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STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

DECLARATION CREATING UNIT
OWNERSHIP OF PROPERTY UNDER
THE PROVISIONS OF CHAPTER 47A
OF THE GENERAL STATUTES OF THE
STATE OF NORTH CAROLINA

THIS DECLARATION, made this the 28 day of NOVEMBER, 1984 by
A & S PROPERTIES a North Carolina General Partnership hereinafter
referred to as "DECLARANT":

KNOW ALL BY THESE PRESENTS:

THAT, WHEREAS, the Declarant is the owner of record of the fee
simple title of certain real property in the City of Wilmington, County
of New Hanover, State of North Carolina, which is more particularly
described in Exhibit A attached hereto and made a part hereof by
reference; and

WHEREAS, the Declarant is the owner of the four (4) buildings
and certain other improvements heretofore constructed upon the aforesaid
property; and

WHEREAS, it is the desire and the intention of the Declarant to
market, sell and convey interests in the property and the improvements
thereon as a condominium project pursuant to the provisions of Chapter
47A of the North Carolina General Statutes, entitled "Unit Ownership
Act"; and

WHEREAS, it is the desire and intention of the Declarant in the
recordation of this DECLARATION in the Office of the Register of Deeds
of New Hanover County, North Carolina, to submit said condominium
project to the provisions of the said Chapter 47A;

NOW, THEREFORE THE DECLARANT DOES HEREBY DECLARE THAT ALL OF THE
REAL PROPERTY DESCRIBED IN EXHIBIT A, ATTACHED HERETO AND MADE A PART
HEREOF BY REFERENCE, AS WELL AS ALL OF THE IMPROVEMENTS CONSTRUCTED
THEREON, IS HELD AND SHALL BE HELD, CONVEYED, HYPOTHECATED, ENCUMBERED,
USED, OCCUPIED, AND IMPROVED SUBJECT TO THE FOLLOWING ARTICLES OF
COVENANTS, CONDITIONS, RESTRICTIONS, USES, LIMITATIONS AND OBLIGATIONS,
ALL OF WHICH ARE DECLARED TO BE IN FURTHERANCE OF A PLAN FOR THE
IMPROVEMENT OF SAID PROPERTY AND THE DIVISION THEREOF INTO CONDOMINIUM
UNITS AND COMMON AREAS AND FACILITIES, AND SHALL BE DEEMED TO RUN WITH
THE LAND AND SHALL BE A BURDEN AND A BENEFIT TO THE DECLARANT, ITS

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SUCCESSORS AND ASSIGNS, AND ANY PERSON OR ENTITY ACQUIRING OR OWNING AN INTEREST IN THE REAL PROPERTY AND IMPROVEMENTS, OR ANY SUBDIVISION HEREOF, THEIR GRANTEEES, SUCCESSORS, DIVISEES, HEIRS, EXECUTORS, ADMINISTRATORS, AND ASSIGNS.

ARTICLE I

Submission of Property

Pursuant to the provisions of Chapter 47A of the North Carolina General Statutes, Section 47A-2, the Declarant does hereby submit all of the real property described in Exhibit A, attached hereto and made a part hereof by reference, together with all improvements thereon and described herein, to the provisions of the "Unit Ownership Act" of the State of North Carolina, which is codified as Chapter 47A of the General Statutes of the State of North Carolina.

ARTICLE II

Definitions

For the purposes of this Declaration and the By-Laws of the Association, hereinafter defined, the following definitions for the term used herein and therein shall apply unless otherwise defined by the context thereof:

A. ACT shall mean and refer to the Unit Ownership Act, Chapter 47A of the General Statutes of the State of North Carolina, as such or as may be supplemented or amended from time to time.

B. ASSOCIATION shall mean and refer to FRANKLIN SQUARE HOMEOWNERS ASSOCIATION, INC., a non-profit North Carolina corporation and the mandatory association of all unit owners, as is more particularly described in Article VII hereinbelow.

C. ASSESSMENT shall mean and refer to that portion of the funds necessary for the payment of the common expenses, hereinafter defined, of the Association which from time to time shall be levied or assessed against a unit owner and his unit by the Association, as provided for hereinbelow.

D. BUILDING shall mean and refer to any one of the four (4) buildings which the Declarant has constructed upon the real property described in Exhibit A, to be used for residential purposes, as

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reference is Exhibit B which consists of a full and exact copy of the plans of the buildings as well as a survey of the real property, drawn by showing the location of the buildings thereon. Said buildings are more particularly described in the plans of said buildings, showing all particulars as required by law. In general, the buildings have two (2) stories and no basements. Each building has been subdivided into units, hereinafter defined, as well as the common areas and facilities, also hereinafter defined, of the building. The building is constructed principally of wood and brick.

E. BOARD shall mean and refer to the Board of Directors of the Association and DIRECTOR shall mean and refer to a member of said Board.

F. BY-LAWS shall mean and refer to those By-Laws of the Association providing for the government of the Association as they are duly adopted and amended from time to time by the Association. A copy of the initial By-Laws are attached hereto as Exhibit C and made a part hereof by reference.

G. COMMON AREAS AND FACILITES generally shall mean and refer to all of the real property, described on Exhibit A, and all of the improvements and facilities hereon which are not units, as defined hereinafter, and which are not items of personal property owned, held, and maintained by unit owners. Without in any way limiting the generality of the foregoing, the common areas shall include, but not be limited to, the following:

1. All of the real property more particularly described in Exhibit A attached hereto, reference to which is hereby made for a more particular description thereof;

2. All foundations, blocks, columns, girders, beams, supports, roofs, ventilation fans and vents, load bearing walls, including all exterior walls and all interior walls (except nonload bearing partition walls wholly within a unit) of a building;

3. All stairways, stairwells and stairs, and their components which give access to the units:

4. All yard and garden areas, parking and drive areas, sidewalks.

5. All installations of and facilities, apparatus, conduits, and equipment for the provision of all utility services, including, but not limited to, all water and sewer service, electricity, heating, air conditioning, telephone, irrigation, trash disposal, and cable TV, if any, which may be supplied for the common use and convenience of the unit owners, and which are not defined as part of the units, hereinbelow;

6. All other portions of the real property and the improvements hereon which are not specifically part of the units themselves, as hereinafter defined, or owned by unit owners as personal property, shall be common areas and facilities intended for the common and necessary or convenient use and enjoyment, existence, maintenance or safety of the condominium project.

H. COMMON EXPENSES shall mean and refer to the total cost and expense incurred by the Association (as hereinafter provided) for the administration, maintenance, operation, enjoyment, safety, repair, and replacement (including a capital reserve for repair, maintenance, and replacement) of the common areas and facilities as well as any other expense incurred by the Association pursuant to the fulfillment of its obligations and purposes as stated herein and labeled as common expenses. Common expenses are additionally intended to mean and refer to any expense incurred by the Association as shall be hereinafter agreed upon by the Association of unit owners as common expenses of the Association.

I. COMMON SURPLUS shall mean and refer to the balance of all revenues of the Association remaining after the deduction of the common expenses. Any such common surplus shall be used to reduce the assessments for members for the following fiscal year of the Association, based upon the proposed budget for the Association for the following fiscal year, subject, however, to the terms of Article VIII, Paragraph C. hereinafter set forth.

J. CONDOMINIUM shall mean and refer to the entire proposed development consisting of all the real property and the buildings, all improvements and structures thereon and all easements, rights and appurtenances belonging thereto, and all articles of personal property intended for common use in connection therewith, which are intended to be submitted to the provisions of the act by this Declaration, and the supplements and amendments hereto, as are provided for hereinbelow

K. DECLARANT shall mean and refer to A & S PROPERTIES ,

L. DECLARATION shall mean and refer to this instrument as it may from time to time be lawfully amended or supplemented.

M. MAJORITY or MAJORITY OF UNIT OWNERS shall mean and refer to the owners of fifty-one percent (51%) of the aggregate interest in the common areas and facilities of the Condominium, as established by this Declaration, or Amendments and for Supplements, assembled at a duly called meeting of the unit owners.

N. PERSON shall mean and refer to an individual, corporation, partnership, association, trustee, or other legal entity.

O. REAL PROPERTY shall mean and refer to all of the real property described in Exhibit A attached hereto and made a part hereof.

P. SINGULAR, PLURAL GENDER: Whenever the context so permits the use of the plural shall include the singular, the singular shall include the plural, and the use of any gender shall be deemed to include all genders.

Q. UNIT or CONDOMINIUM UNIT shall mean and refer to any one of those thirty-two (32) subdivisions of enclosed space within the four (4) buildings, together with any additional areas or spaces accompanying the same as defined hereinbelow, and which are intended to or will be sold as dwelling units pursuant to the Act and this Declaration. The deed for any particular unit shall convey such unit by its unit designation and the same shall be deemed to include all that is defined as a part of that unit as stated specifically in this definition, as well as the privileges and appurtenances accompanying any such unit and subject to the covenants, conditions, restrictions, and obligations applicable to unit owners as all are more generally stated and described throughout this Declaration.

The units of the buildings are and will be identified by their unit designations, which are as follows:

- Building A Units 1, 2, 3, 4, 5, 6, 7, 8
- Building B Units 1, 2, 3, 4, 5, 6, 7, 8
- Building C Units 1, 2, 3, 4, 5, 6, 7, 8
- Building D Units 1, 2, 3, 4, 5, 6, 7, 8

Units whose designations end in 1,2,3,4 are units wholly located on the First or Ground floor of the Building; and units whose designations end in 5,6,7,8 are units wholly located on the Second floor of the Building.

These units and their designations are shown upon the plans of the buildings attached hereto in Exhibit B, which also shows graphically all particulars of the buildings and their thirty-two (32) (eight units per building) units, including, but not limited to, the layout, location, ceiling and floor elevations, dimensions of the units, and the layout and location of the common areas and facilities. Reference is hereby made to said plans for the purposes of identifying and locating each unit within the building, as well as identifying its dimensions, approximate areas, and number of rooms. No unit bears the same designation as any other. Any conflict between said plans and this definition shall be resolved by reference to the said plans, which shall control.

All units, as well as the additional areas defined as part of each unit hereinbelow, are bound both as to horizontal and vertical boundaries by the interior finished surface of the unit's perimeter walls, ceilings and floors, subject to the easement reserved hereinbelow for such encroachments as are contained in the building whether the same now exist or may be caused or created by existing construction, settlement, or movement of the building, or by permissible repairs, construction or alteration.

All units shall be substantially the same in construction and material. Each of the 32 units is wholly contained within one of the two levels or stories of each of the four buildings.

All 32 units are alike, except for their exact physical location within the condominium. Each unit has approximately 842 square feet and contains a living/dining area, kitchen, 2 bedrooms, 1 full bath. and decks.

Each unit is hereby defined to also include:

1. All non-load bearing partition walls located entirely within

the unit;

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2. All materials, including, but not limited to, carpet, paint, and vinyl attached to, or on, the interior finished surfaces of the perimeter walls, floors and ceilings of the unit; and all window panes, frames, panes, exterior doors and decking for the decks.

3. All air handling and condensing units, ducts and components, and all water, power, telephone, television and cable television, electricity, plumbing, gas and sewer lines, located within the unit; provided, however, that the portion of said lines located within a common compartment for, or installation of, such lines shall be common areas and facilities as defined hereinabove.

Each unit is hereby defined to exclude all pipes, ducts, wire, conduits and other facilities for the furnishing of utility services and other services to the units up to and including the point of entry of such pipes, ducts, wires, conduits and other facilities through the interior finished surface material for perimeter walls, ceilings and floors of the units. All such pipes, ducts, wires, conduits, and other such facilities are defined as a part of the unit at and from their point of entry into the unit.

The definition stated hereinabove for "Unit" is complete and all other aspects of the condominium not hereinabove defined as a part of the unit is defined as a part of the common areas and facilities of the condominium.

The specifics, such as style, construction, materials, and finishes of the building and its units are best described in the plans of the building which are shown in Exhibit B, attached hereto and made a part hereof by reference, and which shall control in case of conflict with the provisions hereof.

R. UNIT DESIGNATION shall mean and refer to the number which designates a unit within the condominium as the same is shown upon the plans of the building in Exhibit B attached hereto.

S. UNIT OWNER shall mean and refer to a person, corporation, partnership, association, trust, other legal entity, or any combination thereof, in whose name or names the title to or an interest in the title to any unit is vested, excluding those who own or hold such title or interest under the terms of any mortgage or deed of trust or other similar instrument for the purposes of securing the payment of any indebtedness or the performance of an obligation.

ARTICLE IIIPlan of Development and Scope of Declaration

The name by which this condominium shall henceforth be known is FRANKLIN SQUARE . The Declarant has caused to be constructed upon the real property described in Exhibit A the four (4) multi-unit buildings, containing the thirty-two (32) units of the buildings as well as the common areas and facilities of both the buildings and the real property, all as defined hereinabove and as shown upon the plans contained in Exhibit B attached hereto and made a part hereof by reference. The units of the building, together with their privileges and appurtenances, shall be offered for sale to the public by the Declarant as condominium units pursuant to the provisions of Chapter 47A of the General Statutes of the State of North Carolina, subject to the covenants, conditions, restrictions, and obligations stated in the Articles of this Declaration, the Articles of Incorporation of the Association, its duly adopted By-Laws and its Rules and Regulations.

ARTICLE IVThe Nature and Incidents of Unit Ownership

A. Each unit shall be conveyed and treated as an individual real property capable of independent use and fee simple ownership, and the owner of each unit shall also own, as an appurtenance to the ownership of each said unit, an undivided interest in the common areas and facilities of FRANKLIN SQUARE . The undivided interest in the common areas and facilities of FRANKLIN SQUARE appurtenant to each of the 32 units of FRANKLIN SQUARE and the fair market value of each Unit on the date of this Declaration is shown on Exhibit D hereto attached and made a part hereof.

B. No unit may be divided or subdivided into a smaller unit or units than as shown on Exhibit B hereto, nor shall any unit or portion thereof be added to or incorporated into any other unit. The undivided interest in the common areas and facilities declared to be an appurtenance to each unit shall not be conveyed, devised, encumbered, or otherwise dealt with separately from said unit, and the undivided interest in common areas and facilities appurtenant to each unit shall

be deemed conveyed, devised, encumbered, or otherwise included with the unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering, or otherwise dealing with such unit. Any conveyance, mortgage, or other instrument which purports to grant any right, interest, or lien in, to or upon a unit, shall be null, void and of no effect insofar as the same purports to affect any interest in a unit and its appurtenant undivided interest in common areas and facilities, unless the same purports to convey, devise, encumber, or otherwise trade or deal with the entire unit. Any instrument conveying, devising, encumbering, or otherwise dealing with any unit, which described said unit by the letter/numerical designation assigned thereto in Exhibit B without limitation or exception, shall be deemed and construed to affect the entire unit and its appurtenant undivided interest in the common areas and facilities by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

C. The common areas and facilities shall be, and the same are hereby declared to be subject to a perpetual nonexclusive easement in favor of all of the owners of units in FRANKLIN SQUARE, for their use and the use of their immediate families, guests or invitees, for all proper and normal purposes, and for the furnishing of services and facilities for which the same are reasonably intended, for the enjoyment of said owners of units. Notwithstanding anything above provided in this Article, the Association shall have the exclusive right to establish the rules and regulations pursuant to which the owner of any unit, his family, guest and invitees, may be entitled to use the common areas and facilities, including the right to make permanent and temporary assignments of parking spaces, and to establish regulations concerning the use thereof, if necessary.

D. Recognizing that the proper use of a unit by an owner or owners is dependent upon the use and enjoyment of the common areas and facilities in common with the owners of all other units, and that it is in the interest of all owners that the ownership of the common areas and facilities be retained in common by the owners, it is hereby declared that the proportional undivided interest in the common areas and facilities appurtenant to each unit shall remain undivided and no unit owner shall bring or have any right to bring any action for partition or division.

ARTICLE V

Use Restrictions

A. Each unit is hereby restricted to single-family residential use by the owner thereof, his immediate family, guests, invitees and lessees; it being intention that no unit shall be sold or conveyed as a "time-shre" or "interval Ownership" unit.

B. No immoral, improper, offensive or unlawful use shall be made of any unit or of the common areas and facilities, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the unit shall be observed. No owner of any unit shall permit or suffer anything to be done or kept in his unit, or on the common areas and facilities, which will increase the rate of insurance on the unit, or which will obstruct or interfere with the rights of other occupants of the other units or annoy them by unreasonable noises, nor shall any owner undertake any use or practice which shall create and constitute a nuisance to any other owner of a unit, or which interferes with the peaceful possession and proper use of any other unit or the common areas and facilities.

C. The use of common areas and facilities, by the owner or owners of all units, and all other parties authorized to use the same, shall be at all times subject to such reasonable rules and regulations as may be prescribed and established governing such use, or which may be hereafter prescribed and established by the Association.

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D. No owner of a unit shall permit any structural modification or alternation to be made to such unit without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of the Association shall determine, in their sole discretion, that such structural modifications or alterations would adversely affect or in any manner endanger the condominium in part or in its entirety. No owner shall cause any improvements or changes to be made on the exterior of the condominium (including painting or other decoration, or the installation of electrical wiring, television or radio antenna or any other objects, machines or air conditioning units which may protrude through the walls or roof of the condominium) or in any manner alter the appearance of the exterior portion of any building without the written consent of the Association being first had and obtained. No unit owner shall cause any object to be fixed to the common areas and facilities (including the location or construction of fences and the planting or growing of flowers, trees, shrubs or any other vegetation) or in any manner change the appearance of the common areas and facilities or limited common areas and facilities without the written consent of the Association being first had and obtained. No owner of a unit shall permit the use of any window or glass covering, blind, shade, drape, curtain or other decoration of a color other than white.

E. So long as the declarant shall retain ownership of any units, it may utilize any such unit or units for sales offices, models or other usage for the purpose of selling units within said project. The Declarant may assign this limited commercial usage right to any other person or entities as it may chose; provided, however, that when all units have been sold, this right of commercial usage by the Declarant, its successors and assigns shall immediately cease.

F. The use of the condominium may be further restricted under the By-Laws of the Association, or its Rules and Regulations.

ARTICLE VIEasements

In addition to easements and rights established and/or reserved elsewhere in this Declaration, the following easements and rights are hereby established as covenants and burdens running with the real property and the improvements thereon:

A. In case of any emergency originating in or threatening any unit, regardless of whether the owner is present at the time of such emergency, the Board of Directors of the Association, or any other person authorized by it, or the managing agent, shall have the right to enter such unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

B. Each unit owner shall have an easement in common with the other owners of all units to use all pipes, wires, ducts, cables, conduits, public utility lines and other common facilities located in any of the other units and serving his unit. Each unit shall be subject to an easement in favor of the owners of all other units to use the pipes, ducts, cables, wires, conduits, public utility lines and other common facilities serving such other units and located in such unit. The Board of Directors of the Association or their designee shall have the right of access to each unit to inspect the same, to remove violations therefrom and to maintain, repair, or replace the common facilities contained therein or elsewhere in the building.

C. The initial and subsequent Boards may grant or assume easements, leases, or licenses for utility purposes for the benefit of the condominium, including the right to install, lay, maintain, repair, and replace water lines, pipes, sewer lines, gas mains, telephone and television wires and equipment and electrical conduits and wires over, under, along and on any portion of the units and/or common areas and facilities; and, each unit owner hereby grants to the Board, or its designee, the irrevocable power of attorney to execute, acknowledge, and record for or in the name of the Association or each unit owner each instruments as may be necessary to effectuate the foregoing.

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D. Ingress and egress is reserved for pedestrian traffic over, through and across sidewalks, paths, walks, and lanes as the same from time to time may exist upon the common areas and facilities; and, for vehicular traffic over, through and across such portions of the common areas and facilities as from time to time may be paved and intended for such purposes, for all unit owners of units in all phases of FRANKLIN SQUARE, their guests, families, invitees, lessees, the Association, and the Declarant, its successors and assigns.

E. The Declarant hereby reserves unto itself the right to grant easements over any of the common areas and facilities of this phase of FRANKLIN SQUARE to be used for, by, or in connection with any other phases of FRANKLIN SQUARE, which may hereafter be erected on the property described in Exhibit A, pursuant to this Declaration, as may become necessary for the purpose of the Declarant, its grantee, lessee, successor, or assigns, servicing such adjacent phases with utility services, drainage and easements for ingress and egress and regress.

F. In the event that any unit shall encroach upon any of the common areas and facilities, or any other unit or units, for any reason not caused by the purposeful or negligent act of the unit owner, or agents of such owner, then an easement appurtenant to such unit shall exist for the continuance of such encroachment upon the common areas and facilities or upon a unit for so long as such encroachment shall naturally exist; and, in the event that any portion of the common areas and facilities shall encroach upon any unit, then an easement shall exist for the continuance of such encroachment of the common areas and facilities upon any unit for so long as such encroachment shall naturally exist. If any unit or common areas and facilities shall be partially or totally destroyed as a result of fire or other casualty, or as a result of condemnation or eminent domain proceedings, and if upon reconstruction of such unit and/or common areas and facilities in accordance with this Declaration, there exist encroachments of portions of the common areas and facilities upon any unit, or of any unit upon any other unit or upon any portion of the common areas and facilities, then such encroachments shall be permitted and a valid easement for the maintenance thereof shall exist so long as such encroachments shall naturally remain.

ARTICLE VIIThe Association

To efficiently and effectively provide for the administration and maintenance of FRANKLIN SQUARE, and future phases, if any, by the unit owners, a nonprofit North Carolina corporation known and designated as FRANKLIN SQUARE Association, Inc. (hereinafter the "Association"), has been organized, a true copy of its Articles of Incorporation having been recorded in Book _____ at Page _____ in the Office of the Register of Deeds of New Hanover County, North Carolina, and the provisions thereof are incorporated herein by reference. The Association shall administer the operation and management of the condominium, FRANKLIN SQUARE, as well as future phases, if any, and shall undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Incorporation and its duly adopted By-Laws. A true copy of the original By-Laws are attached here in Exhibit C and expressly made a part hereof by reference.

A. Declarant Control: Until 75% of all units in all phases of FRANKLIN SQUARE have been sold and deeded to purchasers, or on October 1, 1986, whichever occurs first, the Board of Directors of the Association shall consist of those two (2) individuals appointed by the Declarant to the initial Board of Directors of the Association as stated in its Articles of Incorporation, of their successors or replacements, as provided for in the duly adopted By-Laws of the Association. Until said date, said Board shall exclusively be responsible for the total operation and management of the Association, exercising all powers, duties, and obligations thereof, free from interference or control by any and all unit owners; provided, however, that said Board shall manage and operate the Association in a manner consonant with the terms and conditions of this Declaration, any and all supplements or amendments hereto, the Association's Articles of Incorporation and its duly adopted By-Laws; provided, further, however, that the Declarant may give written notice to each unit owner at any time prior to the above-reference date and manifest its intention to cause the resignation of said Board of Directors at which time the initial meeting of the membership of the Association shall be

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the Association from the membership thereof, who shall then become responsible for the operation and management of the Association.

B. Membership and Voting Rights: Membership and voting rights in the Association shall be as provided in Article VI of its Articles of Incorporation referred to and incorporated herein as stated hereinabove; membership being mandatory for all unit owners and all units in all phases of FRANKLIN SQUARE .

C. Powers: The Association shall have all powers granted to it as stated in Article V of said Articles of Incorporation.

D. Common Expenses: The common expenses of the Association shall be shared by the unit owners in the same proportions that the undivided interest in the common areas and facilities appurtenant to each owner's unit bears to the total of all undivided interests in the common areas and facilities appurtenant to all units, and as assessment against the unit owners and their units as provided for hereinbelow.

E. Management and Maintenance

1. The Association, as a common expense, shall be responsible for the maintenance, repair and replacement of all of the common areas and facilities, including those portions thereof which contribute to the support of the buildings, and all conduits, ducts, plumbing, wiring, and other facilities located in the common areas and facilities for the furnishing of utility and other services to the units and said common areas and facilities, and should any incidental damage be cause to any unit by virtue of any work which may be done or caused to be done by the Association in the maintenance, repair or replacement of any common areas and facilities, the Association shall, at its expense, repair such incidental damage. Whenever the maintenance, repair, and replacement of any item for which the Association is obligated to maintain, replace or repair at its expense is occasioned by any act of a unit owner, his immediate family, guests, or invitees, and such loss or damage may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair, or replacement, except that the unit owner who is responsible for the act causing the damage (whether done by himself or by his family, guests, or invitees) shall be required to pay such portion of the cost of such maintenance, repair, and replacement as shall, by reason of the applicability of any deductability provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair, or replacement.

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2. The association shall have the right to make or cause to be made such alterations or improvements to the common areas and facilities which do not prejudice the rights of the owner of the unit in the use and enjoyment of his unit, provided the making of such alterations and improvements are approved by the Board of Directors of the Association, and the cost of such alterations or improvements shall be common expenses to be assessed and collected from all of the owners of the units. However, where any alterations and improvements are exclusively or substantially for the benefit of the owner or owners of a certain unit or units requesting the same, then the cost of such alterations or improvements shall be assessed against and collected solely from the owner or owners of the unit or units exclusively or substantially benefitted, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

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

4. Unit Owners Maintenance:

Every owner shall perform promptly all maintenance and repair work within his unit which, if omitted, would affect the condominium, either in its entirety or in a part belonging to other owners; every owner being expressly responsible for the damages and liability which his failure to do so may engender. The owner of each unit shall be liable and responsible for the maintenance, repair, and replacement as the case may be, of all air conditioning and heating equipment, stoves, refrigerators, fans, or other appliances or equipment, including any fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his unit. Such owner shall further be responsible and liable for the maintenance, repair, and replacement of the surfaces of any and all walls, ceilings, and floors which are a part of his unit, including painting, decorating, and furnishings, and all other accessories which such owner may desire to place or maintain in his unit. Whenever the maintenance, repair, and replacement of any item for which the owner of a unit is obligated to maintain, replace, or repair at his own expense is occasioned by any loss or damage which may be covered by any insurance maintained in force by the Association, the proceeds of the insurance received by the Association shall be used for the purpose of making such maintenance, repair, or replacement except that the owner of such unit shall be, in said instance, required to pay such portion of the costs of such maintenance, repair and replacement as shall, by reason of the applicability of any deductibility provision of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair, or replacement. All glass doors, windowframes, panes and screens are part of the respective units and shall be maintained by the respective unit owners.

All parts of a unit shall be kept in good condition and repair by and at the expenses of the owner. The unit shall be maintained by the owner in a clean and safe condition, free from nuisance. Each unit owner will promptly comply with any requirements of the insurance underwriters of the insurance for the common areas and facilities when so requested in writing by Board of its designated agent. Any failure of an owner to repair, maintain, or replace as may be required pursuant to this Declaration, or a determination by the Board or its designated agent that such failure will endanger or impair the value of the common areas and facilities or any unit may be, upon written notice to the owner of the nature of the required repair, maintenance, or replacement, repair or replaced by the Association at the expenses of the unit owner, to be collected by special assessment as provided herein and in the By-Laws. Such assessment may include the cost to the Association incurred in the abatement of any nuisance maintained by the unit owner therein.

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

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F. Insurance:

1. Acquisition: Insurance policies upon the condominium (other than title insurance) shall be purchased by the Association in the name of the Board of Directors of the Association, as Trustee for the unit owners and their respective mortgagees as their interests may appear, and shall provide for the issuance of certificates or mortgage endorsements to the holders of first mortgages on the units or any of them, and if the companies writing such policies will agree, the policies shall provide that the insurer waives its rights of subrogation as to any claims against unit owners, the Association and their respective servants, agents, and guests. Each unit owner may obtain insurance, at his own expense, affording coverage upon his unit, his personal property and for his personal liability and as may be permitted or required by law, but all such insurance shall contain the same waiver of subrogation as that referred to above if the same is available.

2. Coverage: All buildings and improvements upon the land and all personal property included in the common areas and facilities shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, or by ninety percent co-insurance coverage or by such other form of policy as the Board of Directors annually determines will most reasonably provide the funds necessary to repair or reconstruct the insured improvements. Such coverage shall afford protection against (a) loss or damage by fire and other hazards covered by a standard extended coverage endorsement, and (b) such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the buildings on the real property, including, but not limited to, vandalism and malicious mischief.

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

4. Premiums: Premiums upon insurance policies purchased by the Association shall be paid by the Association and chargeable to the Association as a common expense.

5. Proceeds: All insurance policies purchased by the Association shall be for the benefit of the Association and the unit owners and their mortgagees as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The Board of Directors of the Association is hereby irrevocably appointed agent for each unit owner and his mortgagee as their interests may appear for the purpose of compromising and settling claims arising under insurance policies purchased by the Board of Directors for the benefit of the Association and the unit owners; said Board of Directors or its designee is hereby further empowered to execute and deliver releases to the insurance carrier upon the payment of claims. The Board of Directors' duty or its designee's duty upon receipt of such proceeds shall be to hold the same in trust for the purposes elsewhere stated herein or in the By-Laws for

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the benefit of the Association and the unit owners and their mortgagees, as their interests may appear.

6. Distribution of Insurance Proceeds: Proceeds of insurance policies shall be payable to the Board of Directors of FRANKLIN SQUARE HOMEOWNERS ASSOCIATION, INC., as insurance trustee and shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Expense of the Trust: All expenses of the insurance trustee shall be first paid or provision made therefor, if any;

(b) Reconstruction or Repair: If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as determined in Paragraph F (7) hereof. Any proceeds remaining after defraying such cost shall be distributed as surpluses to the beneficial owners of the damaged units pursuant to Paragraph H hereof;

(c) Failure to Reconstruct or Repair: If it is determined, as provided in Paragraph F(7) hereof, that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed as surpluses to the beneficial owners of the damaged units thereof pursuant to Paragraph H hereof:

(d) Mortgagees: In the event a mortgagee endorsement has been issued as to a unit, the share of the unit owner shall be held in trust for the mortgagee and the unit owner as their interests may appear; provided, however, that no mortgagee shall have any right to determine or participate in the determination as to whether any damaged property shall be reconstructed or repaired.

7. Damage and Destruction:

Determination to Reconstruct or Repair: If any part of the condominium property shall be damaged by casualty, whether it shall be reconstructed or repaired shall be determined in the following manner:

(a) Common Areas and Facilities: If the damaged improvement is a common area or facility, the damaged property shall be reconstructed or repaired, unless it is determined in the manner elsewhere provided that the condominium shall be terminated;

(b) Units:

(i) Partial Destruction: If the damaged improvement is a unit, and if termination as provided in subparagraph (ii) below does not take place, the damaged property shall be reconstructed or repaired unless within sixty (60) days after the casualty it is determined by agreement in the manner elsewhere provided that the condominium shall be terminated;

(ii) Total Destruction: If more than two-thirds (2/3) of the units are destroyed and the owners of three-fourths (3/4) of the units in the entire condominium shall determine not to proceed with repair or restoration, then the procedure set forth in Section 47A-27 of the North Carolina Statutes, and any amendments thereto, shall take place.

Plans and Specifications: Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, portions of which are attached hereto as exhibits; or if not, then according to plans and specifications approved

by the Board of directors of the Association, and if the damaged property is a unit, by the owners of all damaged units therein which approvals shall not be unreasonably withheld.

Responsibility: If the damage is 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.

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

Assessments: If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion or reconstruction and repair, the funds for the payment of the costs thereof are insufficient, assessments shall be made against the unit owners who own the damaged units, and against all unit owners in the case of damage to common areas and facilities, in sufficient amounts to provide funds for the payment of such costs. 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 areas and facilities shall be in proportion to the unit owner's share in the common areas and facilities.

G. Association to Maintain Register of Owners and Mortgagees:

The Association shall at all times maintain a Register setting forth the names of the owners of all of the units. In the event of the sale or transfer of any unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such unit together with such recording information as shall be pertinent to identify the instrument by which such purchaser or transferee has acquired his interest in any unit. Further, the owner of each unit shall notify the Association of the names of the parties holding any mortgage or mortgages on any unit, the amount of such mortgage or mortgages and the recording information which shall be pertinent to identify the mortgage or mortgages. The holder of any mortgage or mortgages upon any unit may, if he so desires, notify the Association of the existence of any mortgage or mortgages held by such party on any unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.

H. Assessments: Liability, Lien and Enforcement: The Association has been given the authority to administer the operation and

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management of the condominium, it being recognized that the delegation of such duties to one entity is in the best interest of the owners of all units. To properly administer the operation and management of the condominium, the Association will incur for the mutual benefit of all of the owners of units, costs and expenses which are sometimes herein referred to as "common expense". To provide the funds necessary for such proper operation, management, and capital improvement, the Association has heretofore been granted the right to make, levy and collect assessments against the unit owners and their units. In furtherance of this grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation, management of and capital improvements to the condominium, the following provisions shall be operative and binding upon all the owners of all units:

1. All assessments levied against the unit owners and their units shall be uniform and, unless specifically otherwise provided for in this Declaration, all assessments made by the Association shall be in such an amount that any assessment levied against a unit owner and his unit shall bear the same ratio to the total assessment made against all unit owners and their units as the undivided interest in common areas and facilities appurtenant to each condominium unit bears to the total undivided interest in common areas and facilities appurtenant to all units. Should the Association be the owner of a unit or units, the assessment which would otherwise be due and payable to the association by the owner of such unit or units, reduced by the amount of income which may be derived from the leasing of such unit or units by the Association, shall be apportioned and the assessment therefor levied ratably among the owners of all units which are not owned by the Association, based upon their proportionate interests in common areas and facilities exclusive of the interests therein appurtenant to any unit or units owned by the Association.

2. Assessments provided for herein shall be payable in annual, quarterly or monthly installments, in such other installments and at such times as may be determined by the Board of Directors of the Association. Such assessments shall commence for each unit on the first day of the first month following the recordation of the deed for said unit in the New Hanover County, North Carolina Registry from the Declarant to the first unit owner after the recording of a deed to the first unit owner and Declarant will pay and be levied for any assessments for any units it may own.

3. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year (which shall correspond to the calendar year, except that in the initial year of operation of the condominium, the fiscal year shall commence with the closing of the sale of the first condominium unit). Such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management, and maintenance of the condominium, including a reasonable allowance for contingencies and reserves, such budget to take into account projected anticipated income which is to be applied in reduction

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of the amounts required to be collected as an assessment each year. The Board of Directors shall keep separate, in accordance with Paragraph 4 hereof, items relating to operation and maintenance from items relating to capital improvements. Upon adoption of such annual budget by the Board of Directors of the Association, copies of said budget shall be established based upon such budget, although the delivery of a copy of said budget to each owner shall not affect the liability of any owner for such assessment. Should the Board of Directors at any time determine, in its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the costs of operation and management of the condominium, or in the event of emergencies, the Board of Directors shall have its sole discretion, that the assessments levied are, or may prove to be, insufficient to pay the cost of operation and management of the condominium, or in the event of emergencies, the Board of Directors shall have the authority to levy such additional assessment or assessments it may deem to be necessary.

4. The Board of Directors of the Association, in establishing the annual budget for operation, management, and maintenance of the condominium, may designate therein a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the common areas and facilities, which capital improvement and replacement fund (capital improvement fund) shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the common areas and facilities, as well as the replacement of personal property which may constitute a portion of the common areas and facilities held for the joint use and benefit of the owners of units. The amount to be allocated to the capital improvement fund may be established by said Board of Directors so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of common areas and facilities. The amount collected for the capital improvement fund shall be maintained in a separate account by the Association and such monies shall be used only to make capital improvement, fund may, in the discretion of the Board of Directors of the Association, be expended for current operation and maintenance.

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5. All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expenses of operating and managing the condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-Laws of the Association. As monies for any assessment are paid unto the Association by any owner of a unit, the same may be co-mingled with monies paid to the Association by the other owners of units. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom or from the leasing or use of common areas and facilities, shall be held for the benefit of the members of the Association, no member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his membership interest therein, except as an appurtenance to his unit. When the owner of a unit shall cease to be a member of the Association by reason of his divestment of ownership of such unit, by whatever means, the Association shall not be required to account to such owner for any share of the funds or assets of the Association, or which may have been paid to the Association by such owner, as all monies which any owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the condominium.

6. The payment of any assessment or installment thereof shall be in default if such assessment or installment is not paid to the Association within thirty (30) days of the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at six percent (6%) per annum until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association. All monies owing to the Association shall be due and payable at the main office of the Association in the State of North Carolina.

7. The owner or owners of each unit shall be personally liable, jointly and severally, to the Association for the payment of all assessments, regular or special, which may be levied by the Association against such unit while such party or parties are owner or owners of a unit. In the event that any unit owner or owners are in default in payment of any assessment or installment thereof owed to the Association, such unit owner or owners shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or installment thereof and interest thereon, including a reasonable attorney's fee, whether suit be brought or not.

8. No owner of a unit may exempt himself from liability for any assessment levied against him or his unit by waiver of the use of enjoyment of any of the common areas and facilities, or by abandonment of the unit or in any other way.

9. Recognizing that proper operation and management of the condominium requires the continuing payment of costs and expenses therefor, and that such proper operation and maintenance results in benefit to all of the owners of units, and that the payment of such common expenses represented by the assessments levied and collected by Association is necessary in order to preserve and protect the investment

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of each unit and its appurtenant undivided interest in common areas and facilities, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the owner of each such unit, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's fee, which may be incurred by the Association in enforcing this lien upon said unit, and its appurtenant undivided interest in common areas and facilities. The lien granted to the Association may be foreclosed in the manner provided interest by North Carolina General Statute 47A-22 and in any suit for the foreclosure of said lien, the Association shall be entitled to a reasonable rental from the owner of any unit from the date on which the payment of and assessment or installment thereof became delinquent, and shall be entitled to the appointment of a receiver for said unit. The lien granted to the Association shall further secure such advances for taxes, and payments on account of superior mortgages, liens, or encumbrances which may be required to be advanced by the Association in order to preserve and protect its lien, and the Association shall further be entitled to interest at the highest rate allowed by law on any such advances made for such purpose. All persons, firms, or corporations who shall acquire, by whatever means, any interest in the ownership of any unit, or who may be given or acquire a mortgage, lien, or other encumbrance thereon, are hereby placed on notice of the lien rights granted to the Association, and shall acquire such interest in any unit expressly subject to such lien rights.

10. The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the public records of New Hanover County, North Carolina, which claim shall state the description of the unit encumbered thereby, the name of the record owner, the amount due and the date when due. The claim of lien shall be recordable any time after default and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include only assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record. The lien provided for herein shall be subordinated to the lien of any first mortgage or deed of trust and any person, firm, or corporation acquiring title to any unit and its appurtenant undivided interest in common areas and facilities by virtue of any foreclosure, deed in lieu of foreclosure or judicial sale, shall be liable and obligated only for assessments as shall accrue and become due and payable for said unit and its appurtenant undivided interest in common areas and facilities subsequent to the date of acquisition of such title, and it shall not be liable for the payment of any assessments which were in default and delinquent at the time it acquired such title. In the event of the acquisition of title to a unit by foreclosure, deed in lieu of foreclosure or judicial sale, any assessments or assessments as to which the party so acquiring

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title shall not be liable shall be absorbed and paid by all owners of all units as a part of the common expenses, although nothing herein contained shall be construed as releasing the party liable for such delinquent assessment from the payment thereof or the enforcement of collection of such payment by means other than foreclosure.

11. Whenever any unit may be leased, sold, or mortgaged by the owner thereof, the Association, upon written request of the unit owner, shall furnish to the proposed lessee, purchaser, or mortgagee, a statement verifying the status of payment of any assessment which shall be due and payable to the Association by such unit. Such statement shall be exercised by any officer of the Association, and any lessee, purchaser, or mortgagee may rely upon such statement in concluding the proposed lease, purchase, or mortgage transaction, and the Association shall be bound by such statement.

In the event that a unit is to be leased, sold, or mortgaged at the time when payment of any assessment against the owner of said unit and such unit due to the Association shall be in default (whether or not a claim of lien has been recorded by the Association), then the rent, proceeds of such purchase, or mortgage proceeds, shall be applied by the lessee, purchaser, or mortgagee first to payment of any then delinquent assessment or installments thereof due to the Association before the payment of any rent, proceeds of purchase, or mortgage proceeds to the owner of any unit who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a unit, the purchaser thereof shall be jointly and severally liable with seller for all unpaid assessments against seller made prior to the time of such voluntary conveyance, without prejudice to the rights of the purchaser to recover from seller the amounts paid by purchaser therefor.

Institution of a suit at law to attempt to effect collection of the payment of any delinquent assessment shall not be deemed to be an election by the Association which shall prevent it from thereafter seeking, by foreclosure action, enforcement of the collection of any sums remaining owing to it, nor shall proceeding by foreclosure to attempt such collection be deemed to be an election precluding the institution of a suit at law to collect any sum then remaining owing to Association.

I. Common Surplus: Common surplus, meaning all funds and other assets of the Association (including excess of receipts of the Association, including, but not limited to assessments, rents, profits, and revenues from whatever source over amount of the common expense), shall be owned by the owners of all units in the same proportion that the undivided interest in common areas and facilities appurtenant to each owners's unit bears to the total of all undivided interest in common areas and facilities appurtenant to all units; provided, however, that said common surplus shall be held by the Association in the manner and subject to the terms, provisions, and conditions of this Declaration, imposing certain limitations and restrictions upon the use and distribution thereof. Except for distribution of any insurance

indemnity herein provided, or upon termination of the condominium, any attribution or distribution of common surplus which may be made from time to time shall be made to the then owners of units in accordance with their percentage interest in common surplus as declared herein.

ARTICLE VIII.

Termination

The condominium shall be terminated, if at all, in the following manner:

A. The termination of the condominium may be effected only by the unanimous agreement of all unit owners of all units of all phases of FRANKLIN SQUARE expressed in an instrument to that effect duly recorded, and, provided, that the holders of all liens affecting any of the units consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the unit owner in the property as provided in Subparagraph C below. The termination shall become effective when such agreement has been recorded in the public records of New Hanover County, North Carolina.

B. If it is determined in the manner elsewhere provided that the condominium shall not be reconstructed after casualty, the condominium plan of ownership shall be terminated and this Declaration revoked. The determination not to reconstruct after casualty shall be evidence by a certificate of the Association certifying as to the facts effecting the termination, which certificate shall become effective upon being recorded in the Public Records of New Hanover County, North Carolina.

C. After termination of the condominium, the unit owners shall own the property as tenants in common in undivided shares and the holders of mortgages and liens against the unit or units formerly owned by such unit owners shall have mortgages and liens upon the respective undivided shares of the unit owners. The undivided share or interest owned as tenants in common shall be that percentage of the undivided interest in the common areas and facilities previously owned by each unit owner. All funds held by the Association and insurance proceeds, if any, shall be and continue to be held for the unit owners in the same proportion. The costs incurred by the Association in connection with the termination shall be a common expense.

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D. Following termination, the property may be partitioned and sold upon the application of any unit owner. Following a termination, if the Board of Directors determines by not less than a three-fourths (3/4) vote to accept an offer for the sale of the property, each unit owner shall be bound to accept an offer for the sale of the property, each unit owner shall be bound to execute such deeds and other documents reasonably required to effect such sale at such times and in such forms as the Board of Directors directs. In such event, any action for partition or other division of the property shall be held in abeyance pending such sale, and upon the consummation thereof shall be discontinued by all parties thereto.

E. The members of the Board of Directors acting collectively as agent for all unit owners, shall continue to have such powers as in this Article are granted, notwithstanding the fact that the Association itself may be dissolved upon a termination.

ARTICLE IX.

Amendment of Declaration of Condominium

A. Other than as provided for in Article III hereinabove, this Declaration may be amended in the following manner: An amendment or amendments to this Declaration may be proposed by the Board of Directors of the Association in acting upon a vote of a majority of the Directors, or by the members of the Association owning a majority of the units, whether meeting as members or by instrument in writing signed by them. Upon any amendment or amendments to this Declaration being proposed by said Board of Directors or members, such proposed amendment or amendments shall be transmitted to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special meeting of the members of the Association for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the proposed amendment or amendments. It shall be the duty of the Secretary to give to each member written or printed notice of such special meeting, stating the time and place thereof, and reciting the proposed amendment or amendments in reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such special meeting. If mailed, such notice shall be deemed to be properly given

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when deposited in the United States mail addressed to the member at his post office address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such member. At the meeting, the amendment or amendments proposed must be approved by an affirmative vote of ninety percent (90%) of the members owning units in the condominium in order for such amendment or amendments to become effective. Thereupon, such amendment or amendments of this Declaration of condominium shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted. The original or an executed copy of such amendment or amendments, so certified and executed with the same formalities as a deed, shall be recorded in the Public Records of New Hanover County, North Carolina, within ten (10) days from the date on which the same became effective, such amendment or amendments to specifically refer to the recording date identifying the Declaration. Thereafter, a copy of said amendment or amendments in the form in which the same were placed on record by the officers of the Association shall be delivered to the owners of all units, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such amendment or amendments. At any meeting held to consider such amendment or amendments, the written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting.

B. Except as is provided for in Article III hereinabove, no alteration in the percentage of ownership in common areas and facilities appurtenant to each unit, or alteration of the basis for sharing common expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or alteration of basis of ownership of common surplus, shall be made without the prior written consent of all of the owners of all units and all of the institutional leaders holding first mortgages or first deeds of trust on the units.

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C. No alteration, amendment, or modification of the rights and privileges granted and reserved hereunder in favor of an institutional leader or institutional leaders shall be made without prior written consent of all institutional leaders holding mortgages on units in the condominium being first had and obtained.

D. No alteration, amendment, or modification of the rights and privileges granted and reserved hereunder in favor of the Declarant shall be made without the written consent of said party being first had and obtained.

E. So long as the Declarant controls the Board of Directors of the Homeowners Association as defined herein, no additional properties, other than those herein contemplated and to be constructed upon the real estate described in Exhibit A hereto attached, shall be annexed to the project, nor shall any amendment to this Declaration or the By-Laws of the Homeowners Association be valid without the prior written consent of the Administrator of Veterans Affairs, and/or his successor in such office, as such, and/or his duly appointed representative.

ARTICLE X

Remedies in Event of Default

The owner or owners of each unit shall be governed by and shall comply with the provisions of this Declaration and the Articles of Incorporation and By-Laws of the Association, as any of the same are now constituted or as they may be amended or supplemented from time to time.

A default by the owner of any unit shall entitle the Declarant, the Association, or the owner of other units to the following relief:

A. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Articles of Incorporation or By-Laws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. Such relief may be sought by the Association or, if appropriate, by an aggrieved unit owner.

B. Each 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. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies or rights of subrogation.

C. In any proceedings arising because of an alleged default by a unit owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorney's fees as may be determined by the Court, but in no event shall any unit owner be entitled to such attorney's fees.

D. The failure of the Association or any unit owner to enforce any right, provision, covenant, or condition which may be granted by this Declaration or the other above-mentioned documents shall not constitute a waiver of the right of the Association or of the unit owner to enforce such right, provision, covenant, or condition in the future.

E. All rights, remedies and privileges granted to the Association or the owner or owners of a unit pursuant to any terms, provisions, covenants, or conditions of this Declaration or other above-mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies, or privileges as may be available to such party at law or in equity.

F. The failure of the Declarant to enforce any right, privilege, covenant, or condition which may be granted to it by this Declaration or other above-mentioned document shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant, or condition in the future.

G. The failure of an institutional leader or institutional leaders to enforce any right, provision, privilege, covenant, or condition which may be granted to it or them by this Declaration or other above-mentioned documents, shall not constitute a waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant, or condition in the future.

ARTICLE XIRights Reserved Unto Institutional Lenders

"Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, insurance companies, or other reputable mortgage lenders. So long as any institutional lender or institutional lenders shall hold any mortgage upon any units or units, or shall be the owner of any unit or units, such institutional lender or institutional lenders shall have the following rights:

A. To approve the company or companies with whom casualty insurance is placed.

B. To examine, at reasonable times and upon reasonable notice, the books and records of the Association and to be furnished at least one copy of the annual financial statement and report of the Association, prepared by a certified public accountant designated by the Association, such financial statement and report to be furnished by April 15 of each calendar year.

C. To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed amendments, other than as provided by Article III hereinabove, to this Declaration, or the Articles of Incorporation and By-Laws of the Association, which notice shall state the nature of the amendment being proposed.

D. To be given notice of default by any owner owning a unit encumbered by a mortgage held by the institutional lender or institutional lenders, such notice to be given in writing and to be sent to the principal office of such institutional lender or institutional lenders, or to the place which it or they may designate in writing. Whenever any institutional lender or institutional lenders desire the provisions of this Article to be applicable to it, it shall serve or cause to be served written notice of such fact upon the Association by registered mail or certified mail addressed to the Association and sent to its address stated herein, identifying the unit or units upon which any such institutional leader or institutional leaders hold any mortgage or mortgages, or identifying any units owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them and which notice shall

designate the place to which notices are to be given by the Association to such institutional leader or institutional leaders.

ARTICLE XII

Severability

In the event that any of the terms, provisions, or covenants of this Declaration are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify, or impair in any manner whatsoever any of the other terms, provisions, or covenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid or unenforceable.

ARTICLE XIII.

Liberal Construction

The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan of condominium ownership. The Article headings are for convenience of reference only and shall not be considered terms of this Declaration.

ARTICLE XIVDeclaration of Condominium Binding
on Assigns and Subsequent Owners

The restrictions and burdens imposed by the Articles of this Declaration are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each unit and its appurtenant undivided interest in common areas and facilities; this Declaration shall be binding upon the Declarant, its successors and assigns, and upon all parties who may subsequently become owners of units in the condominiums, and their respective heirs, devisees, legal representatives, successors and assigns. This Declaration and the exhibits attached hereto and amendments hereof shall be construed and controlled by and under the laws of the State of North Carolina.

ARTICLE XVEminent Domain

In the event of a taking by eminent domain (or condemnation or a conveyance in lieu of condemnation) of part or all of the common areas and facilities, the award of such taking shall be payable to the Association, which shall represent the owners named in the proceedings. Said award shall be utilized to the extent possible for the repaid, restoration, replacement, or improvement of the remaining common areas and facilities, if only part are taken. If all or more than two-thirds (2/3) of all of the general common areas and facilities are taken, it shall be deemed a destruction of more than two-thirds (2/3) of all of the general common areas and facilities and the condominium shall be terminated as hereinbefore provided. Any funds not utilized (in the case of a partial taking) shall be applied in payment of common area expenses otherwise assessable. In the event of a taking of all or part of a unit, the award shall be made payable to the owner of such unit and his mortgagee, if any, as their interests may appear.

ARTICLE XVI
Process Agent

The following named individual is designated as the person to receive service of process for the Association.:

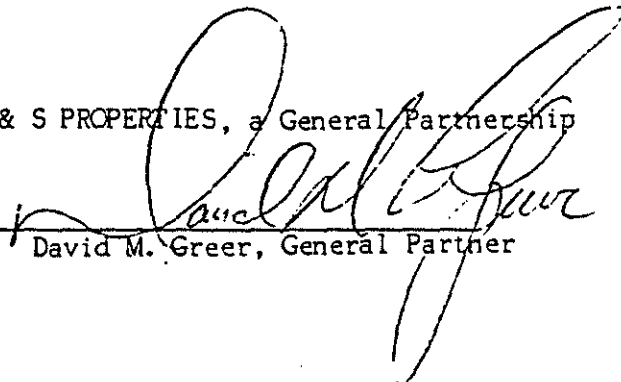
DAVID ROCK WHITTEN
513 Market Street
Post Office Box 178
Wilmington, North Carolina 28402

ARTICLE XVII.

Warranties and Representations

The Declarant specifically disclaims any intent to have made any warranty or representation in connection with the condominium, except as specifically set forth herein, and no person shall rely upon any warranty or representation so specifically made therein. Any estimates of common expenses, taxes, or other charges are deemed accurate, but no warranty or guaranty is made or intended, nor may one be relied upon.

IN WITNESS WHEREOF, the Declarant, A & S Properties has executed the foregoing by David M. Greer, General Partner by placing his hand and seal hereto this 28th day of November, 1984.


A & S PROPERTIES, a General Partnership
BY 
David M. Greer, General Partner

STATE OF NORTH CAROLINA
COUNTY OF NEW HANOVER

I, a Notary public of the County and State aforesaid, certify that David M. Greer, General Partner of A & S Properties, the declarant named hereinabove personally appeared before me this day and acknowledged the execution of the foregoing instrument.

Witness my hand and official stamp or seal, this 28th day of November, 1984.




Notary Public

My Commission Expires: 112-88

Edward M. Harrington, Trustee of the County of Guilford, State of North Carolina and 1st Home Federal Savings and Loan Association of Greensboro, a North Carolina ~~business~~ corporation join in the execution of this Declaration for the sole purpose of subjecting and submitting, and they, and each of them do hereby submit and subject, the Property described herein and any and all interests they, or either of them, has or may have, by virtue of that certain Deed of Trust recorded in Book 1259 at Page 1726 of the New Hanover County, North Carolina Registry to this Declaration of Condominium, the By-Laws, the Rules and Regulations and all other documents and regulations promulgated herein and in the Unit Ownership Act, as same may be amended or supplemented from time to time.

IN WITNESS WHEREOF, Edward M. Harrington, Trustee, has hereunto set his hand and seal this the 4th day of DECEMBER, 1984 and 1st Home Federal Savings and Loan Association of Greensboro, North Carolina has caused this Declaration to be executed by its duly authorized officers and its corporate seal to be hereunto affixed this the 4th day of DECEMBER, 1984.

Edward M. Harrington (SEAL)
EDWARD M. HARRINGTON, Trustee

1st HOME FEDERAL SAVINGS AND LOAN ASSOCIATION

BY: Patricia B. Brouwer
VICE President

ATTEST: [Signature]
ASSISTANT Secretary

Toney Hutz
458-9826

STATE OF NORTH CAROLINA

COUNTY OF Guilford

Buddy Burton →

I, the undersigned Notary Public, do heret
W.C. Fitzgerald personally came b
acknowledged that he is Asst. Secretary o
Savings and Loan Association and that by author
act of the corporation, the foregoing instrumen
its Vice president, sealed with its corporate seal, and attested by
himself as its Asst. Secretary.

WITNESS my hand and notarial seal, this 4 day of December, 1984.

My Commission Expires:

8/12/85

JANET M. MURRAY
NOTARY PUBLIC
GUILFORD COUNTY, N. C.
Commission Expires 8/12/85

Janet M. Murray
Notary Public

STATE OF NORTH CAROLINA

COUNTY OF Guilford

I, the undersigned Notary Public do hereby certify that
EDWARD M. HARRINGTON, Trustee, personally appeared before me this
day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and notarial seal this 4 day of December,
1984.

My Commission Expires

8/12/85

JANET M. MURRAY
NOTARY PUBLIC
GUILFORD COUNTY, N. C.
Commission Expires 8/12/85

Janet M. Murray
Notary Public

STATE OF NORTH CAROLINA, New Hanover County

The Foregoing Certificate(s) of Sylvia M. Stafford and Janet M. Murray,
Notaries Public

(s)(are) certified to be correct.

This 7th day of December, A.D., 19 84.

Rebecca P. Tucker, Register of Deeds
By Jaraine N. Stalling
Deputy

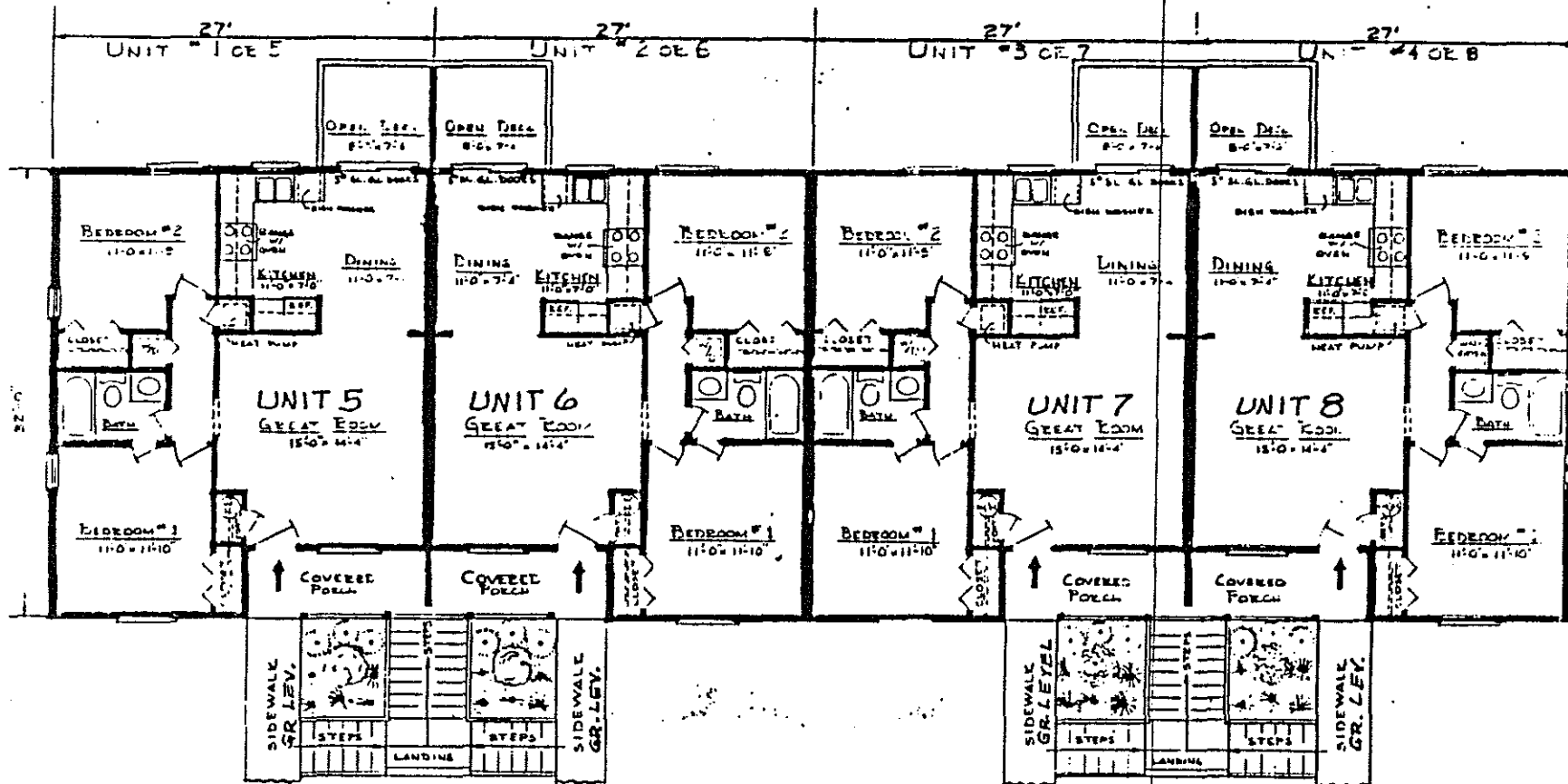
EXHIBIT "A"

Tract 1

BEGINNING at an old iron pipe in the southern right of way line of Spirea Drive, 60.0 foot right of way, that is located South 09 degrees 00 minutes West - 30.0 feet from a point on the centerline of said Drive which is located South 81 degrees 00 minutes East - 784.80 feet, as measured along said centerline, from the point of intersection of the centerline of Spirea Drive with the centerline of 41st Street. Running thence from said point of beginning with the southern right of way line of Spirea Drive, South 81 degrees 00 minutes East - 154.0 feet to an iron pipe; thence South 09 degrees 00 minutes West - 382.50 feet to an iron pipe; thence North 81 degrees 00 minutes West - 154.0 feet to an iron pipe; thence North 09 degrees 00 minutes East 382.50 feet to the point of beginning, containing 1.35 acres more or less and being a portion of Farm 17, Winter Park Gardens, same being a portion of a tract of land conveyed to William D. Lewis and wife, Elizabeth Lewis by J.S. Brock and wife, Sudie C. Brock, by a deed recorded in Book 390 at Page 169 of the New Hanover County Registry.

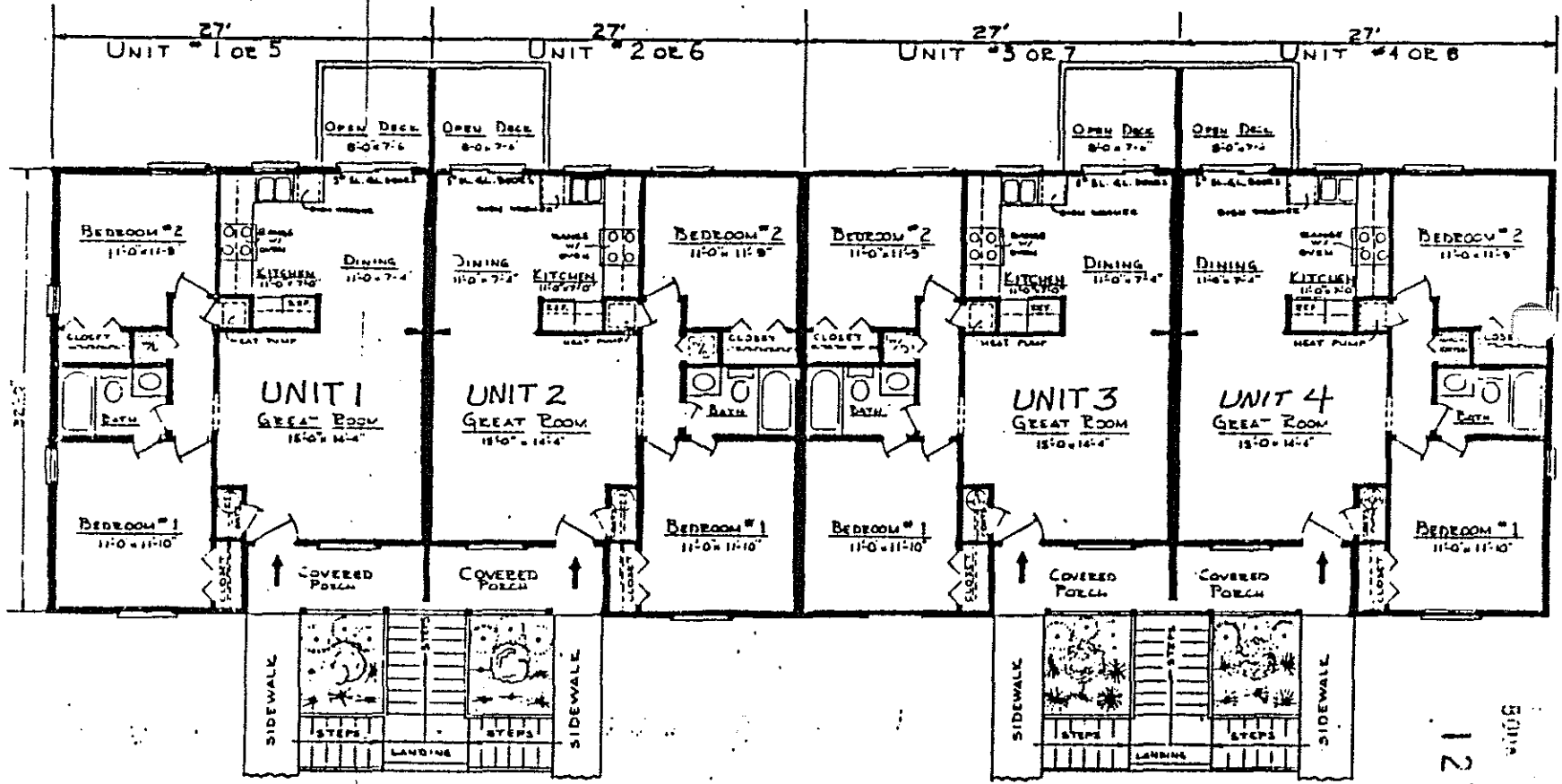
Tract 2

BEGINNING at a point in the Southern line of Spirea Drive, (formerly known as Greenfield Street) (30 feet from centerline thereof), said point being located South 9 degrees West 13.5 feet from the original Northwest corner of Farm #17 of the Winter Park Gardens, same being shown on map in Book A of Division of Lands and Dowers, at Page 509 in the New Hanover County Registry; running thence from said beginning point with the dividing line between Farms #17 and 18, South 9 degrees West 382.5 feet to a point in said line; thence South 81 degrees East 110.0 feet to a point; thence North 9 degrees East 382.5 feet to a point in the Southern right of way line of Spirea Drive; thence with said Southern right of way line of Spirea Drive North 81 degrees West 110.0 feet to the point of beginning, the same being part of Farm #17, Winter Park Gardens as shown on the map above referred to, and being a portion of that tract of land conveyed to W. D. Lewis and wife by deed recorded in Book 390 at Page 169 in the New Hanover County Registry.



FRANKLIN SQUARE BUILDING A SECOND FLOOR LEVEL

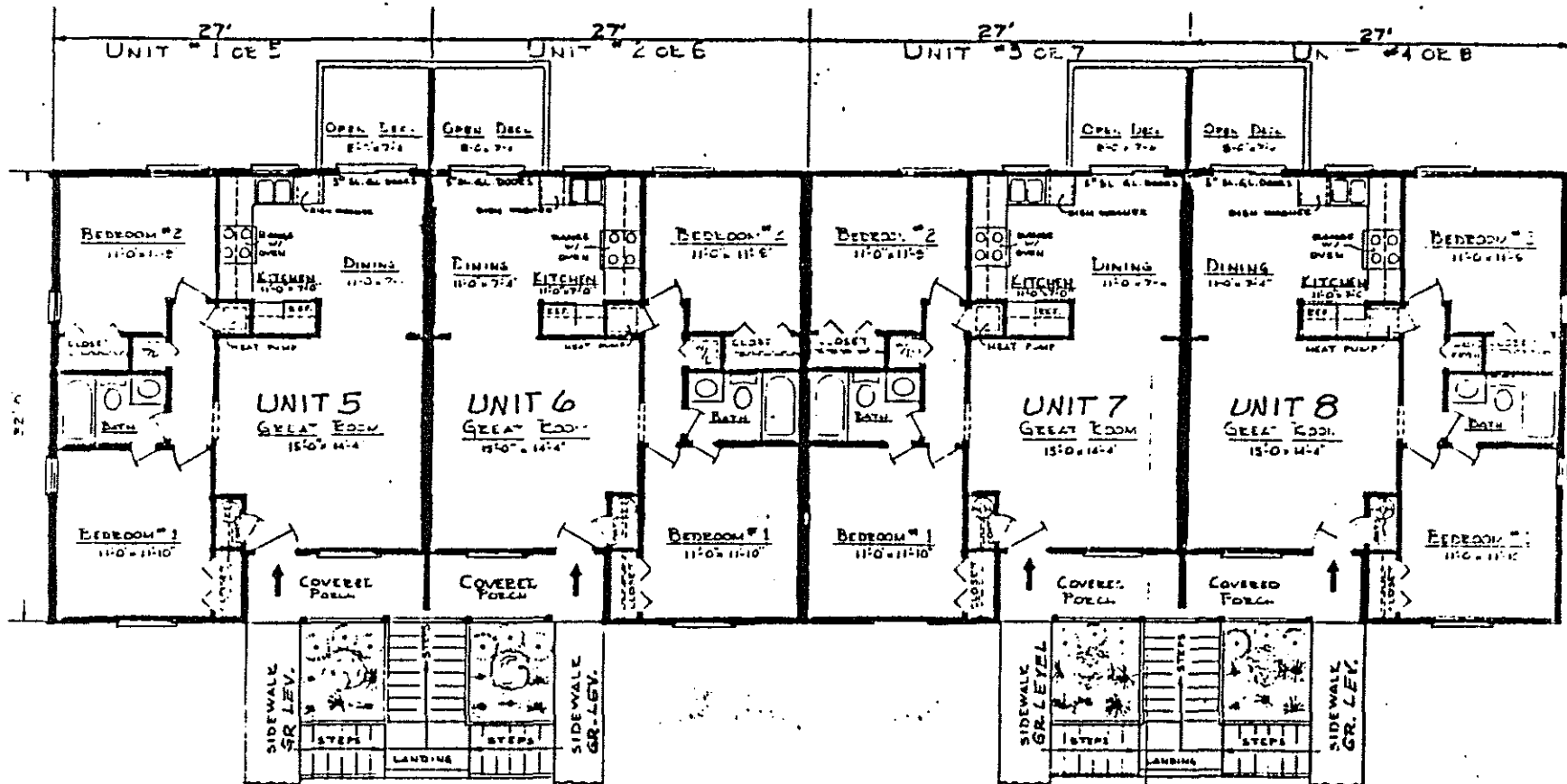
1273 0663
 3008
 3510



FRANKLIN SQUARE BUILDING B FIRST FLOOR LEVEL

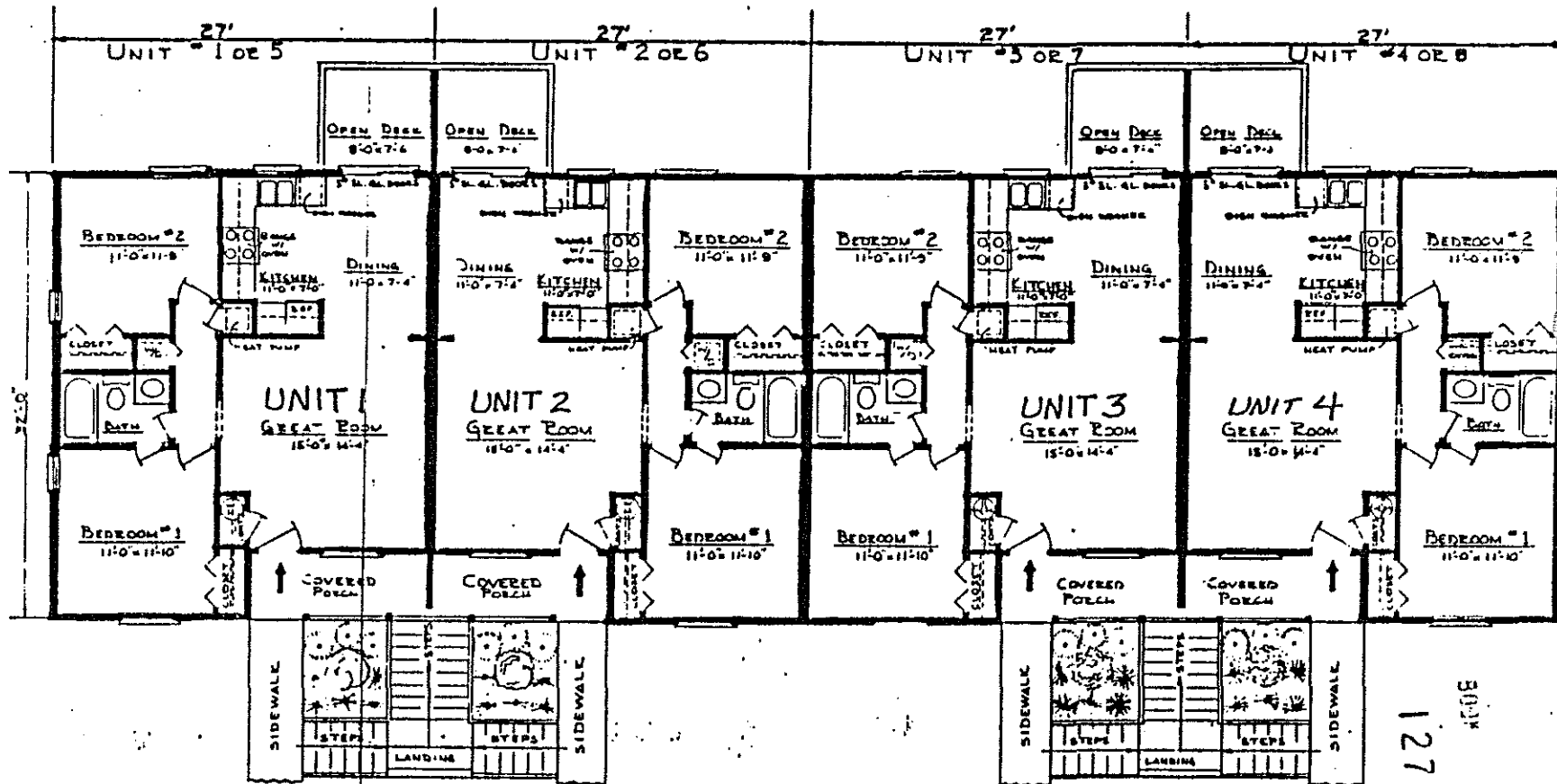
EXHIBIT "B" Page 4 of 9

5014
1273 0830
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FRANKLIN SQUARE BUILDING B SECOND FLOOR LEVEL

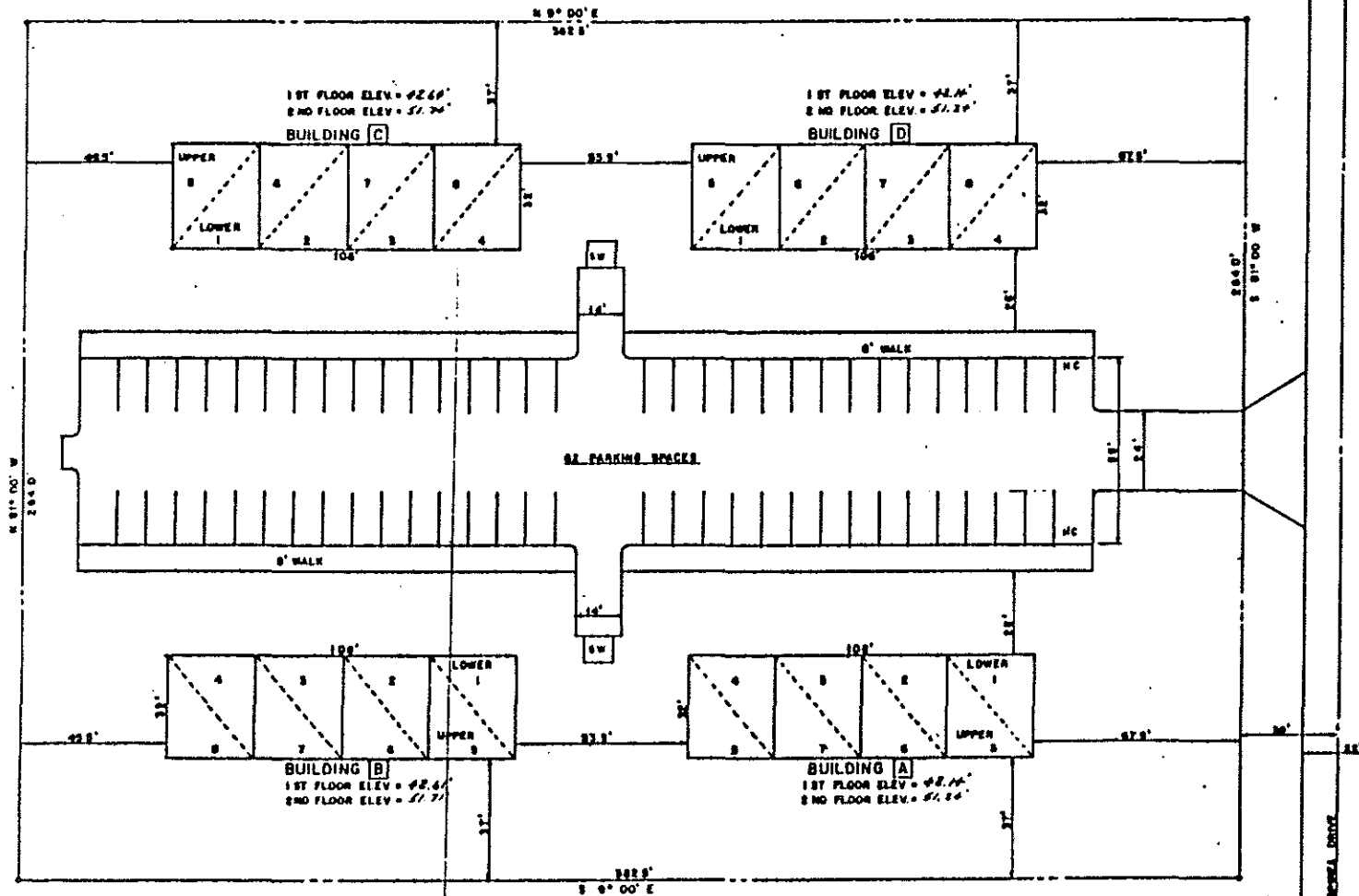
1273 0651
 2000
 2102



FRANKLIN SQUARE BUILDING C FIRST FLOOR LEVEL

EXHIBIT "B" Page 6 of 9

302x
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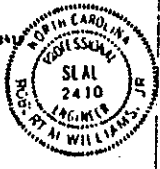
SITE LAYOUT PLAN



NOTE: ALL CEILING HEIGHTS ARE 8' ABOVE FLOOR ELEVATIONS INDICATED

The undersigned, an Engineer duly registered to practice under the laws of North Carolina, hereby certifies that these Plans entitled, "Franklin Square", presented on one sheet of Site Plan and two sheets of floor plans are an accurate copy of portions of the plans of the building as filed with and approved by the City of Wilmington and New Hanover County. The plans fully and accurately depict the layout, location, zoning and floor elevations, unit numbers and dimensions of the units.

Robert M. Williams, Jr.
 Robert M. Williams, Jr., Engineer, R.C. Registration No. 2410
 Wilmington, N.C.



STATE OF NORTH CAROLINA
 COUNTY OF NEW HANOVER

I, Robert M. Williams, a Notary Public in and for the State of North Carolina, do hereby certify that Robert M. Williams, Jr., Engineer, personally appeared before me this day and acknowledged the execution of the foregoing instrument, and upon his oath swore to the truth of the statements set forth herein.

Witness my hand and official seal this ___ day of November, 1964.

Notary Public

STATE OF NORTH CAROLINA
 COUNTY OF NEW HANOVER

The foregoing Certificate of Robert M. Williams, a Notary Public for New Hanover County is certified to be correct. Filed for registration on this the ___ day of November, 1964, at ___ A.M. and fully recorded by Clerk's Book ___ at Page ___.

Thomas P. Tisdler
 Register of Deeds
 By: _____

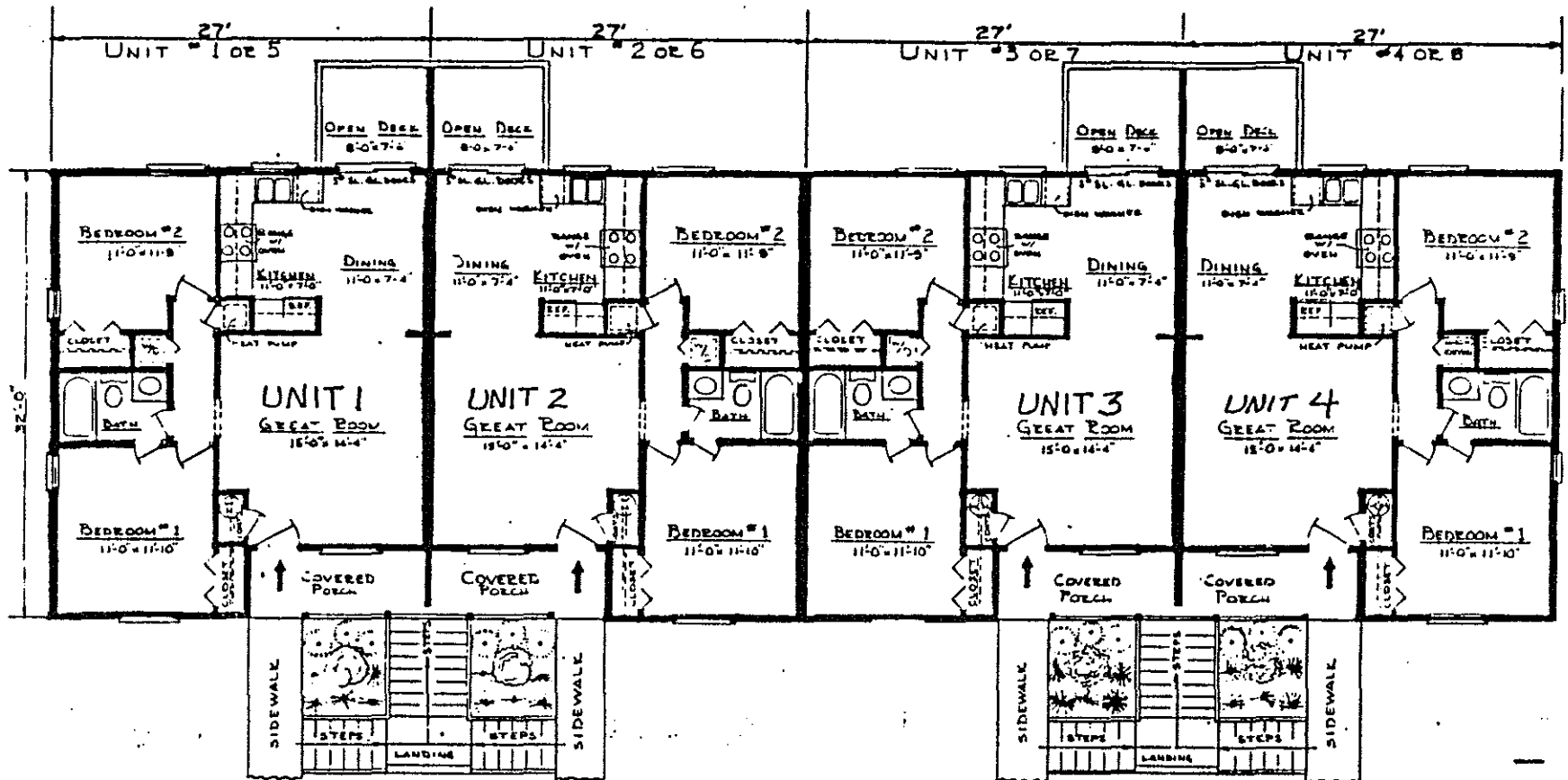
SWORN TO AND FORWARDED:

I do hereby certify that I am the owner of the property shown and described herein and that I feel hereby adopt this plan of a subdivision with my true and free consent, including certain building set back lines, and dedicate all streets, alleys, walks, yards and other areas to public or private use as indicated. I do hereby certify the land as shown herein to within the planning jurisdiction of the City of Wilmington, North Carolina.

A & S CONSULTING, A General Partnership
 By: *David S. Williams*, General Partner
 Owner
 David S. Williams, General Partner
 Owner

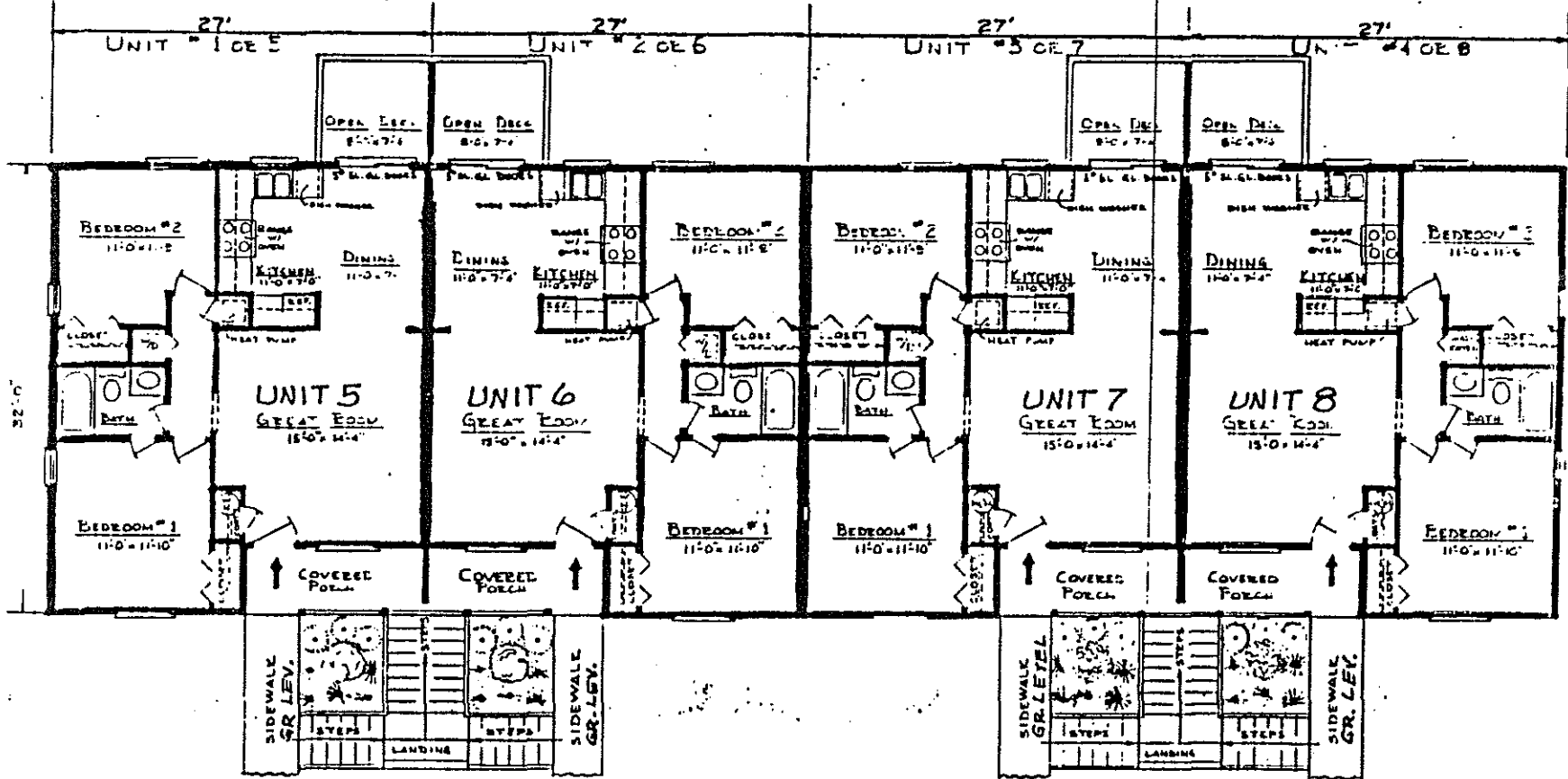
Franklin Square	
/S/ ROBERT M. WILLIAMS, JR. /S/ DAVID S. WILLIAMS	
SITE PLAN	
ROBERT M. WILLIAMS & ASSOCIATES CONSULTING ENGINEERS WILMINGTON, N.C.	
DRAWN BY: R.M.W.	
DESIGNED BY: R.M.W.	
	SHEET ___ OF ___

BOBN
 1273 0687
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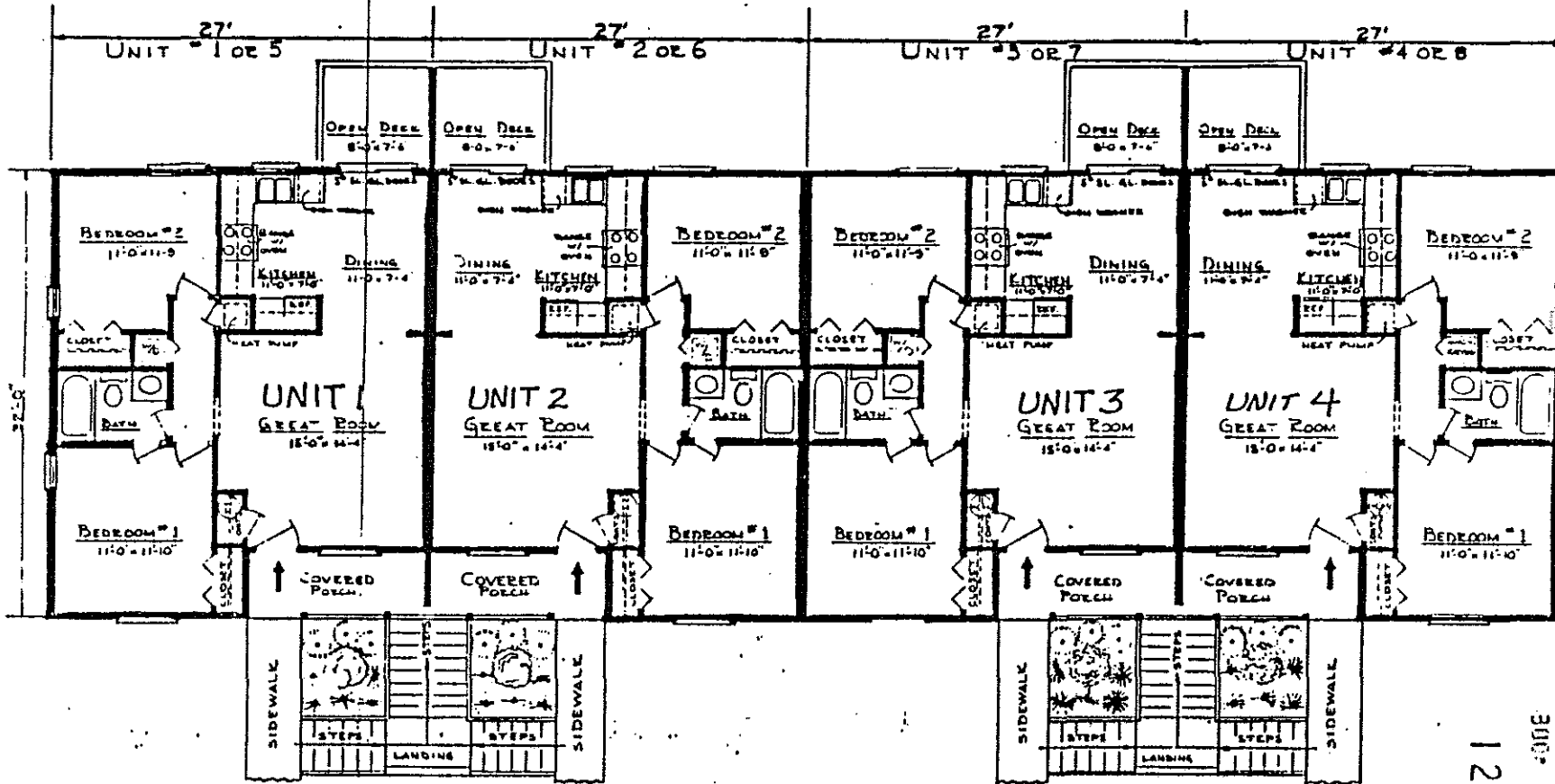
FRANKLIN SQUARE BUILDING A FIRST FLOOR LEVEL

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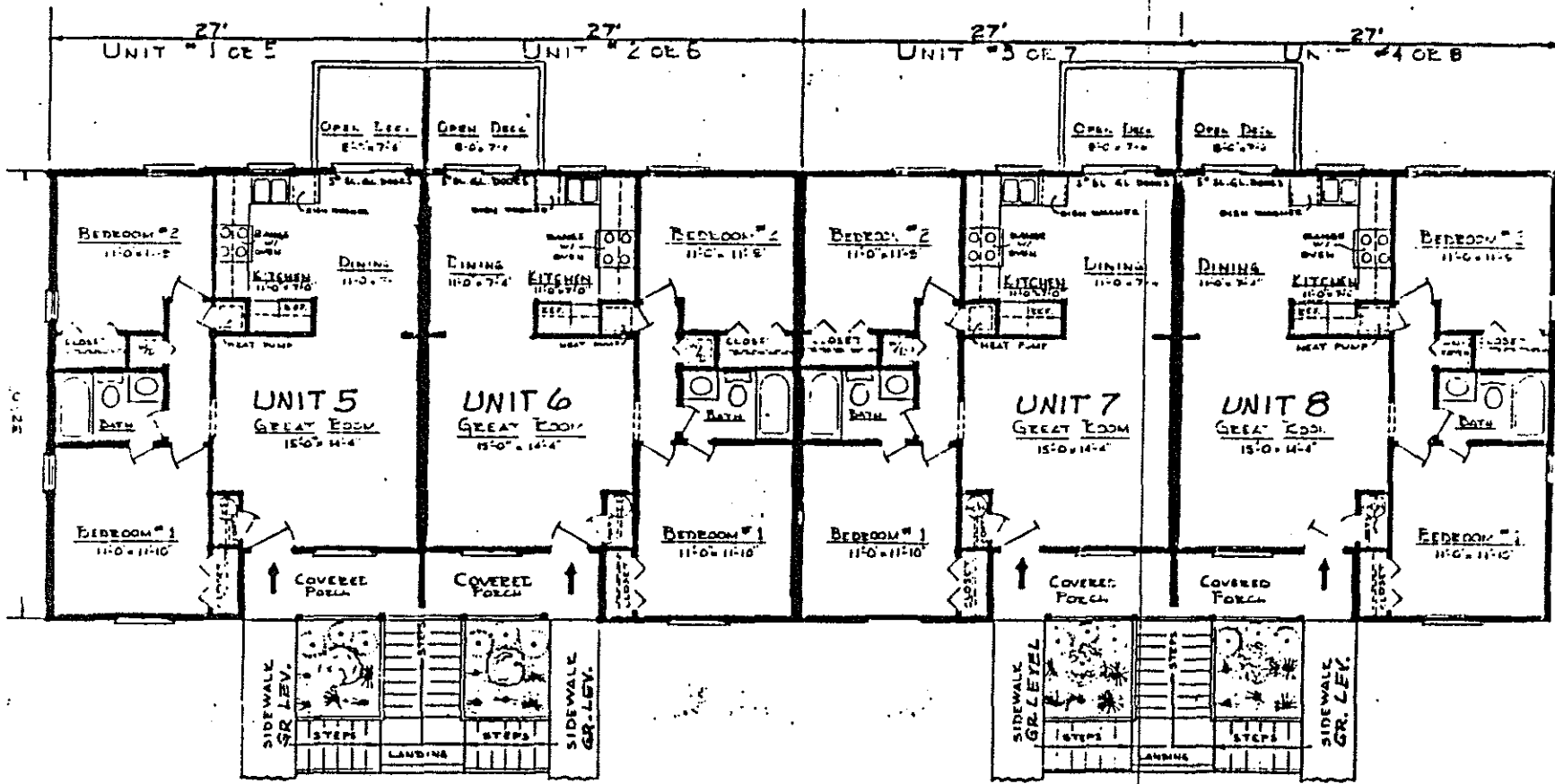
FRANKLIN SQUARE BUILDING C SECOND FLOOR LEVEL

B004 PAGE 1273 0633



FRANKLIN SQUARE BUILDING D FIRST FLOOR LEVEL

300
PAGE
1273 0537



FRANKLIN SQUARE BUILDING D SECOND FLOOR LEVEL

EXHIBIT "B" Page 9 of 9

1273 0585
 300X
 DATE