense of the Association, which shall have the right to employ a management agent therefor. The Association has entered a Management Agreement which is attached hereto as Exhibit "E".

(b) After the completion of the improvements included in the common elements which are contemplated by this Declaration there shall be no alteration or further improvement of the real property constituting the common elements without prior approval in writing by the owners of not less than 75 per cent of the common elements except as provided by the By-laws, but any such alteration or improvements shall not interfere with the rights of any Unit Owner. The cost of such work shall not be assessed against a bank, life insurance company, or federal savings and loan association which acquires its title as the result of owning a mortgage upon a unit unless such an owner shall approve the alteration or improvement, and this shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings. The share of any cost not so assessed shall be assessed to the other Unit Owners in the proportions which their shares in the common elements bear to each other. There shall be no change in the shares and rights of a Unit Owner in the common elements which are altered or further improved, whether or not the Unit Owner contributes to the cost thereof.

9. ASSESSMENTS

(a) Assessments against Unit Owners for common expenses shall be made pursuant to the By-laws and shall be allocated as set forth in paragraph 6 of this Declaration. However, if

services are furnished to Unit Owners beyond the maintenance and operation of the Condominium property, such as operation of a restaurant or bar, no assessment on account of such services shall be made against a bank, life insurance company, or federal savings and loan association which acquires its title as a result of owning a first mortgage upon a Unit, unless the occupant of the Unit owned by such an institution voluntarily accepts such services. This shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings. The shares of any cost or loss not so assessed shall be assessed to the other Unit Owners in the proportions which their shares in the common elements bear to each other.

(b) Assessments and installments thereon paid on or before ten days after the date when due shall not bear interest, but all sums not paid on or before ten days after the date when due shall bear interest at the rate of ten per cent per annum from the date when due until paid. All payments upon account shall be first applied to interest and then to the assessment payment first due.

(c) The lien for unpaid assessments provided by North Carolina law shall also secure reasonable attorneys' fees incurred by the Association incident to the collection of such assessment or enforcement of such lien.

(d) In any foreclosure of a lien for assessments the Owner of the Unit subject to the lien shall be required to pay a reasonable rental for the Unit, and the Association shall be entitled to the appointment of a receiver to collect such rental.

10. ASSOCIATION

The operation of the Condominium shall be by Glen Cannon Condominiums Association Three, herein called the Association, a non-profit corporation under the laws of North Carolina, which shall be organized and shall fulfill its functions pursuant to the following provisions:

(a) The members of the Association shall be the Unit Owners.

(b) The Association shall be incorporated under Articles of Incorporation in the form attached as Exhibit "D".

(c) The By-laws of the Association shall be in the form attached as Exhibit "C".

(d) 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 any latent condition of the property to be maintained and repaired by the Association, nor for injury or damage caused by the elements or other owners or persons.

(e) 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.

(f) Whenever the decision of a Unit 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 joinder of record owners is specifically required by this Declaration.

11. INSURANCE

The Association shall obtain and maintain at all times for the benefit of the Association and the owners and their mortgagees insurance of the types and kinds and in at least the amounts provided for hereinafter, including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other condominium projects similar in construction, design and use covering the items and upon the terms and conditions hereinafter set forth:

A. TYPES OF INSURANCE

(a) A policy or policies of fire insurance as the same is more fully set forth hereinafter, with extended coverage endorsement, for the full insurable replacement value of the Units and common areas, payable as provided in paragraph 12, or such other fire and casualty insurance as the Association shall

determine gives substantially equal or greater protection to the owners, and their mortgagees, as their respective interests may appear, which said policy or policies shall provide for a separate loss payable endorsement in favor of the mortgagee or mortgagees of each Condominium Unit if any;

(b) A policy or policies as the same is hereinafter fully set forth insuring the Association, the owners and their representative or representatives against any liability to the public or to the owners of Units and of the common area, and their invitees or tenants, incident to the ownership and use of the project, and including the personal liability exposure of the owners. Limits of liability under such insurance shall be not less than Three Hundred Thousand Dollars ($300,000) for any one person injured, or for any one accident, and shall not be less than One Hundred Thousand Dollars ($100,000) for property damage each occurrence, such limits and coverage to be reviewed at least annually by the Association and increased in its discretion. Said policy or policies shall be issued on a comprehensive liability basis and shall provide cross liability endorsement wherein the rights of named insured under the policy or policies shall not be prejudiced as respects his, her or their action against another named insured.

(c) Workmens Compensation insurance to the extent necessary to comply with any applicable laws;

(d) Such other insurance as the Board of Directors shall determine from time to time to be desirable.

B. PROVISIONS:

The insurance provided for hereinabove shall be governed by the following provisions:

(a) All policies shall be written with a company licensed to do business in the State of North Carolina and holding a rating of "AAA" or better by Best's Insurance Reports;

(b) Exclusive authority to adjust losses under policies hereinafter in force in the projects shall be vested in the Association or its authorized representative;

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(c) In no event shall the insurance coverage obtained and maintained by the Association hereunder be brought into contribution with insurance purchased by individual owners or their mortgagees;

(d) Each Owner may obtain additional insurance at his own expense; provided, however, that such insurance shall be obtained from the same insurance carrier insuring the Condominium and common elements unless written permission is received from the Association authorizing the use of another carrier, and no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, in behalf of all of the Owners, may realize under any insurance policy which the Association may have in force on the project at any particular time;

(e) Each Owner shall be required to notify the Association of all improvements made by the Owner to his Unit, the value of which is in excess of One Thousand Dollars ($1,000);

(f) Any Owner who obtains individual insurance policies covering any portion of the project other than personal property belonging to such Owner, shall be required to file a copy of such individual policy or policies with the Association within thirty (30) days after the purchase of such insurance;

(g) The insurer issuing the Master Policy covering the Condominium and common areas shall issue sub-policies to each Owner specifying the portion of the Master Policy earmarked for each Owner's interest, and, upon request, shall likewise issue a certificate or endorsement to a lender holding a mortgage or lien on an Owner's Unit noting the aliquot share of the blanket insurance permanently allotted to such lender's security. Such sub-policies shall further stipulate that, until the insurance carrier furnishes notice and a grace period to the mortgagee, the latter's coverage shall neither be jeopardized by the conduct of the mortgagor, Association or other Unit Owners nor cancelled for non-payment of premiums.

C. FURTHER PROVISIONS:

The Association shall be required to make every effort to secure insurance policies that will provide for the following: 107

(a) A waiver of subrogation by the insurer as to any claims against the Association, any manager employed by the Association, the Owners and their respective servants, agents and guests;

(b) That the Master Policy on the project cannot be cancelled, invalidated or suspended on account of the conduct of any one or more individual Owners;

(c) That the Master Policy on the project cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Association or manager employed by it without a prior demand in writing that the Association or the manager employed by it cure the defects;

(d) That any "no other insurance" clause in the Master Policy exclude individual Owner's policies from consideration.

D. ANNUAL REVIEW:

The limits and coverage hereinabove provided for shall be reviewed at least annually by the Association and increased or decreased in its discretion. The annual insurance review herein provided for shall include an appraisal of the improvements in the project by a representative of the insurance carrier writing the Master Policy.

E. PAYMENT OF PREMIUM:

Premiums upon insurance policies purchased by the Association hereinabove provided for shall be paid by the Association as a common expense.

12. RESPONSIBILITIES OF INSURANCE TRUSTEE

(a) All insurance policies purchased by the Association shall provide that proceeds covering property losses shall be paid to any bank in North Carolina which is selected by the Board of Directors of the Association as a Trustee, which bank is herein referred to as the Insurance Trustee. The Insurance Trustee shall

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not be liable for payment of premiums, for the renewal or the sufficiency of policies, or for the failure to collect any insurance proceeds.

(b) The duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold them in trust for the benefit of the Unit Owners and their mortgagees as follows: an undivided share of such proceeds on account of damage to common elements shall be allocated to the Unit Owners according to their shares of the common elements set forth in paragraph 6. Proceeds on account of Units shall be held for the Owners of damaged Units in proportion to the cost of repairing the damage suffered by each Unit Owner, which cost shall be determined by the Association. In the event a mortgagee endorsement has been issued to a Unit, the share of the Unit Owner shall be held in trust for the mortgagee and the Unit Owner as their interests may appear.

(c) Proceeds of insurance policies received by the Insurance Trustee shall be distributed as follows:

1. All expenses of the Insurance Trustee shall be first paid.

2. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be expended as provided in paragraph 14. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, remittances to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

3. If it is determined as provided in paragraph 13 that the damage for which the proceeds are paid shall not be reconstructed or repaired, or if there are excess proceeds remaining after a reconstruction and repair, the remaining proceeds shall be distributed to the beneficial Owners of the damaged or destroyed building or buildings, remittances to Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Unit and may be enforced by such mortgagee.

4. In making distribution to Unit Owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Association as to the names of the Unit Owners and their respective shares of the distribution, and as to whether or not the building is to be reconstructed or repaired.

13. WHEN DAMAGED PROPERTY IS TO BE RECONSTRUCTED OR REPAIRED

(a) If common elements are damaged, they shall be reconstructed or repaired, unless it is determined under paragraph 22 that the Condominium shall be terminated.

(b) If the damaged property is a Condominium building and if Units to which fifty (50) per cent or more of the common elements are appurtenant are found by the Board of Directors of the Association to be tenantable, the damaged property shall be reconstructed or repaired unless within sixty (60) days after the casualty it is determined under paragraph 22 that the Condominium shall be terminated.

(c) Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building prepared by McDonald & Brewton Associates, Inc., Architects, or if not, then according to plans and specifications approved by the Board of Directors of the Association, and if the damaged property is the Condominium Building, by the Owners of not less than seventy-five (75) per cent of the common elements, including the Owners of all damaged Units, which approval shall not be unreasonably withheld.

(d) If the damaged property is a Condominium Building and if Units to which more than two-thirds of the common elements are appurtenant are found by the Board of Directors to be not tenantable, the damaged building will not be reconstructed or repaired if the Owners of three-fourths of the said damaged building duly resolve not to proceed with repair or restoration, and the Condominium will be terminated as to the damaged building under paragraph 22. Then and in that event

1. The damaged or destroyed building and that portion of the land and common elements allocated to it as hereinafter set forth shall be deemed to be owned as tenants in common by the Unit Owners of said building;

2. The undivided interest in the said damaged or destroyed building and that portion of the land and common elements allocated as hereinafter provided owned by the Unit Owners of said property as tenants in common which shall appertain to each said Owner shall be that

percentage which the percentage of undivided interest previously owned by such Owner in the entire Condominium property bears to the whole value of said damaged or destroyed building and that portion of the land in common elements allocated to it as hereinafter provided, treating the sum of said undivided interests of the Unit Owners of said damaged or destroyed building in the entire Condominium property as the whole;

3. The said damaged or destroyed building and that portion of the land and common elements allocated to it shall then be offered for sale to the Association within thirty (30) days after the decision not to repair or reconstruct the said building has been made. Such offer shall be in writing and shall be sent by certified mail, and shall contain a price at which the Owners of said property are willing to sell. If the Association desires to purchase the same, but does not agree to the price demanded by the said Owners it shall so notify the said Owners by certified mail within thirty (30) days after receipt of said offer. If the parties are not able to agree upon a price, then the same shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Units; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any Court of competent jurisdiction. In the appraisal of said damaged or destroyed property there shall be allocated to it that portion of the land and common elements of the entire Condominium property which the sum of the undivided interests of the Unit Owners of said building have in the entire Condominium property bears to the whole. Provided, that the portion of the Condominium land and common elements so allocated shall be, so far as practicable, contiguous to said damaged or destroyed building. The expense of the arbitration shall be paid equally by the Owners offering to sell and the Association. The purchase price shall be paid in cash, and the sale shall be closed within thirty (30) days after the delivery or mailing of such offer to purchase, or within ten (10) days after the determination of the sale price if such is by arbitration, whichever is the later;

4. In the event that the Association does not elect to purchase as hereinabove provided, the damaged or destroyed building and that portion of the land and common elements allocated to it as hereinabove provided shall be subject to an action for sale for partition at the suit of any Unit Owner thereof, in which event the net proceeds of sale, together with the net proceeds of insurance policies, if any shall be considered as one fund and shall be divided among all the Unit Owners of said building and property in proportion to

their respective undivided ownership in said property as determined by sub-paragraph 2 hereinabove set forth, after paying off, out of the respective shares of the Unit Owners, to the extent sufficient for that purpose, all liens on the Unit of each Unit Owner;

5. No mortgagee shall have any right to participate in the determination as to whether damaged property shall be reconstructed or repaired.

14. RESPONSIBILITIES AND PROCEDURES AS TO PAYMENT FOR REPAIRS

(a) If damage occurs only to those parts of one Unit for which the responsibility of maintenance and repair is that of the Unit Owner, then the Unit Owner shall be responsible for reconstruction and repair after casualty. In all other instances the responsibility of reconstruction and repair after casualty shall be that of the Association.

(b) Immediately after a casualty causing damage to property for which the Association has the responsibility of maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to rebuild or repair so as to place the damaged property in condition as good as that before the casualty.

(c) If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, assessments shall be made against the Unit Owners directly affected in the case of damage to common elements in sufficient amounts to provide funds to pay the estimated costs. Additional assessments may be made at any time during, or following the completion of, construction. Such assessments against Unit Owners for damage to Units shall be in proportion to the cost 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.

(d) If the amount of the estimated costs of reconstruction and repairs for which the Association is responsible is more than Five Thousand Dollars ($5,000) the sums paid upon assessments to meet such costs shall be deposited by the Association with the Insurance Trustee. In all other cases the Association shall hold

the sums paid upon such assessments and disburse them in payment of the costs of reconstruction and repair.

(e) The proceeds from assessments and insurance received by the Insurance Trustee shall be disbursed as follows:

1. The portion of insurance proceeds representing damage, reconstruction and repair of which is the responsibility of the Unit Owner, shall be paid by the Insurance Trustee to the Unit Owner (or if there is a mortgagee endorsement, then to the Unit Owner and the mortgagee jointly), who may use such proceeds as they may be advised.

2. The portion of insurance proceeds representing damage, the reconstruction and repair of which is the responsibility of the Association, shall be disbursed in payment of the costs of such repair and reconstruction in the manner required by the Board of Directors of the Association and upon approval of an architect qualified to practice in North Carolina and employed by the Association to supervise the work.

3. The Insurance Trustee shall not be required to determine whether a disbursement is to be made, the identity of the payee, or the amount to be paid, but may rely upon a certificate of the Association stating such information.

15. USE RESTRICTIONS

The use of the property of the Condominium shall be in accordance with the following provisions:

(a) Each of the Units shall be occupied only by a family, its servants and guests, as a residence and for no other purpose. Except as reserved to the Developer, no unit may be divided or sub-divided into a smaller Unit nor any portion thereof sold or otherwise transferred without first amending this Declaration to show the changes in the Units to be affected thereby.

(b) The common elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Units.

(c) No use or practice shall be permitted on the Condominium property which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse, or garbage allowed to accumulate nor any fire hazard allowed to exist. No Unit Owner shall permit any use of his Unit or of the common elements which will increase the rate of insurance upon the Condominium property. No immoral, improper, offensive or unlawful use shall be made of the Condominium property or any part thereof. All valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification, or repair of the Condominium property shall be the same as the responsibility for the maintenance and repair of the property concerned. No rooms may be rented or transient guests accommodated.

(d) Until the Developer has completed and sold all of the Units, neither the Unit Owners nor the Association nor the use of the Condominium property shall interfere with the completion of the contemplated improvements and the sale of the Units. The Developer may make such use of the unsold Units and common areas as may facilitate such completion and sale, including but not limited to the maintenance of a sales office, the showing of the property, and the display of signs.

(e) Reasonable regulations concerning the use of the Condominium property may be made and amended from time to time by the Association in the manner provided by its Articles of Incorporation and By-Laws. Copies of such regulations and amendments thereto shall be furnished by the Association to all Unit Owners and residents of the Condominium upon request. Rules and regulations adopted by the Association are attached hereto as Exhibit "F".

16. APPROVAL OF TRANSFER OR LEASE

(a) No Unit Owner may effectively dispose of a Unit or any interest therein by sale or lease, except to another Unit Owner in the Condominium, without the approval of the Association.

If any Unit Owner shall acquire his title by gift, devise, or inheritance, the continuance of his ownership of his Unit shall be subject to the approval of the Association.

(b) A Unit Owner intending to make a bona fide sale or lease of his Unit or any interest therein shall give to the Association notice of such intention, together with the name and address of the intended purchaser or lessee, and such other information concerning the intended purchaser or lessee as the Association may reasonably require. In the case of a prospective sale, such notice at the Unit Owner's option, may include a demand by him that the Association furnish a purchaser if the proposed purchaser is not approved; and if such demand is made, the notice shall be accompanied by an executed copy of the proposed contract to sell. A Unit Owner who has obtained his title by gift, devise or inheritance shall give to the Association notice of the acquiring of his title, together with such personal information as the Association may reasonably require, and a certified copy of the instrument evidencing his title. If the notice to the Association herein required is not given, then at any time after receiving knowledge of a transaction or event transferring ownership or possession of a Unit, the Association at its election and without notice may approve or disapprove the transaction or ownership.

(c) Within thirty (30) days after receipt of the notice described in sub-paragraph (b) of this paragraph, the Association must either approve or disapprove the proposed transaction or the continuance of ownership, as the case may be. If approved, the approval shall be stated in a certificate executed by the President and Secretary in recordable form, and shall be delivered to the purchaser, lessee, or new owner and shall be recorded in the public records of the County (except that a lease need not be recorded).

17. <u>DISAPPROVAL OF TRANSFER OR LEASES</u>

(a) If the Association disapproves a proposed sale, and if the notice of sale given by the Unit Owner shall so demand, then within thirty (30) days after receipt of such notice and information the Association shall deliver or mail by registered mail to

the Unit Owner an offer to purchase by a purchaser approved by the Association who will purchase and to whom the Unit Owner must sell the Unit. At the option of such purchaser, to be stated in his offer, the price to be paid shall be that stated in the disapproved contract to sell or shall be the fair market value determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any Court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser. The purchase price shall be paid in cash, and the sale shall be closed within thirty (30) days after the delivery or mailing of such offer to purchase, or within ten (10) days after the determination of the sale price if such is by arbitration, whichever is the later.

(b) If the proposed transaction is a lease, the Unit Owner shall be advised of the disapproval in writing, and the lease shall not be made.

(c) If the Association disapproves the acquisition of title by gift, devise or inheritance, the provisions of sub-paragraph (a) of this paragraph shall apply (except that the purchase price shall be at fair market value determined by arbitration).

(d) If the Association shall fail to provide a purchaser as required in sub-paragraph (a) and (c) of this paragraph, then notwithstanding the disapproval, the sale of ownership, as the case may be, shall be deemed to have been approved, and the Association shall furnish a certificate of approval as provided in paragraph (a).

18. MORTGAGE AND ACQUISITION BY MORTGAGEE

(a) No Unit Owner may mortgage his Unit or any interest therein without the approval of the Association, except to a bank, life insurance company or a federal savings and loan association. The approval of any other mortagee shall be subject to conditions determined by the Association.

(b) The provisions of paragraphs 16 and 17 shall not apply to a transfer to or purchase by a bank, life insurance company or federal savings and loan association which acquires its title as the result of owning a mortgage upon the Unit concerned, and this shall be so whether the title is acquired by deed from the mortgagor or through foreclosure proceedings. Nor shall such provisions apply to a transfer, sale, or lease by a bank, life insurance company or federal savings and loan association which so acquires its title. Neither shall such provisions require the approval of a purchaser who acquires title to a unit at a duly advertised public sale with open bidding which is provided by law, such as, but not limited to execution sale, foreclosure sale, judicial sale or tax sale.

19. NOTICE OF LIEN OR SUIT

(a) A Unit Owner shall give notice to the Association of every lien upon his Unit, other than for permitted mortgages, taxes and special assessments within five (5) days after the attaching of the lien. Failure to comply with this sub-paragraph will not affect the validity of any judicial sale.

(b) Notice shall be given to the Association of every suit or other proceeding which may affect the title to his Unit within five (5) days after the Unit Owner receives knowledge thereof.

20. COMPLIANCE AND DEFAULT

(a) Each Unit Owner shall be governed by and shall comply with the terms of this Declaration, by the Articles of Incorporation, By-Laws and regulations adopted pursuant thereto, and by such documents and regulations as they may be amended from time to time. A default shall entitle the Association or other Unit Owners to the relief described in sub-paragraph (b) of this paragraph in addition to the remedies provided by the Unit Ownership Act.

(b) A Unit Owner shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act,

neglect or carelessness or by that of any member of his family or his or their guests, employees, agents or lessees, but only to the extent that such expense is not met by the proceeds of insurance carried by the Association. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy or abandonment of a Unit or its appurtenances. In any proceeding arising because of an alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be awarded by the Court.

(c) The failure of the Association or any Unit Owner to endorse any covenant restriction or other provision of the Unit Ownership Act, this Declaration, the Articles of Incproration, the By-Laws or the regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

21. AMENDMENTS

This Declaration may be amended in the following manner:

(a) Notice of the subject matter of a proposed amendment shall be included in the notice of any meeting at which a proposed amendment is considered.

(b) A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by the members of the Association. Directors and members not present in person or by proxy at the meetings considering the amendment may express their approval in writing, providing such approval is delivered to the Secretary at or prior to the meeting. Except as elsewhere provided, such approvals must be either by (i) not less than 75 per cent of the entire membership of the Board of Directors, and not less than 75 per cent of the votes of the entire membership of the Association; or (ii) not less than 80 per cent of the votes of the entire membership of the Association; or (iii) until the first election of directors, only by all of the directors, provided the amendment does not increase the number of Units nor alter the boundaries of the common elements.

(c) No amendment shall discriminate against any Unit Owner or against any Unit or class or group of Units unless the Unit Owners so affected shall consent. No amendment shall change any Unit nor the share in the common elements appurtenant to it nor increase the Owner's share of the common expenses, unless the record Owner of the Unit and all record Owners of liens thereon shall join in the execution of the amendment.

(d) A copy of each amendment shall be certified by the President and Secretary of the Association as having been duly adopted and shall be effective when recorded in the office of the Register of Deeds for Transylvania County, North Carolina.

22. TERMINATION

The Condominium may be terminated in the following manner in addition to the manner provided by the Unit Ownership Act.

(a) In the event that it is determined under paragraph 13(d) that a damaged or destroyed condominium building shall not be reconstructed because of major damage, the condominium plan of ownership will be thereby terminated as to that building without agreement.

(b) The Condominium may be terminated at any time by the approval in writing of all of the owners of the Condominium and by all record owners of liens thereon. If the proposed termination is submitted to a meeting of the members of the Association, the notice of which meeting gives notice of the proposed termination, and if the approval of the Owners of not less than 75 per cent of the common elements, and of the record owners of liens upon the same 75 per cent of the common elements, is obtained not later than thirty (30) days from the date of such meeting, then the approving Owners shall have an option to buy all of the Units of the other Owners during the period ending on the 60th day from the date of such meeting.

(c) The option described in sub-paragraph (b) of this paragraph shall be exercised by delivery or mailing by registered mail to each of the record Owners of the Units to be purchased of an offer to purchase signed by the record Owners of Units who will participate in the purchase. Such offer shall indicate which Units

will be purchased by each participating owner and shall offer to purchase all of the Units owned by Owners not approving the termination, but the offer shall effect a separate contract between each seller and his purchaser.

(d) The sale price for each Unit shall be the fair market value determined by agreement between seller and purchaser within thirty (30) days from the delivery or mailing of such offer, and in the absence of agreement by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators shall be two appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Unit; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any Court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser. The purchase price shall be paid in cash, and the sale shall be closed within ten (10) days following the determination of the sale price.

(e) The termination of the Condominium shall be evidenced by a certificate of the Association executed by the President and Secretary certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded in the office of the Register of Deeds for Transylvania County, North Carolina.

(f) After termination of the Condominium the Unit Owners shall own the Condominium property and all assets of the Association as tenants in common in undivided shares, and their respective mortgagees and lienors shall have mortgages and liens upon the respective undivided shares of the Unit Owners. Such undivided shares of the Unit Owners shall be the same as the undivided shares in the common elements appurtenant to the Owners' Units prior to the termination.

23. <u>WATER FACILITIES AND SERVICES</u>

Developer shall provide and make available to Unit Owners water facilities and services. Water facilities and services will be provided, maintained and managed under and pursuant to the

terms and conditions of a contract entered into by Developer and Glen Cannon Condominiums Association Three, on the 22nd day of August, 1975. Rights-of-way for the installation, maintenance, repair and replacement thereof on the land described in Article III hereof are hereby reserved for the use and benefit of Developer, its successors and assigns. The contract hereinabove may be assigned by Developer, or altered, amended or rescinded between the parties thereto, and without the necessity of amending this Declaration, provided, however, that no action on the part of Developer, its successors and assigns, shall have the effect of releasing it or them from the obligation to provide and make available to Unit Owners water facilities and services as herein set forth until after twelve months' notice from it or them to the Association of the determination to cease furnishing such facilities and services.

24. SEVERABILITY

The invalidity in whole or in part of any covenant or restriction, or any section, sub-section, sentence, clause,phrase, or word, or other provision of this Declaration and the Articles of Incorporation, By-Laws and regulations of the Association shall not affect the validity of the remaining portions thereof.

25. APPOINTMENT OF PROCESS AGENT

In accordance with the provisions of G.S. 47-A-13(7), Samuel A. Brewton, Jr., is hereby designated as the person to receive service of process. The address of the said Process Agent is

The Professional Building
300 North Broad Street
Brevard, North Carolina 28712

In the event of his death, resignation or removal, his successor shall be appointed by the Board of Directors of the Association as provided in Article XI of the By-Laws thereof.

IN WITNESS WHEREOF, the Developer has executed this Declaration this the 22nd day of August, 1975.

GLEN CANNON CONDOMINIUMS, INC.

By: _____
President

ATTEST:

_____
Secretary

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

This 22nd day of August, 1975, personally came before me, Bertha Jean Lance, Notary Public for said County, Arnold Steve Cochran, who, being by me duly sworn, says that he knows the common seal of Glen Cannon Condominiums, Inc., and is acquainted with C. E. Cochran, who is the President of said Corporation, and that he, the said Arnold Steve Cochran, is the Secretary of the said Corporation and saw the said President sign the foregoing instrument, and that he, the said Arnold Steve Cochran, Secretary as aforesaid, affixed said seal to said instrument, and that he, the said Arnold Steve Cochran, signed his name in attestation of the execution of said instrument in the presence of said President of said Corporation.

WITNESS MY HAND and notarial seal.

Bertha Jean Lance
Notary Public

BERTHA JEAN LANCE NOTARY PUBLIC TRANSYLVANIA CO., N.C.

(Notarial Seal)
My Commission expires
April 11, 1980.

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

The foregoing certificate of Bertha Jean Lance, Notary Public, is certified to be correct. This instrument was presented for registration and recorded in this office in Condominium Book 2, page 87, Records of Condominiums.

This 8th day of Sept., 1975, at 1.00 o'clock, P.M.

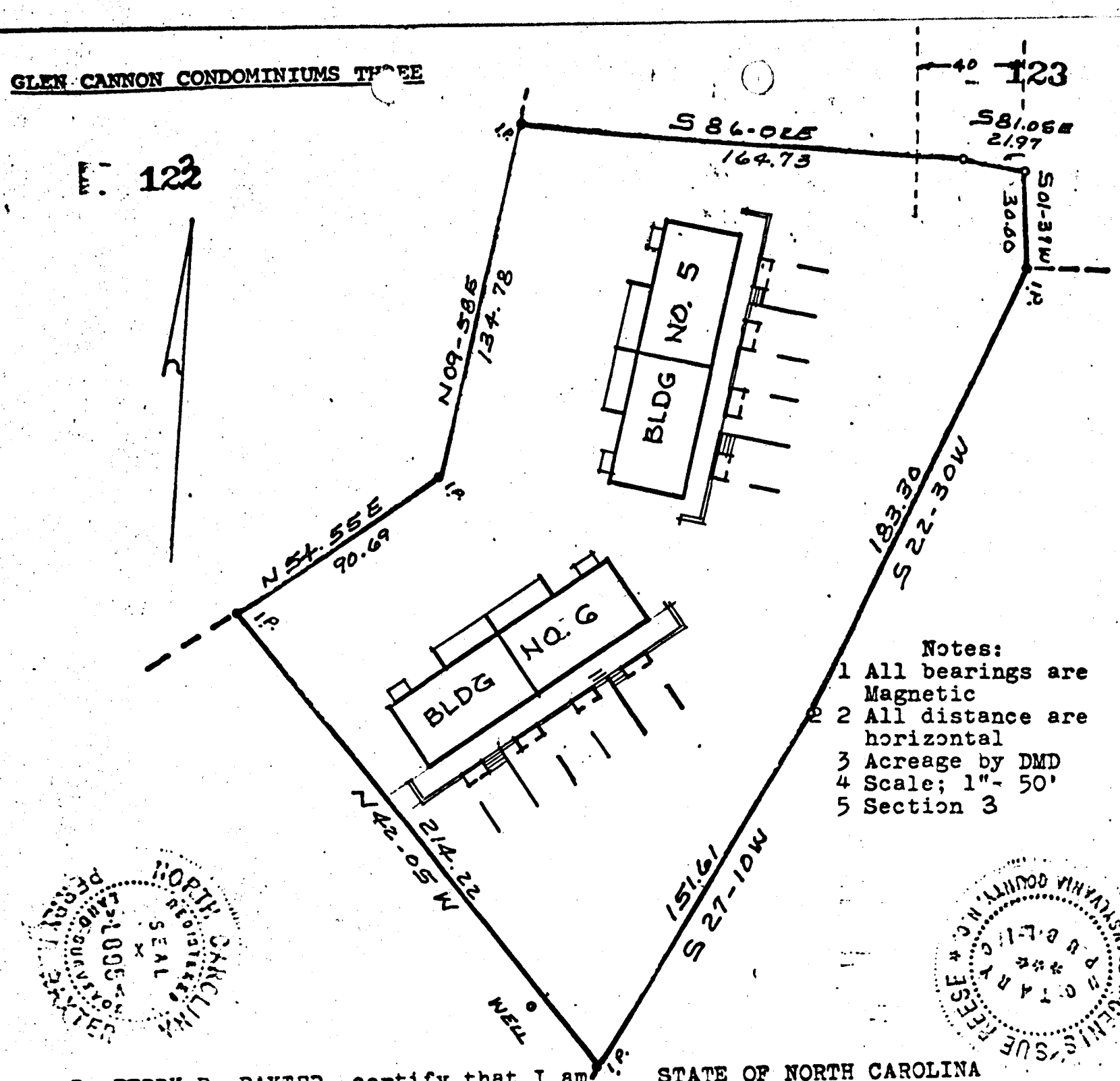
Fred H Israel
Register of Deeds

By: _____
Deputy Register of Deeds

EXHIBIT "A"

For recorded plat of Condominium property prepared by Perry R. Raxter, Registered Land Surveyor, see Plat File 1, Slide 56A in the office of the Register of Deeds for Transylvania County, North Carolina, which is incorporated herein by reference and made a part hereof.

GLEN CANNON CONDOMINIUMS THREE



Notes:
1 All bearings are Magnetic
2 2 All distance are horizontal
3 Acreage by DMD
4 Scale; 1"- 50'
5 Section 3

I, PERRY R. RAXTER, certify that I am a licensed surveyor of the State of North Carolina, and that this map was drawn under my supervision from an actual survey made by me; that the error of closure as calculated by latitude and departure is 1 : 2086.95; that this map was prepared in accordance with G.S. 47-30 as amended.

Witness my hand and seal the 21st day of August, 1975.

Perry R Raxter
Registered Land Surveyor

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

I, Genis Sue Reese, a Notary Public for Transylvania County, N.C., do hereby certify that Perry R. Raxter personally appeared before me this day and being first duly sworn, acknowledged that he executed the foregoing certificate.

Witness my hand and notarial seal this 21st day of August, 1975.

Genis Sue Reese
Notary public
My Commission Expires:
March 11,1980

STATE OF NORTH CAROLINA
COUNTY OF TRANSYLVANIA

The foregoing certificates of Perry R. Raxter, Registered Land Surveyor, and of Genis Sue Reese, Notary Public, are certified to be correct. Let the Plat and the certificates be registered.

This plat was presented for registration and recorded in this office in File No. 1, Slide No. 56A.

This 3rd day of Sept., 1975, at 10:00 o'clock A. M.

Fred H. Israel
Register of Deeds

4-G-14-F (500)

EXHIBIT "B"

For copies of the plans and specifications of buildings 5 and 6 referred to in the foregoing Declaration see "Unit Ownership Records" in the office of the Register of Deeds for Transylvania County, North Carolina, filed simultaneously herewith.

STATE OF NORTH CAROLINA,
COUNTY OF TRANSYLVANIA.

HENRY C. McDONALD, JR., being first duly sworn, deposes and says that:

1. He is a registered architect of the State of North Carolina and is President of McDonald and Brewton Associates, Inc., Architects.

2. The attached plans of Glen Cannon Condominiums Three,

Building Number 5

Building Number 6

were prepared by him or under his supervision.

3. He has personally inspected the premises and buildings shown on said plans.

4. Said plans fully and accurately depict the layout, location, ceiling and floor elevations, unit numbers and dimensions of the Units as the same are being built, and the numbers of said Buildings, they having no name, the area and location of the common areas and facilities affording access to each Unit.

5. That Units Numbers 1-A, 1-B, 2-A and 2-B, in Building Number 5, and Units Numbers 1-A, 1-B, 2-A and 2-B in Building Number 6 have been built and completed in accordance with the plans hereinabove referred to and attached hereto, and such plans fully and accurately depict the layout, location, ceiling and floor elevations, unit numbers and dimensions of said Units as built.

This the 3RD day of September, 1975.

Henry C. McDonald

Subscribed and sworn to before me this 3rd day of September, 1975.

Berthe Jean Lance
Notary Public

My Commission expires
April 11, 1980.

EXHIBIT "C"

BY-LAWS

OF

GLEN CANNON CONDOMINIUMS ASSOCIATION THREE

ARTICLE I

NAME AND LOCATION

Section 1. The name of this Association shall be GLEN CANNON CONDOMINIUMS ASSOCIATION THREE.

Section 2. Its principal office shall be located at:

The Professional Building
300 North Broad Street
Brevard, North Carolina 28712

and its mailing address shall be:

The Professional Building
300 North Broad Street
Brevard, North Carolina 28712

Section 3. The Corporation shall have a seal on which there shall be inscribed in the outer circle the words, "Glen Cannon Condominiums Association Three," and inscribed in the inner circle the words, "Corporate Seal - North Carolina, 1975".

ARTICLE II

MEMBERSHIP

The members of this Association shall be the Unit Owners of Glen Cannon Condominiums Three, and purchase of a Unit in said Condominium shall automatically make the Owner thereof a member upon recordation of the deed therefor.

ARTICLE III

MEMBERS' MEETING

Section 1. The annual members' meeting shall be held in the office of the Association at 11:00 o'clock A.M. on the second Tuesday of July of each year for the purpose of electing Directors

and transacting any other business authorized to be transacted by the members. If that day is a legal holiday, the meeting shall be held the same hour on the next day.

Section 2. Special members' meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors, and must be called by such officers upon receipt of a written request from members entitled to cast one-third of the votes of the entire membership.

Section 3. Notice of all members' meetings, stating the time and place and the objects for which the meeting is called, shall be given by the President or Vice-President or Secretary unless waived in writing. Such notice shall be in writing to each member at his address as it appears on the books of the Association and shall be mailed not less than ten (10) days nor more than sixty (60) days prior to the date of the meeting. Proof of such mailing shall be given by the affidavit of the person giving the notice. Notice of meeting may be waived before or after meetings.

Section 4. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. If any meeting of the members cannot be organized because a quorum has not attended, the members who are present, whether in person or by proxy, may adjourn the meeting for at least ten (10) days, and adequate notice of the new date shall be given as described in paragraph (3) of this Article.

Section 5. Voting shall be on a percentage basis and the percentage of the vote to which the Owner is entitled is the percentage assigned to the family Unit or Units in the Declaration of Condominium.

Section 6. As used in these by-laws, the term "majority of Owners" shall mean those Owners holding 51 per cent of the votes in accordance with the percentages assigned in the Declaration of Condominium (Unit Ownership).

Section 7. 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, 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 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 or Vice-President and attested by the Secretary or the Assistant Secretary of the Corporation and filed with the Secretary of the Association. Such certificate shall be valid until revoked, or until superseded by a subsequent certificate, or until a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the vote of a Unit may be revoked by any Owner thereof.

Section 8. Votes may be cast in person or by proxy. Proxies may be made by any person entitled to vote. They shall be valid only for the particular meeting designated and must be filed with the Secretary before the appointed time of the meeting.

Section 9. The President, or, in his absence the Vice-President, shall preside at all such meetings.

Section 10. The Secretary of the Association shall serve as Secretary of all such meetings and shall keep the minute book wherein the resolutions adopted and other items transacted at such meetings shall be recorded.

Section 11. The order of business at annual members' meetings, and as far as practical at all other members' meetings, shall be:

(a) election of Chairman of the meeting if necessitated by the absence of the President or Vice-President;

(b) calling of the roll and certifying of proxies;

(c) proof of notice of meeting or waiver of notice;

(d) reading and disposal of any unapproved minutes;

(e) reports of officers;

(f) reports of committees;

(g) election of Directors (if necessary);

(h) unfinished business;

(i) new business; and

(j) adjournment.

Section 12. Until the Developer of the Condominium (herein called the Developer) has completed and sold all of the Units of the Condominium, or until the Developer elects to terminate its control of the Condominium, whichever shall first occur, there shall be no meeting of members of the Corporation unless a meeting is called by the Board of Directors.

ARTICLE IV

DIRECTORS

Section 1. The affairs of this association shall be managed by a Board of four Directors elected by the members at their annual meeting, who shall hold office for one year and until their successors are elected and qualified. Each member of the Board of Directors shall be either the Owner of a Unit, have an interest therein, or in the event of corporate ownership, be an owner or designated agent of the Corporation.

Section 2. Except as to vacancies provided by removal of Directors by members, vacancies in the Board of Directors occurring between annual meetings of members shall be filled by the remaining Directors.

Section 3. Any Director may be removed by concurrence of two-thirds of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy in the Board of Directors so created shall be filled by the members of the Association at the same meeting.

Section 4. Until the Developer has completed and sold all of the Units of the Condominium, or until the Developer elects to

terminate its control of the Condominium, whichever shall first occur, the first Directors of the Association shall serve; and in the event of vacancies the remaining Directors shall fill the vacancies, and if there are no remaining Directors the vacancies shall be filled by the Developer.

Section 5. The organization meeting of a newly elected Board of Directors shall be held within ten days of its election at such place and time as shall be fixed by the Directors at the meeting at which they were elected; and no further notice of the organization meeting shall be necessary, provided a quorum shall be present.

Section 6. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, or telegraph at least three days prior to the day named for such meeting.

Section 7. Special meetings of the Directors may be called by the President and must be called by the Secretary at the written request of one-third of the Directors. Notice of the meeting shall be given personally or by mail, telephone, or telegraph at least three days prior to the day named for such meeting, which notice shall state the time, place and purpose of the meeting.

Section 8. Any Director may waive notice of a meeting before or after the meeting and such waiver shall be deemed equivalent to the giving of notice.

Section 9. A quorum at Directors' meetings shall consist of a majority of the entire Board of Directors. The acts approved by a majority of those present at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except where approval by a greater number of Directors is required by the Declaration of Condominium, herein called the Declaration, Articles of Incorporation, or these By-laws. If at any meeting of the Board of Directors less than a quorum is present, the majority of those present may adjourn the meeting from time to time until a quorum

is present. At any adjourned meeting any business which might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

Section 10. The presiding officer of Directors' meetings shall be the President. In the absence of the presiding officer the Directors present shall designate one of their number to preside.

Section 11. The order of business at Directors' meetings shall be:

(a) calling of roll;

(b) proof of due notice of meeting;

(c) reading and disposal of any unapproved minutes;

(d) reports of officers and committees;

(e) election of officers;

(f) unfinished business;

(g) new business; and

(h) adjournment.

ARTICLE V

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. All of the powers and duties of the Association existing under the Condominium Act, The Declaration, the Articles of Incorporation, and these By-laws shall be exercised exclusively by the Board of Directors, its agents, contractors, or employees, subject only to approval by Unit Owners when such is specifically required. Compensation of employees of the Association shall be fixed by the Directors. A Director may be an employee of the Association and a contract for management of the Condominium may be entered into with a Director.

Section 2. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or these By-laws directed to be exercised and done by the Unit Owners.

Section 3. In addition to the duties imposed by these By-laws or the resolutions of the Association, the Board of Directors shall be responsible for the following:

(a) maintenance, repair, care, upkeep and surveillance of the project and the common areas and facilities;

(b) collection of monthly assessments from the Owners.

(c) designation and dismissal of the personnel necessary for the maintenance and operation of the project and the common areas and facilities.

Section 4. The Board of Directors may employ for the Association a Management Agent at a compensation established by the Board to perform such duties and services as the Board shall authorize, including but not limited to the duties listed in Section 3 of this Article.

Section 5. The Board of Directors may adopt, amend or rescind administrative rules and regulations governing the details of the operation and use of the common areas and facilities at any regular or special meeting called and held in accordance with the provisions of Article IV of the By-laws. Notice thereof shall be given to each Unit Owner within thirty (30) days of such adoption, amendment or rescinding in the manner provided for notice of members' meetings in Section 3 of Article III of these By-laws.

Section 6. The Board of Directors shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums of such bonds shall be paid by the Association.

ARTICLE VI

OFFICERS

Section 1. The principal officers of the Association

shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

Section 2. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office for one year and until their successors are elected and qualified.

Section 3. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

Section 4. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of President of an association, including but not limited to the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 5. The Vice-President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice-President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice-President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.

Section 6. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings

of the Association. He shall have charge of such books and papers as the Board of Directors may direct, and he shall in general, perform all the duties incident to the office of Secretary.

Section 7. The Treasurer shall have responsibility for Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association, in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VII

OBLIGATIONS OF THE OWNERS

Section 1. All Owners are obligated to pay in advance assessments imposed by the Association to meet all project and communal expenses, which in any event shall include a liability insurance policy premium and an insurance premium for a policy to cover repair and reconstruction work in case of hurricane, fire, earthquake or other hazard. The assessments shall be made prorata according to the value of the Unit owned, as stipulated in the Declaration of Condominium. Such assessments may also include monthly payments to the following reserve funds if levied by the Association:

(a) A reserve fund for the purpose of effecting replacements of structural elements and mechanical equipment of the Condominium, and for such other purposes as may from time to time appear to be necessary or appropriate.

(b) A general operating reserve for the purpose of providing a measure of financial stability during periods of special stress, which may be used to meet deficiencies from time to time as a result of delinquent payment of assessments by Owners of Family Units in the Condominium and other contingencies.

Section 2. The obligations of the Owners as to maintenance and repair are as follows:

(a) Every Owner must perform promptly all maintenance and repair work within his own Unit, which if omitted would affect the project in its entirety or in a part belonging to the other Owners, being expressly responsible for the damages and liabilities that his failure to do so may engender.

(b) All the repairs of internal installations of the Unit such as water, light, gas, power, sewage, telephones, air conditioners, sanitary installations, doors, windows, lamps and all other accessories belonging to the Unit area shall be at the Owner's expense.

(c) An Owner shall reimburse the Association for any expenditure incurred in repairing or replacing any common area and facility damaged through his fault.

Section 3. All Units shall be utilized for residential purposes only.

Section 4. An Owner shall not make structural modifications or alterations within his Unit without previously notifying the Association in writing, through the Management Agent, if any, or through the President of the Board of Directors if no Management Agent is employed. The Association shall have the obligation to answer within thirty (30) days and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

Section 5. An Owner shall not place or cause to be placed in the lobbies, vestibules, stairways and other project areas and facilities of a similar nature which are common areas and facilities, any furniture, packages, or objects of any kind. Such areas shall be used for no other purpose than for normal transit through them, or other normal use.

Section 6. All Family Units shall be subject to the following rights of entry:

(a) An Owner shall grant the right of entry to the Management Agent or to any other person authorized by the Board of Directors of the Association in case of any emergency originating in or threatening his Unit, whether the Owner is present at the time or not.

(b) An Owner shall permit other Owners, or their representatives, when so required, to enter his Unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner. In case of an emergency, such right of entry shall be immediate.

ARTICLE VIII

BUDGET

Section 1. The Board of Directors shall adopt a budget for each calendar year which shall include the estimated funds required to defray common expenses and to provide funds for the accounts listed in Article VIII of these By-laws. The budget shall take into account the following items:

(a) "Current expense," the amount for which shall not exceed 110 per cent of the budget for this account for the prior year after 1976.

(b) "Reserved for deferred maintenance," the amount for which shall not exceed 110 per cent of the budget for this account for the prior year after 1976.

(c) "Operations," the amount of which may be to provide a working fund or to meet losses.

(d) "Additional improvements," the amount for which shall be approved by vote of at least 75 per cent of the Unit Owners.

The amount for each budgeted item may be increased over the foregoing limitations when approved by Unit Owners entitled to cast not less than 75 per cent of the votes of the entire membership of the Association. Until the Developer has completed and sold all of the Units of the Condominium, or until the Developer elects to terminate its control of the Condominium, whichever shall first occur, the Board of Directors may omit from the budget all allowances for contingencies and reserves. Copies of the budget and proposed assessments shall be transmitted to each member on or before December 1st preceding the year for which the budget is made. If the budget is subsequently amended, a copy of the amended budget shall be furnished to each member.

ARTICLE IX

ASSESSMENTS

Section 1. The Unit Owners are bound to contribute prorata, in the percentages computed according to Section 47A-6 of the General Statutes of North Carolina, and as set forth in Section 6 of the Declaration, toward the expenses of administration and of maintenance and repairs of the general common areas and facilities and, in proper cases, of the limited common areas and facilities, of the building and toward any other expense lawfully agreed upon. No Unit Owner may exempt himself from contributing toward such expense by waiver of the use or enjoyment of the common areas and facilities or by abandonment of the Unit belonging to him.

Section 2. Assessments against the Unit Owners for their shares of the items of the budget shall be made on or before December 20th preceding the year for which the assessments are made. Such assessments shall be due in four equal payments on the first day of January, April, July and October of the year for which the assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been

[redacted]

in the amount of the last prior assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefor may be amended at any time by the Board of Directors if the items of the amended budget do not exceed the limitations thereon for that year. Any item which does not exceed the limitations thereon for that year. Any item which does not exceed such limitation shall be subject to the approval of the membership of the Association as provided in Article VIII of these By-laws. The unpaid assessment for the remaining portion of the calendar year for which the amended assessment is made shall be due upon the date of the assessment.

Section 3. If a Unit Owner shall be in default in the payment of an installment upon an assessment, the Board of Directors may accelerate the remaining installments of the assessment upon notice thereof to the Unit Owner, and thereupon the unpaid balance of the assessment shall come due upon the date stated in the notice, but not less than ten (10) days after delivery thereof to the Unit Owner, or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.

Section 4. Assessments for common expenses or emergencies which cannot be paid from the annual assessments for common expenses shall be made only after notice of the need therefor to the Unit Owners concerned. After such notice and upon approval in writing by persons entitled to cast more than one-half of the votes of the Unit Owners concerned, the assessment shall become effective, and it shall be due after thirty (30) days notice thereof in such manner as the Board of Directors may require.

Section 5. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the monies of the Association shall be deposited. Withdrawal of monies from such accounts shall be only

by checks signed by such persons as are authorized by the Directors.

Section 6. Assessments made pursuant to the provisions of this Article shall become a lien upon the individual Units and be collectible as provided by Chapter 47A of the General Statutes of North Carolina, which is incorporated herein by reference.

Section 8. All present or future Owners, tenants, future tenants, or their employees, or any other person who might use the facilities of Glen Cannon Condominiums Three in any manner, are subject to the regulations set forth in these By-laws and to rules and regulations adopted pursuant hereto.

Section 9. The mere acquisition of any of the Family Units of the said Condominium, or the mere act of occupancy of any of said Units shall signify that these By-laws and the provisions of rules and regulations adopted pursuant hereto are accepted, ratified and will be complied with.

Section 10. Every resident of the project shall observe as rules of conduct, the rules and regulations which are attached hereto and incorporated herein by reference. Either the Board of Directors or the Owners, at a regular meeting or duly called special meeting, may modify, alter, amend, add to or revoke said rules and regulations in whole or in part.

ARTICLE X

CONVEYANCES

The sale, leasing and mortgaging of Family Units in the Condominium shall be subject to the following provisions:

1. No Unit Owner may dispose of a Unit or any interest therein by sale or by lease without the approval of the Board of Directors, except as elsewhere provided herein, which approval of the Association shall be obtained in the manner hereinafter provided.

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(a) Any Owner intending to make a sale or lease of his Family Unit or any interest therein shall give notice to the Association of such intention, together with the name and address of the intended purchaser or lessee, such other information as the Association reasonably may require, and the terms of the proposed transaction. The giving of such notice shall constitute a warranty and representation by the Owner to the Association and any purchaser or lessee produced by the Association as hereinafter provided, that the Owner believes the proposal to be bona fide in all respects.

(b) Within thirty (30) days after receipt of such notice, the Board of Directors shall either approve the transaction or furnish a purchaser or lessee approved by the Association (and give notice thereof to the person desiring to sell or lease his Family Unit) who will accept the transaction upon terms as favorable to the seller as the terms stated in the notice, except that a purchaser or lessee furnished by the Association may have not less than thirty (30) days subsequent to the date of approval with which to close the transaction, and except that the approval of a corporation may be conditioned as elsewhere stated. The approval of the Board of Directors of the Association shall be in recordable form, signed by any two members of the Board, and shall be delivered to purchaser or lessee. The failure of the Association to act within such thirty day period shall be deemed to constitute approval, following which the Association nevertheless shall prepare and deliver written approval in recordable form, as aforesaid. The Owner giving such notice shall be bound to consummate the transactions with such purchaser or lessee as may be approved and furnished by the Association.

2. No Owner may mortgage or encumber his Family Unit nor a any interest therein without the approval of the Association except to a bank, life insurance company, or savings and loan association. The approval of any other mortgage may be upon conditions determined by the Board of Directors of the Association.

3. No judicial or foreclosure sale of a Unit nor any interest therein shall be valid unless (a) the sale is to a purchaser approved by the Board of Directors of the Association, which approval shall be in recordable form and shall be delivered to the purchaser and recorded in the office of the Register of

Deeds of Transylvania County, North Carolina, or (b) a sale is a result of a public sale with open bidding.

4. Any sale, mortgage or lease which is not authorized pursuant to these By-laws or for which authorization has not been obtained pursuant to the terms of these By-laws, shall be voidable at the election of the Board of Directors of the Association.

5. In the event proceedings are instituted to foreclose any mortgage or deed of trust on any Family Unit, the Association on behalf of one or more of the Owners, shall have the right to redeem from the mortgage or deed of trust for the amount due thereon or to purchase such Family Unit at the foreclosure sale for the amount set forth to be due by the mortgagee or holder of the deed of trust in the foreclosure proceedings, and should the debtor fail to redeem from such mortgage or deed of trust, and in case of such redemption by the Association, the Association thus redeeming shall take and have absolute fee simple title to the property redeemed, free from any claim or right of any grantee, his heirs or assigns, or such debtor, and every person claiming by, through or under such debtor. Nothing herein contained shall preclude a mortgage institution, banker, savings and loan association, insurance company, or any other recognized lending institution from owning a mortgage or deed of trust on any Family Unit, and such lending institution shall have an unrestricted absolute right to accept title to the Family Unit in settlement and satisfaction of said mortgage or deed of trust or to foreclose the mortgage or deed of trust in accordance with the terms thereof and the laws of North Carolina, and to bid upon said Family Unit at the foreclosure sale, provided said lending institution owning said mortgage or deed of trust shall give the Association, its successors or assigns, written notice by certified mail of the said default mailed at least thirty (30) days prior to the institution of foreclosure proceedings, during which

thirty days the Association shall have the right to cure such default by payment to such mortgagee of all sums due upon such default and following such payment, such mortgagee shall be required to waive such default, and if such default is not cured as aforesaid, and should the Association or any member thereof individually or collectively fail to purchase such mortgage, together with any cost incident thereto, from such mortgagee, or fail to redeem such mortgage, then and in that event, the mortgagee taking title on such foreclosure sale may acquire such Family Unit and occupy the same and let, re-let, sell and resell the same without complying with the restriction limiting the occupation of said property to persons approved by the Association. If the Association or any members thereof as aforesaid, should redeem such mortgage or deed of trust or cure such default, it shall have a lien against the Family Unit for all sums expended in connection therewith, and shall have the same rights to collect such sums as in the case of a past due assessment.

6. Provided that any executive officer of the Association to-wit, its President or Vice-President, may by instrument in writing waive the restrictions appearing in Section 5 of this Article which may limit the right of foreclosure under power of sale by any noteholder or lending institution in favor of such noteholder or lending institution under such terms as he may, in his discretion, deem advisable.

ARTICLE XI

AMENDMENTS TO PLAN OF UNIT OWNERSHIP

Section 1. These By-laws may be amended by the Association in a duly constituted meeting for such purpose and no amendment shall take effect unless approved by owners representing at least sixty (60) per cent of the total value of all Units in the project as shown in the Declaration of Condominium. All Unit Owners shall

be bound to abide by any amendment upon the same being passed and duly set forth in an amended Declaration of Condominium, duly recorded. Until the Developer has sold all of the Units of the Condominium, or until the Developer elects to terminate its control of the Condominium, whichever shall first occur, amendments to these By-laws shall be by majority vote of the Board of Directors. No such amendment shall become operative unless set forth in an amended Declaration of Condominium and duly recorded.

Section 2. No future amendment to the By-laws of this Association shall be retroactive to the extent that any mortgage or deed of trust executed on any Unit shall be in any way affected thereby unless the lending institution, or the holder of the note secured by said mortgage or deed of trust, agrees in writing to the terms of such amendment.

ARTICLE XII

MORTGAGEES

Section 1. An Owner who mortgages his Unit, or places a deed of trust or any other encumbrance thereon, shall notify the Association through the Management Agent, if any, or the President of the Board of Directors in the event there is no Management Agent, of the name and address of such mortgagee or lien holder, and the Association shall maintain such information in a book called "Mortgagees of Units."

Section 2. The Association shall at the request of a mortgagee or lien holder of a Unit report any unpaid assessments due from the Owner of such Unit.

ARTICLE XIII

AGENT FOR SERVICE OF PROCESS

The Board of Directors shall at all times maintain a duly appointed process agent within Transylvania County, North Carolina, as required by G. S. 47A-26. The Board of Directors by majority action may at any time revoke the appointment of any such agent, and appoint a successor, by an instrument duly recorded in the office of the Register of Deeds for Transylvania County. To

comply with the requirements of this Article Samuel A. Brewton, Jr., The Professional Building, 300 North Broad Street, Brevard, North Carolina, 28712, is hereby appointed Process Agent for the Association.

ARTICLE XIV

COMPLIANCE

These By-laws are set forth to comply with the requirements of Chapter 47A of the General Statutes of North Carolina. In case any of these By-laws conflict with the provisions of said chapter, it is hereby agreed and accepted that the provisions of the chapter will apply.

ARTICLE XV

TITLE TO REAL ESTATE ACQUIRED BY THE ASSOCIATION

In the event that the Association shall purchase or otherwise acquire the legal title to any family unit, such title shall be vested in the Association as Trustee for each of the remaining owners in the percentages established in the Declaration of Condominium.

ARTICLE XVI

SPECIAL PROVISIONS PERTAINING TO DEVELOPER

Section 1. The Developer of the Condominium to be managed by Glen Cannon Condominiums Association Three, is Glen Cannon Condominiums, Inc. It is understood and agreed by each of the members of the Association that Glen Cannon Condominiums, Inc. is planning to develop additional Family Units on tracts of land adjacent to or near the tract covered by the Declaration of Condominium. In order to provide uniformity of management and to reduce the cost to Owners of Family Units, a separate Glen Cannon Condominium Unit Ownership Association may be created and enlarged from time to time to include representatives from the Glen Cannon Condominiums Association Three, and the additional Condominium Units established by Glen Cannon Condominiums, Inc., within the

area. Upon such additions each Condominium shall have one Director on the Board of the separate Association. The addition of these members to the separate Association shall be conditioned upon their adoption of By-laws similar to these By-laws, and the maintenance costs of each additional condominium shall be kept separate and the assessments shall be taxed against each Unit Owner only in relation to the costs and expenses, and in accordance with the percentages applicable to the Condominium in which his Unit is located, and the common areas and facilities appurtenant thereto. For so long as Glen Cannon Condominiums, Inc., owns not less than two Units in the area it shall have the right to elect at least two members of the Board of Directors of the separate Association. Directors elected by Glen Cannon Condominiums, Inc., pursuant hereto need not be residents of the Condominium.

Section 2. Notwithstanding anything else in these By-laws or in the Declaration of Condominium, this Article of the By-laws cannot be amended without the consent of Glen Cannon Condominiums, Inc.

* * * * * * * * *

I, SAMUEL A. BREWTON, do hereby certify that the foregoing is a true and exact copy of the By-laws of Glen Cannon Condominium Association Three, which were duly adopted at the first meeting of the Directors thereof, and that the same have not been amended, altered or rescinded and are still in full force and effect.

This 22nd day of August, 1975.

Samuel A. Brewton, Jr.
Secretary, Glen Cannon Condominiums Association Three

Exhibit "D"

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State of North Carolina

Department of the Secretary of State

To all to whom these presents shall come, Greeting:

I, **Thad Eure,** *Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached (* 3 *sheets) to be a true copy of*

ARTICLES OF INCORPORATION

OF

GLEN CANNON CONDOMINIUMS ASSOCIATION THREE

and the probates thereon, the original of which was filed in this office on the 20th *day of* August 19 75, *after having been found to conform to law.*

In Witness Whereof, *I have hereunto set my hand and affixed my official seal.*

Done in Office, *at Raleigh, this* 20th *day of* August *in the year of our Lord 19* 75.

Secretary of State

By Deputy Secretary of State

FILED

AUG 20 9 26 AM '75

THAD EURE
SECRETARY OF STATE
NORTH CAROLINA

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ARTICLES OF INCORPORATION
OF
GLEN CANNON CONDOMINIUMS ASSOCIATION THREE

* * * * * * * * * * * * * * * * *

We, the undersigned natural persons of the age of twenty-one years or more, do make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under and by virtue of the laws of the State of North Carolina.

I
NAME

The name of the Corporation is GLEN CANNON CONDOMINIUMS ASSOCIATION THREE.

II
DURATION

The period of duration of the Corporation shall be perpetual.

III
PURPOSES

The purpose for which this Corporation is organized is to provide an entity pursuant to the provisions of Chapter 47-A of the General Statutes of North Carolina, known as the Unit Ownership Act, for the operation of Glen Cannon Condominiums Three, a condominium, located upon the lands of the said Corporation at Glen Cannon, Pisgah Forest, North Carolina.

IV
MEMBERSHIP

The Corporation shall have members who shall be Owners of Units in the said Glen Cannon Condominiums Three. All members shall be accepted, elected, or designated, in the manner provided in the By-laws.

V

DIRECTORS

The Directors of the Corporation shall be elected by the members in the manner provided in the by-laws.

VI

NET EARNINGS

No part of the net earnings of the Corporation shall inure to the benefit of any officer, director or member of the Corporation; and upon dissolution of the Corporation the assets thereof shall, after all of its liabilities and obligations have been discharged or adequate provision made therefor, be distributed to any association or associations organized for purposes similar to those set forth in Article III hereinabove or as more particularly provided in the by-laws of the Corporation.

VII

REGISTERED OFFICE

The address of the initial registered office of the Corporation is The Professional Building, 300 North Broad Street, Brevard, Transylvania County, North Carolina, and the name of the initial registered agent at such address is Samuel A. Brewton, Jr.

VIII

NUMBER OF DIRECTORS

The number of Directors constituting the initial Board of Directors shall be four (4); and the names and addresses of the persons who are to serve as the initial Directors are:

NAME	ADDRESS
Samuel A. Brewton, Jr.	The Professional Building 300 North Broad Street Brevard, North Carolina 28712
Arnold Steve Cochran	Whitmire Street Brevard, North Carolina 28712

NAME	ADDRESS
C. E. Cochran	Whitmire Street Brevard, North Carolina 28712
Henry C. McDonald, Jr.	The Professional Building 300 North Broad Street Brevard, North Carolina 28712

IX

INCORPORATORS

The names and addresses of the incorporators are:

NAME	ADDRESS
Hazel E. McCormick	P. O. Box 949 Brevard, North Carolina 28712
Gayle E. Ramsey	P. O. Box 949 Brevard, North Carolina 28712

IN WITNESS WHEREOF, we have hereunto set our hands this 15th day of August, 1975.

S/ Hazel E. McCormick
Hazel E. McCormick

S/ Gayle E. Ramsey
Gayle E. Ramsey

STATE OF NORTH CAROLINA,)
:
COUNTY OF TRANSYLVANIA.)

I, Bertha Jean Lance, a Notary Public in and for said County and State, do hereby certify that Hazel E. McCormick and Gayle E. Ramsey personally appeared before me this 15th day of August, 1975, and acknowledged the due execution of the foregoing Articles of Incorporation.

S/ Bertha Jean Lance
Notary Public

(Notarial Seal)

April 11, 1980.
My Commission Expires

State of North Carolina

NOTICE

The issuance of a corporate charter to any domestic corporation or a certificate of authority to any foreign corporation does not authorize the use in this State of the corporate name in violation of the rights of any third party under the Federal Trademarks Act, the Trademark Act of this State, a trade name or the common law; and the issuance of such charter or certificate will not be a defense to an action for violation of any such rights.

Certified Copy
from
The Department of The
Secretary of State
to be Recorded
with the
Register of Deeds
of County of
Registered Office

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EXHIBIT "E"

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STATE OF NORTH CAROLINA,

COUNTY OF TRANSYLVANIA.

THIS CONTRACT, made and entered into this the 22nd day of August, 1975, by and between GLEN CANNON CONDOMINIUMS ASSOCIATION THREE, a North Carolina non-profit corporation, party of the first part, hereinafter called "Association," and GLEN CANNON CONDOMINIUMS, INC., a North Carolina corporation, party of the second part, hereinafter called "Manager."

W I T N E S S E T H :

THAT WHEREAS, Association has been formed to administer the operation and management of the Condominiums described in the Declaration of Condominium to which this Management Agreement is attached, said Condominium being hereinafter referred to in this Agreement as the "Condominium" or "Condominium Property," and all references hereinafter contained to a "Unit" or "Units" mean the Condominium Units; and

WHEREAS, orderly and uniform administration, appearance, upkeep and management of the Condominium and facilities known as Glen Cannon Condominiums Three are so necessary and essential for the preservation and promotion of the communal nature of said Condominium, the protection of economic values thereof, including the value of the property thereon and the convenience and well-being of the residents of said Condominium as to require the employment of a Manager; and

WHEREAS, the Manager is desirous of furnishing such management services:

NOW, THEREFORE, in consideration of the foregoing premises, the promises and covenants herein made, and the sum of Ten Dollars each to the other in hand paid, receipt of which is hereby acknowledged, it is agreed as follows:

1. Employment. The Association does hereby employ the Manager as the exclusive Manager of the Condominium property and its facilities, and the Manager does hereby accept such employment.

2. Term. The term of this Agreement shall commence as of the 1st day of September, 1975, and shall terminate either on the last day of December, 1976, or on the date that Association comes under the control of its Unit Owners by their election of the Association's Board of Directors, whichever shall first occur, unless sooner terminated as hereinafter set forth.

3. Powers of Manager. The Manager, to the exclusion of all persons, including the Association and its members, shall have all the power and duties of the Association as set forth in its Articles, By-laws, Declaration of Condominium, and Lease for Water Facilities and Chapter 47-A of the General Statutes of North Carolina, except such thereof as are specifically required to be exercised by its Directors or Members.

4. Duties of Manager. To maintain, repair, replace, service, insure and provide for all the common and limited areas and facilities of Glen Cannon Condominiums Three to the same extent that the Association is required to provide, maintain, and repair the same, as provided in said Condominium's Declaration of Condominium and the Exhibits attached thereto, including, but not limited to, the following:

(a) The foundations, columns, girders, beams, supports, main walls, roofs, lobbies, fire escapes and entrances and exits of the Condominium Buildings;

(b) The yards, gardens, and storage spaces,

(c) Installations of central services such as power, lights, gas, hot and cold water, heating, refrigeration, air conditioning and incinerating;

(d) The tanks, pumps, motors, fans, compressors, ducts, and, in general, all apparatus and installations existing for common use.

(e) Television antenna and leads into the individual Units;

(f) Driveways and parking areas;

(g) Outside lights;

(h) Fire and extended coverage in at least the sum of $32,000.00 per unit, and $_____ for personal property;

(i) Public liability insurance in at least the sum of $300,000.00.

(j) Water for domestic use;

(k) Sewer system including septic tanks and pipe lines;

(l) Electricity for outside lights and all other common facilities requiring power.

5. Manager's Compensation. Association shall pay to Manager for such management services the sum of Three Hundred Sixty Dollars ($360.00) per month.

6. Installment Payments. The payments provided for in the preceding paragraph No. 5 shall be paid in advance in quarterly installments on January 10th, April 10th, July 10th and October 10th of each year during the term hereof. The payment for the period from the date hereof through September 30, 1975, shall be paid in advance upon the execution and delivery of this contract, the receipt of which is hereby acknowledged.

It is understood and agreed that in the event any payment herein provided for is not made promptly as the same becomes due, and shall remain in default for a period of thirty (30) days, the party of the first part may terminate this contract at its option and shall not be obligated to perform any further duties hereunder without prejudice to its right to recover for any services theretofore performed hereunder.

7. It is understood and agreed that the payment provided for in Paragraph 5 herein is an estimate only. In the event that the amount included therein is insufficient to meet the requirements thereof, then this contract may be revised at the end of the first full calendar year of the term hereof to increase the said amounts to such sum as may be needed to meet such

requirements, provided that the total amount of any such increases may not exceed an increase of twenty (20) per cent per month per individually owned Unit. The term "calendar year" shall mean a year beginning on January 1st and ending on December 31st.

8. Units. This Agreement does not contemplate nor is the Manager responsbile for or required to perform the upkeep or repair of the Units, the responsibility for which, under its By-laws and the Declaration of Condominium, is that of the Owner of a Unit. However, the Manager may, in its absolute discretion, perform such maintenance and repair services of a Unit as are required by an Owner thereof as an accommodation to the Association or to such Owner and charge such Owner, who shall have requested said services of the Manager, a reasonable charge therefor.

9. Interference. The Association shall not permit, allow or cause any of its officers, directors and members to interfere with the Manager in the performance of its duties or the exercise of any of its powers hereunder.

10. Manager's Liability. The Manager shall not be liable to the Association and its members for any loss or damage not caused by the Manager's own gross negligence or wilful misconduct.

11. Assessments. Assessments shall be made by Association annually in accordance with the Declaration of Condominium, By-laws and the provisions of Chapter 47-A of the General Statutes of North Carolina, to meet the costs of this Agreement, and Association shall collect and pay the same to Manager in accordance therewith.

12. Parking. The Association hereby delegates to Manager the power to assign and change assignments of specific parking space to its members, and to otherwise regulate vehicular parking of all manner and type of vehicles and storage of non-vehicular personalty within the common facilities area and

within the property of the Condominium specified in the Declaration of Condominium, or not to permit such storage within the common facility area and within the Condominium property, as the Manager deems advisable.

13. Renewal. This Agreement may be renewed upon such terms and conditions as are mutually agreeable to the Association and the Manager. The Board of Directors of the Association shall be authorized to enter into such Renewal Agreement with the Manager on behalf of its members upon the approval of a majority of said members at a meeting of the said Association at which a quorum is present and which meeting is called in accordance with the said Association's By-laws. The Renewal Agreement shall be recorded in the office of the Register of Deeds for Transylvania County, North Carolina.

14. Termination. This Contract may be terminated at the end of any calendar year by either party hereto giving to the other party hereto written notice of its intention to terminate the same not later than December 1st of the calendar year of intended termination. Such notice may be delivered in person or sent by United States mail, certified, with return receipt requested, at the addresses following, or such other addresses as may be subsequently given to each other by the parties hereto:

Glen Cannon Condominiums Association Three
The Professional Building
300 North Broad Street
Brevard, North Carolina 28712

Glen Cannon Condominiums, Inc.
The Professional Building
300 North Broad Street
Brevard, North Carolina 28712

15. Parts, Captions and Titles. The Parts, Captions and Titles contained in this Agreement are for convenience and reference only, and in no way define, limit or describe the scope or intent of this Agreement or any part thereof, nor in any way affect this Agreement.

16. Parties. This Agreement is binding upon the parties hereto and their successors and assigns.

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IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in their corporate names by their respective Presidents and their corporate seals to be hereto affixed and attested by their respective Secretaries, all by order of their respective Boards of Directors duly given, this the day and year first above written.

GLEN CANNON CONDOMINIUMS ASSOCIATION THREE

By: _____
President

ATTEST:
Secretary

GLEN CANNON CONDOMINIUMS, INC.

By: _____
President

ATTEST:
Secretary

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EXHIBIT "F"

RULES AND REGULATIONS

OF

GLEN CANNON CONDOMINIUMS ASSOCIATION THREE

* *

1. The sidewalks, entrances and passages must not be obstructed or encumbered or used for any purpose other than ingress and egress to and from the premises.

2. No sign, advertisement, notice or other lettering shall be exhibited, inscribed, painted or affixed by a Unit Owner on any part of the outside of the Condominium premises or building without the prior written consent of the Association.

3. No awnings or other projections shall be attached to the outside walls of the buildings and no blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the demised premises, without the prior written consent of the Association.

4. No baby carriages, velocipedes or bicycles shall be allowed to stand in the common areas of the Condominium.

5. All garbage and refuse must be placed in containers with tops closed.

6. Servants and domestic help of the Unit Owners may not gather or lounge in the public areas of the buildings or grounds, except that such help serving as governess, nurse or baby sitter, may accompany children to the recreation areas.

7. The Association may retain a pass key to the premises. No Unit Owner shall alter any lock or install a new lock or a knocker on any of the premises without the written consent of the Association or the Association's agent. In case such consent is given, the Unit Owner shall provide the Association with an addi-

tional key for the use of the Association pursuant to the right of access to the Unit premises.

8. No Unit Owner shall allow anything whatever to fall from the window or doors of the premises, nor sweep or throw from the premises any dirt or other substance into any of the other portions of the buildings or upon the grounds.

9. Nothing shall be hung from the windows, or balconies, or placed upon the window sills. Neither shall any linens, cloths, clothing, curtains, rugs or mops be shaken or hung from any of the windows or doors. No fire exits shall be obstructed in any manner. Clothes shall only be hung for drying in places designated by the Association.

10. No Unit Owner shall make or permit any disturbing noises in the building by himself, his family, servants, employees, agents, visitors and licensees, nor do or permit anything by such persons that will interfere with the rights, comforts or convenience of other Unit Owners. No Unit Owner shall play upon, or suffer to be played upon, any musical instrument or operate or suffer to be operated a phonograph, television set or radio in his Unit between the hours of eleven o'clock P.M. and the following eight o'clock A.M., if the same shall disturb or annoy other occupants of the building. No Unit Owner shall conduct or permit to be conducted, vocal or instrumental practice, nor give nor permit to be given vocal or instrumental instruction at any time.

11. No radio or television aerial shall be installed without the written consent of the Association. Any aerial erected on the roof or exterior walls of the building without the consent of the Association, in writing, is liable to removal without notice.

12. No dogs, cats, or other pets shall be allowed to run at large in the common areas of the Condominium, and the Association reserves the right to make rules and regulations with respect to the keeping of pets on the premises.

13. No Unit Owner shall allow any insecticide or other pollutant to flow into any stream adjoining the property, nor shall he block the flow of any stream or drainage area without the consent of Glen Cannon Condominiums Association Three.

* * * * * * *

I do hereby certify that the foregoing is a true and exact copy of the Rules and Regulations of Glen Cannon Condominiums Association Three, which were duly adopted at the first meeting of the Directors thereof, and that the same have not been amended, altered, or rescinded and are still in full force and effect.

This 22nd day of August, 1975.

Samuel A. Brewton Jr.
Secretary, Glen Cannon Condominiums Association Three.

EXHIBIT "G"

STATE OF NORTH CAROLINA,)
:
COUNTY OF TRANSYLVANIA.)

THIS CONTRACT, made and entered into this 22nd day of August, 1975, by and between GLEN CANNON CONDOMINIUMS, INC., hereinafter called Owner, party of the first part, and GLEN CANNON CONDOMINIUMS ASSOCIATION THREE, hereinafter called Association, party of the second part,

W I T N E S S E T H :

THAT WHEREAS, Owner is the Developer of Glen Cannon Condominium Three at Glen Cannon, Brevard, North Carolina; and

WHEREAS, Association is the entity organized to manage and administer said Condominium for the benefit of the Unit Owners thereof; and

WHEREAS, Owner is the owner of the water system supplying water to said Condominium; and

WHEREAS, the parties hereto desire to contract to and with each other for Owner to provide and make available to Unit Owners in Glen Cannon Condominium Three water facilities and services:

NOW, THEREFORE, the parties hereto do hereby contract to and with each other as follows:

1. Owner shall provide and make available to Unit Owners in Glen Cannon Condominium Three water facilities and services upon the following terms and conditions:

(a) Owner shall provide said water facilities and services to the entrance tap at each Condominium Building serviced by Association and shall maintain such water facilities, including the well, pump, pumphouse, distribution lines at its expense to

such point.

(b) Association shall pay to Owner the sum of Ten Dollars ($10.00) per month per completed and individually owned Unit furnished water facilities and services by Owner. Such payment shall be made in advance in quarterly installments on the 10th day of each January, April, July and October during the term of this contract beginning on the 10th day of September, 1975. So long as the Management Contract entered into by and between the parties hereto as of the 22nd day of August, 1975, remains in full force and effect the payment herein provided for shall be included in the Manager's compensation of Three Hundred Sixty & No/100 ($360.00) Dollars per month therein provided for, and shall not be in addition thereto.

2. This Contract shall begin as of the date hereof, and unless sooner terminated as herein provided, shall exist and continue until the 31st day of December, 1980. Upon the termination hereof, this Contract shall automatically be extended for terms of one year each unless either party hereto gives twelve (12) months written notice to the other by certified mail at its last known address, of its intention to terminate the same.

3. Owner shall have the right to assign this Contract, provided, however, that no action on the part of Owner, its successors or assigns, shall have the effect of releasing it or them from the obligation to provide and make available to the Unit Owners of Glen Cannon Condominium Three water facilities and services as herein set forth, and until twelve (12) months written notice prior to the termination hereof or of any extended term hereof of its intention to cease furnishing such facilities and services.

4. It is expressly agreed that if any quarterly payment as herein called for remains overdue and unpaid for thirty (30) days, Owner may, at its option, at any time during such default declare this Contract terminated and cease providing and fur-

nishing water facilities and services hereunder without prejudice to its right to proceed against Association as provided by law for its breach hereof.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed in their respective corporate names by their respective Presidents, and their respective corporate seals hereto affixed and attested by their respective Secretaries all by order of their respective Boards of Directors duly given, this the day and year first above written.

GLEN CANNON CONDOMINIUMS, INC.

By: _____
President

(Corporate Seal)

ATTEST:

_____
Secretary

GLEN CANNON CONDOMINIUMS ASSOCIATION THREE

By: _____
President

(Corporate Seal)

ATTEST:

_____
Secretary

STATE OF NORTH CAROLINA,)
:
COUNTY OF TRANSYLVANIA.)

This 22nd day of August, 1975, personally came before me, Bertha Jean Lance, a Notary Public, C. E. Cochran, who, being by me duly sworn, says that he is the President of Glen Cannon Condominiums, Inc., and that the seal affixed to the foregoing instrument in writing is the corporate seal of the Corporation, and that said writing was signed and sealed by him, in behalf of said Corporation, by its authority duly given. And the said

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C. E. Cochran acknowledged the said writing to be the act and deed of said Corporation.

WITNESS my hand and Notarial Seal.

Bertha Jean Lance
Notary Public

(Notarial Seal)

My commission expires:
April 11, 1980.

STATE OF NORTH CAROLINA,)
:
COUNTY OF TRANSYLVANIA.)

This 22nd day of August, 1975, personally came before me, Bertha Jean Lance, a Notary Public, Henry C. McDonald, who, being by me duly sworn, says that he is the President of Glen Cannon Condominiums Association Three, and that the seal affixed to the foregoing instrument in writing is the corporate seal of the Corporation, and that said writing was signed and sealed by him, in behalf of said Corporation, by its authority duly given. And the said Henry C. McDonald acknowledged the said writing to be the act and deed of said Corporation.

WITNESS my hand and Notarial Seal.

Bertha Jean Lance
Notary Public

(Notarial Seal)

My commission expires:
April 11, 1980.

STATE OF NORTH CAROLINA,)
:
COUNTY OF TRANSYLVANIA.)

The foregoing certificates of Bertha Jean Lance, Notary Public, are certified to be correct. This instrument was presented for registration and recorded in this office in Book _____, Page _____.

This 8th day of September, 1975, at _____ o'clock P.M.

_____
Register of Deeds

By: _____
Deputy Register of Deeds

EXHIBIT "H"

STATE OF NORTH CAROLINA,)
:
COUNTY OF TRANSYLVANIA.)

THIS DEED, made this _____ day of _____, 197___, by GLEN CANNON CONDOMINIUMS, INC., a North Carolina Corporation, party of the first part, to _____ and wife, _____, par_____ of the second part,

W I T N E S S E T H :

That the party of the first part, for and in consideration of the sum of _____ Dollars ($_____), to it paid by the part_____ of the second part, the receipt of which is hereby acknowledged, has given, granted, bargained, sold and conveyed, and by these presents does give, grant, bargain, sell, convey and confirm unto the part____ of the second part, _____ heirs and assigns, subject to the limitations, easements and reservations set out below, the following particularly described real estate, situate, lying and being in Dunns Rock Township, Transylvania County, North Carolina, to-wit:

Being Condominium Unit No. _____, in Building No. _____ of Glen Cannon Condominiums Three, as described in the Declaration of Condominium thereof filed in the office of the Register of Deeds for Transylvania County, North Carolina, on _____ _____, 1975, and recorded in Condominium Book 2, Page _____, and all amendments thereto, reference to which is hereby made for a more complete description thereof.

Together with an undivided ____ per cent interest in the common areas and facilities of said Glen Cannon Condominiums Three as set forth in the Declaration thereof hereinabove referred to.

TO HAVE AND TO HOLD the above described land and premises, with all the appurtenances thereto belonging, or in anywise apper-

taining, unto the part_____ of the second part, _____ heirs and assigns, forever, subject to the reservations, easements, conditions and limitations set out below.

The property hereinabove described shall be used only for the purposes set forth in the Declaration of Condominium of Glen Cannon Condominiums Three and all exhibits attached thereto hereinabove referred to.

This conveyance is made subject to the following:

1. County real estate taxes for the year 197____.

2. The terms and conditions of the Declaration of Condominium described above, all exhibits attached thereto, and all amendments thereto.

3. Conditions, restrictions, limitations and easements of record.

The party of the first part covenants to and with the part____ of the second part, _____ heirs and assigns, that it is lawfully seized in fee simple of said land and premises, and has full right and power to convey the same to the part____ of the second part in fee simple, and that said land and premises are free from any and all encumbrances, except as set forth above, and that it will, and its successors shall, forever warrant and defend the title to the said land and premises, with the appurtenances, unto the part_____ of the second part, _____ heirs and assigns, against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the party of the first part has caused these presents to be executed in its name by its President and its corporate seal to be hereto affixed and attested by its Secretary, all by order of its Board of Directors duly given, this the day and year first above written.

GLEN CANNON CONDOMINIUMS, INC.

By:_____
President

ATTEST:

_____
Secretary

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STATE OF NORTH CAROLINA,)
:
COUNTY OF TRANSYLVANIA.)

This ____ day of _____, 197___, personally came before me,_____, a Notary Public _____, who being by me duly sworn, says that he is the President of Glen Cannon Condominiums, Inc., and that the seal affixed to the foregoing instrument in writing is its corporate seal, and that said writing was signed and sealed by him in behalf of said Corporation by its authority duly given. And the said President acknowledged the said writing to be the act and deed of said Corporation.

WITNESS my hand and Notarial Seal.

_____
Notary Public

My commission expires:

_____.

STATE OF NORTH CAROLINA,)
:
COUNTY OF TRANSYLVANIA.)

The foregoing certificate of _____, a Notary Public, is certified to be correct. This instrument was presented for registration and duly recorded in the office of the Register of Deeds for Transylvania County, North Carolina, in Book ____, Page _____, Records of Deeds, on this _____ day of _____, 197___, at _____ o'clock ___.M.

_____
Register of Deeds

By:_____
Deputy Register of Deeds