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DECLARATION OF CONDOMINIUM  
FOR  
INDIGO VILLAGE TOWNHOMES, A CONDOMINIUM

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INDIGO VILLAGE TOWNHOMES  
Declaration of Condominium

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LIST OF EXHIBITS

- Exhibit A - The Description of Phase I
- Exhibit B - Description of "Area for Proposed Development"
- Exhibit C - Plats and Plans for Phase I
- Exhibit D - Percentage of Undivided Interest in Common Elements
- Exhibit E - Articles of Association of Indigo Village Townhomes Homeowners Association
- Exhibit F - By-Laws of Indigo Village Townhomes Homeowners Association

## INDIGO VILLAGE TOWNHOMES, A CONDOMINIUM

STATE OF NORTH CAROLINA  
 COUNTY OF BRUNSWICK

DECLARATION OF  
 CONDOMINIUM

Indigo Village Partnership, a North Carolina joint venture, whose address is 704 E. Moore Street, P. O. Box 10999, Southport, NC 28461, does hereby make, declare and establish this Declaration of Condominium as and for the plan of dwelling ownership of Indigo Village Townhomes, a Condominium, pursuant to Chapter 47C of the General Statutes of North Carolina.

## I. ESTABLISHMENT OF CONDOMINIUM

Declarant is the owner of a certain tract or parcel of land located in the City of Southport, Smithville Township, Brunswick County, North Carolina, as more particularly described in Exhibit "A" attached hereto and incorporated herein by reference. Declarant has constructed on said property one building containing a total of two Condominium Units which said units are constructed in conformance with the plats and plans more particularly described as Exhibit "C" attached hereto and incorporated herein by reference. Declarant proposes to construct an additional ten buildings with thirty-eight additional Condominium Units included therein on that property more particularly described in Exhibit "B" labeled "Area for Proposed Development," attached hereto and incorporated herein by reference. The additional ten buildings and thirty-eight units, if constructed, will be constructed in phases pursuant to this Declaration.

NOW, THEREFORE, Declarant does hereby submit the property and improvements thereon described in Exhibit "A" to condominium ownership under the provisions of Article 47C and hereby declares the same to be a condominium to be known and titled as Indigo Village Townhomes, a Condominium. The property shall be held, used, occupied, and improved subject to Chapter 47C and the following covenants, conditions, restrictions, easements, uses, limitations, and obligations contained herein.

## II. SURVEY AND DESCRIPTION OF IMPROVEMENTS

Attached hereto as Exhibit "C" and incorporated herein by reference consisting of Pages 1 - 5 or as amended pursuant to the provisions of Article VI is a boundary survey of the land and graphic description of the plans of the buildings and improvements constituting the condominium, graphically depicting and identifying the Condominium Units, Common Elements and Limited Common Elements as said terms are hereinafter defined and their respective locations and approximate dimensions. Each Condominium Unit is identified by specific numerical-letter designations on Exhibit "C" and no Condominium Unit bears the same designation as any other Condominium Unit.

## III. DEFINITIONS

The statutory definitions contained in Section 47C-1-103 of Chapter 47 are incorporated herein by reference and shall apply to the Condominium documents unless it is clearly evident from the context and usage of such term that a different meaning was intended. In addition to such statutory definitions, certain other terms used in the Condominium documents are defined as follows:

A. "BY-LAWS". The By-Laws of the association which are attached hereto as Exhibit "F" and incorporated herein by reference.

B. "PERCENTAGE INTEREST". Percentage Interest means the percentage of undivided interest each unit owner owns in the common areas and facilities, as the same may change from time to time with the addition of additional phases which may be added to the Condominium by supplementary declaration. The percentage ownership appurtenant to each unit in Phase I is set forth in Exhibit "D" attached hereto and made a part hereof; the percentage ownership will change with the addition of the additional phases and Exhibit "D" may and shall be amended to reflect the percentage change as each phase is added as herein provided.

C. "PLATS AND PLANS". The Plans and Specifications of the Condominium buildings and units by Richard B. Schnedl, Architect, and the site plans by Brunswick Surveying are filed in the Office of the Register of Deeds of Brunswick County, North Carolina, in Condominium Book 5, Pages 250 through 254. The plats and plans are expressly incorporated herein by reference and made a part hereof. As the additional phases may be added to the Condominium by supplementary declaration, there

shall be filed simultaneously with each supplementary declaration, plats and plans of each additional phase in the unit ownership file of said registry which when so filed shall be included in the term "PLATS AND PLANS" as if originally included.

D. "MORTGAGE". A deed of trust constituting a lien on a unit.

E. "MORTGAGEE". A lender whose loan is secured by the lien of a deed of trust on a unit.

#### IV. UNIT BOUNDARIES

The Condominium consists of

- A. CONDOMINIUM UNITS,
- B. COMMON ELEMENTS, and
- C. LIMITED COMMON ELEMENTS

The Condominium Unit boundaries are the walls, floors, and ceilings of each unit as defined in Section 47C-103 and as depicted on the Plats and Plans of the condominium. The Common Elements are all portions of the Condominium other than the Units as defined in Section 47C-1-103, and as depicted on the Plat and Plans of the Condominium. The Limited Common Areas are as defined in Sections 47C-1-103 and 47C-2-102, and are depicted on the Plats and Plans of the Condominium and are allocated to specific Units as shown thereon. The Limited Common Elements other than those enumerated in Sections 47C-2-102(2)(4) are:

- A. Heating, Air Conditioning and Garbage Disposal Units;
- B. Outside Storage Areas; and
- C. Chimneys.

#### V. OWNERSHIP OF CONDOMINIUM UNITS AND ALLOCATION OF APPURTENANT INTEREST IN COMMON ELEMENTS

Each Condominium Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership. The owner of each unit shall own as an appurtenance to the ownership of said Condominium Unit an undivided percentage interest in the Common Elements. An undivided percentage interest in the Common Elements means the percentage of undivided interest each unit owner owns in the common areas and facilities as

the same may change with the addition of additional phases which may be added to the Condominium by supplementary declaration. The undivided fractional or percentage interest owned by each Unit Owner of the common areas and facilities is as declared in Exhibit "D" attached hereto. However, it is further declared that in the event the Declarant, pursuant to the provisions of this article and Chapter 47C, adds to or expands the property and therefore the number of units, unit owners, and Common Elements subject to this Declaration, then consequently the fractional or percentage interest owned by each Unit Owner of all phases in the Condominium shall necessarily change from that as established in Exhibit "D" attached hereto. With the addition of each phase, the percentage of interest of each Unit Owner will be recalculated and included in the Supplemental Declaration.

The percentage of undivided interest of each Unit shall be the proportion that the "square footage of gross heated area" of each unit bears to the aggregate "square footage of gross heated area" of all units declared to date. This formula shall be used to re-allocate the percentage interest upon addition of new units by supplemental declaration.

The percentage of interest in the Common Elements shall be determinative of the common expenses of each Unit for expenses of the Unit Owners Association, i.e. the percentage of common expense for each Unit shall be the same as the percentage of interest in Common Elements.

The allocation to each unit of its vote in the Unit Owners Association in the conduct of the business of the Association shall be one vote per unit.

#### VI. DECLARANT'S RIGHT TO AMEND DECLARATION TO ADD ADDITIONAL UNITS.

Declarant expressly reserves the right but not the requirement to add the property described in Exhibit "B," identified as "Area for Proposed Development," to the Condominium Declaration and to erect thereon additional Condominium Units. All or part of the additional real estate described in Exhibit "B" may be added to the condominium at different times, but no assurances are made in regard to the order in which such portions may be added. Declarant shall have no duty or obligation of any kind to add any or all of the additional real estate. The method of adding the additional real estate to the Condominium shall be pursuant to Section 47C-2-105 and 47C-2-110 of Chapter 47C. If any development right is exercised in any portion of the real es-



tate subject to that development right, i.e. Exhibit "B", the Declarant is not required to exercise the development right in any other portion of the remainder of that real estate. The assurance made in this Article will not apply with respect to any additional real estate that is not added to the Condominium.

The maximum number of additional units that may be created within the additional real estate described in Exhibit "B" is 38 Units. All of such units will be restricted exclusively to residential use. Any units that may be erected upon the additional real estate described in Exhibit "B" or any portion thereof will be compatible with the other Units in the Condominium in terms of architectural style, quality of construction, principal materials employed in construction and size. All restrictions in this Declaration and the accompanying By-Laws affecting use, occupancy and alienation of Units will apply to any and all additional Units that may be erected within the additional real estate as shown in Exhibit "B". In addition to the Units that may be erected upon the additional real estate or a portion thereof, the other improvements and Common Elements that may be made or created upon or within the additional real estate or each portion thereof which may be added to the Condominium will be generally similar in quality and quantity to the improvements in Common Elements located in the Condominium.

Declarant's right to add the additional real estate and Units thereon shall exist to and including December 31, 1996. This is a right reserved by the Declarant under Section 47C-2-105(a)8 and may be accomplished within the stated time frame without the concurrence or further consent of any Unit Owner.

## VII. AMENDMENT OF DECLARATION

In addition to amendment by the Declarant in exercising his development rights to add additional real estate to the Condominium and in addition to amendments as provided in Section 47C-2-117 of Chapter 47C, the Declaration may be amended in the following manner: The Amendment or Amendments to the Declaration of Condominium may be proposed by the Executive Board of the Association acting upon a vote of a majority of the Members elected from Indigo Village Townhomes, 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 of Condominium being proposed by said Executive Board 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 who own Units in Indigo Village Townhomes 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 such 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 when deposited in the United States mail addressed to such member at his Post Office address as it appears on the records of the Association, the postage thereon prepaid. Any such 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 sixty-seven percent (67%) of the members owning Units in Indigo Village Townhomes in order for such Amendment or Amendments to become effective. Thereupon such Amendment or Amendments to 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 Brunswick County, North Carolina, within ten (10) days from the date on which the same became effective, such Amendments or Amendment to specifically refer to the recording data identifying the Declaration of Condominium.

So long as Declarant retains any right to add additional real estate and units or retains any right to representation on the Executive Board of the Association, but in any event no longer than December 31, 1996, no Amendment to this Declaration which shall abridge, amend, or alter the Declarant's rights with respect to addition of real estate and units or with respect to representation on the Executive Board of the Association may be adopted or become effective without the prior written consent of or joinder by the Declarant, Indigo Village Partnership.

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VIII. RESTRICTION AGAINST FURTHER SUBDIVIDING OF CONDOMINIUM UNITS: SEPARATE CONVEYANCE OF APPURTENANT COMMON ELEMENTS PROHIBITED

The undivided interest in the Common Elements declared to be an appurtenance to each Condominium Unit shall not be conveyed, devised, encumbered or otherwise dealt with separately from said Condominium Unit, and the undivided interest in Common Elements appurtenant to each Condominium Unit shall be deemed conveyed, devised, encumbered or otherwise included with the Condominium Unit even though such undivided interest is not expressly mentioned or described in the instrument conveying, devising, encumbering or otherwise dealing with such Condominium Unit. Any conveyance, mortgage, devise, or other instrument which purports to grant any right, interest or lien in, to or upon a Condominium Unit, shall be null, void, and of no effect insofar as the same purports to affect any interest in a Condominium Unit and its appurtenant undivided interest in Common Elements, unless the same purports to convey, devise, encumber or otherwise trade or deal with the entire Condominium Unit. Any instrument conveying, devising, encumbering, or otherwise dealing with any Condominium Unit, which describes said Condominium Unit by the Condominium Unit numerical designation assigned thereto in Exhibit "C" without limitation or exception, shall be deemed and construed to affect the entire Condominium Unit and its appurtenant undivided interest in Common Elements. Nothing herein contained shall be construed as limiting or preventing ownership of any Condominium Unit and its appurtenant undivided interest in the Common Elements by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

IX. SUBDIVISION, ALTERATION, MODIFICATION AND RELOCATION OF BOUNDARIES OF UNITS

No Condominium Unit shall be subdivided into two (2) or more units. Alterations, modifications and relocation of boundaries may be accomplished pursuant to Section 47C-2-111 and 112 and as provided for herein.

A. ALTERATIONS. A Unit Owner may make any improvements or alterations to his Unit that do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. A Unit Owner may, after acquiring an adjoining Unit, remove or alter any intervening partition or create apertures therein, even if the partition is a Common Element if those actions do not impair the structural integrity or mechanical systems or lessen the support of any portion of the Condominium. Removal of partitions or creation of apertures under this Paragraph is not an alteration or relocation of boundaries as provided for in this Article.

A Unit Owner may not, however, change the appearance of the Common Elements or the exterior appearance of a Unit nor any other portion of the Condominium without having made application to and gaining permission from the Association.

B. RELOCATION OF BOUNDARIES BETWEEN ADJOINING UNITS. The boundaries between adjoining units may be relocated upon approval of application to the Association by the owners of those units. The application must be in writing and contain necessary data as may be required by the Association and accompanied by a plat prepared by an architect licensed under Chapter 83 of the North Carolina General Statutes or an engineer registered under Chapter 89C of the North Carolina General Statutes, which said plat details the relation of the boundaries between the affected Units. If the owners of the adjoining Units have specified a reallocation between their Units of their percentage of common interest, the application must state the proposed reallocation.

If the application is approved by the Association, the Executive Board shall prepare and record an amendment to the Condominium Declaration that identifies the Units involved and states the reallocation, which said amendment shall be executed by the Unit Owners and the officers of the Association. The amendment must contain words of conveyance and shall be indexed in the name of the grantor and the grantee in the Brunswick County Register of Deeds. Accompanying the amendment the Association and Unit Owners effected shall record plats and/or plans necessary to show the reallocation of boundaries between the adjoining units, which said plats and/or plans shall include the dimensions and identifying numbers.

All costs involved shall be paid by the Unit Owners.

#### K. EASEMENTS

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

ment of the Common Elements or Units so encroached upon.

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

C. EASEMENTS TO REPAIR, MAINTAIN, RESTORE AND RECONSTRUCT. Wherever in, and whenever by, this Declaration, the By-laws or the Act, a Unit Owner, the Association, the Board, or any other person, is authorized to enter upon a Unit or the Common Elements to repair, maintain, restore, or reconstruct all or any part of a Unit or the Common Elements, such easements as are necessary for such entry and such repair, maintenance, restoration, or reconstruction are hereby declared and granted.

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

E. EASEMENTS TO RUN WITH LAND. All easements and rights described in this Article are appurtenant easements running with the land, and except as otherwise expressly provided in this Article shall be perpetually in full force and effect, and shall inure to the benefit of and be binding upon Declarant, the Association, Unit Owners, Occupants, Security Holders and any other person having any interest in the Condominium or any part of any thereof. The Condominium and every part thereof shall be conveyed and encumbered subject to and together with all easements and rights described in this Article, whether or not specifically mentioned in any such conveyance or encumbrance.

#### XI. USE OF COMMON ELEMENTS SUBJECT TO RULES OF THE ASSOCIATION

The use of Common Elements by the Owner or Owners of all Condominium 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; provided, however, that any such rule or regulation shall apply equally to owners of units in Indigo Plantation Townhomes.

XII. THE CONDOMINIUM TO BE USED FOR LAWFUL PURPOSES:  
RESTRICTION AGAINST NUISANCES

No immoral, improper, offensive or unlawful use shall be made of any Condominium Unit or of the Common Elements, nor any part thereof, and all laws, zoning ordinances and regulations of all governmental authorities having jurisdiction of the Condominium shall be observed. No Owner of any Condominium Unit shall permit or suffer anything to be done or kept in his Condominium Unit, or on the Common Elements, which will increase the rate of insurance on the Condominium, or which will obstruct or interfere with the rights of other occupants of the Condominium 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 Condominium Unit, or which interferes with the peaceful possession and proper use of any other Condominium Unit or the Common Elements.

XIII. RIGHT OF ENTRY INTO CONDOMINIUM UNITS IN EMERGENCIES

In case of any emergency originating in or threatening any Condominium Unit, regardless of whether the Owner is present at the time of such emergency, the Executive Board of the Association, or any other person authorized by it, or the Managing Agent, shall have the right to enter such Condominium Unit for the purpose of remedying or abating the cause of such emergency, and such right of entry shall be immediate.

XIV. RESIDENTIAL USE RESTRICTIONS APPLICABLE  
CONDOMINIUM UNITS

Each Condominium Unit is hereby restricted to residential use by the Owner thereof, his immediate family, guests, invitees and lessees. No Owner of any Condominium Unit shall permit the use of his Unit for transient hotel or commercial purposes. Corporate members, other than a joint venturer in the Declarant, shall permit the use of a Condominium Unit owned by it only by its principal officers or board members, or other guests, or lessees. Such corporate member shall annually sign and deliver to the Association a written statement designating the name of the party (or parties) entitled to use such Condominium Unit, together with a written consent of such party in favor of

the Association whereby the party agrees to comply with the terms and provisions of this Declaration of Condominium and with the rules and regulations which may be promulgated by the Association from time to time and acknowledging that the party's right to use such Condominium Unit shall exist only so long as the corporation shall continue to be a member of the Association. Upon demand by the Association to any corporate member to remove a party for failure to comply with the terms and provisions of the Declaration of Condominium and/or the rules and regulations of the Association or for any other reason, the corporate member shall forthwith cause such party to be removed, failing which, the Association, as agent of the Owner, may take such action as it may deem appropriate to accomplish such removal, and all such action by the Association shall be at the cost and expense of the Owner who shall reimburse the Association therefor upon demand, together with such attorneys' fees as the Association may have incurred in the process of removal.

The foregoing provisions of this Section or any other provision of the Declaration or By-Laws notwithstanding, Declarant may maintain sales offices, management offices, and models in units or on Common Elements in the condominium, which said sales office, management office, and model shall be limited to one each, the size of which shall be compatible with the Condominium Units and which may be re-located from time to time, discontinued and re-established within the Condominium.

Declarant may also maintain signs on the Common Elements affecting the Condominium until all of the units have been conveyed to unit owners other than a Declarant. Declarant shall remove all such signs not later than 30 days after all of the units have been conveyed to unit owners other than the Declarant and shall repair or pay for the repair of all damage done by removal of such signs.

#### XV. MEMBERSHIP IN INDIGO PLANTATION

Indigo Village Townhomes is located within Indigo Plantation, a planned residential development consisting of approximately 118 acres. The development is controlled by a formal representative body, the Indigo Plantation Property Owners Association and is developed under a Declaration of Covenants, Conditions and Restrictions as recorded in Book 621 at Page 668, Register of Deeds of Brunswick County. Indigo Village Townhomes Condominium is declared subject to the provisions of the Declaration of Covenants, Conditions, and Restrictions of Indigo Plantation, Inc., and shall be subject to the provisions, rules and regulations contained therein.

The Owner or Owners of each Condominium Unit shall automatically become members of the Indigo Plantation Property Owners Association and shall be subject to the provisions (including but not limited to assessments and liens for nonpayment of assessments) of said declaration for Indigo Plantation Property Owners Association and to the By-Laws, rules and regulations of said Association, upon his, their or its acquisition of an ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Elements, and the memberships of such Owners or Owner shall terminate automatically upon such Owner or Owners being divested of such ownership interest in the title to such Condominium Unit, regardless of the means by which such ownership may be divested. No person, firm, or corporation holding any lien, mortgage or other encumbrance upon any Condominium Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance to membership in said Association, or to any of the rights or privileges of such membership.

XVI. ADMINISTRATION OF THE CONDOMINIUM  
BY THE INDIGO VILLAGE TOWNHOMES OWNERS ASSOCIATION

To efficiently and effectively provide for the administration of the Condominium by the Owners of the Condominium Units, an unincorporated association known and designated as the Indigo Village Townhomes Owners Association has been organized and said Association shall administer the operation and management of the Association, and undertake and perform all acts and duties incident thereto in accordance with the terms of its Articles of Association and By-Laws, as amended. True copies of said Articles of Association and By-Laws are annexed hereto as Exhibits E and F, respectively, and incorporated herein. The Owner or Owners of each Condominium Unit shall automatically become members of said Association upon his, their, or its acquisition of any ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Elements, and the membership of such Owner or Owners shall terminate automatically upon such Owner or Owners being divested of such ownership interest in the title of such Condominium Unit, regardless of the means by which such ownership may be divested. No person, firm or corporation holding any lien, mortgage or other encumbrance upon any Condominium Unit shall be entitled, by virtue of such lien, mortgage or other encumbrance, to membership in said Association, or to any of the rights or privileges of such membership. In addition to the powers granted by Section 47C-3-102,



the administration of the operation and management of the Condominium, Indigo Village Townhomes Owners Association shall have and is hereby granted the authority and power to enforce the provisions of this Declaration of Condominium, to levy and to collect assessments in the manner hereinafter provided and to adopt, promulgate and enforce such rules and regulations governing the use of the Condominium Units and Common Elements as the Executive Board of said Association may deem to be in the best interest of the Association. Indigo Village Townhomes Owners Association is hereinafter referred to as the "Association."

The members of the Executive Board and officers of the Association shall be elected in the manner and for the terms as provided in the By-Laws of the Association.

XVII. RIGHT OF DECLARANT TO REPRESENTATION  
ON EXECUTIVE BOARD OF ASSOCIATION

So long as Declarant owns twenty percent (20%) or more of the units in the Condominium as amended, but in any event no longer than December 31, 1996, Declarant shall have the right to designate and select a majority of the persons who shall serve as members of each Executive Board of the Association. So long as the Declarant is the owner of at least one (1) unit in the Condominium, but in any event no longer than December 31, 1996, Declarant shall have the right to designate and select one (1) of the persons who shall serve as a member of the Executive Board of the Association.

Notwithstanding the above, not later than sixty (60) days after conveyance of twenty-five percent (25%) of the units (including units which may be created pursuant to special Declarant rights) to Unit Owners other than a Declarant, at least one (1) member and not less than twenty-five percent (25%) of the members of the Executive Board shall be selected by Unit Owners other than the Declarant. Not later than sixty (60) days after the conveyance of fifty percent (50%) of the units (including units which may be created pursuant to Special Declarant Rights) to Unit Owners other than a Declarant, not less than thirty-three percent (33%) of the members of the Executive Board shall be elected by Unit Owners other than the Declarant.

Regardless of the periods of control provided herein, the period of Declarant control terminates not later than the earlier of

A. One Hundred Twenty (120) Days after conveyance of seventy-five percent (75%) of the units (including units which may be created pursuant to Special Declarant Rights) to Unit Owners other than a Declarant; or

B. Two (2) Years after the Declarant has ceased to offer units for sale in the ordinary course of business; or

C. Two (2) Years after any development right to add new units was last exercised.

Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Executive Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Association and/or By-Laws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any Board Member or Board Members so removed for the remainder of the unexpired term of any Board Member or Members so removed. Any Board Member designated and selected by Declarant need not be a resident of the Condominium. Any representative of Declarant serving on the Executive Board of the Association shall not be required to disqualify himself from any vote upon any management contract or other contract, or lease between Declarant and the Association where the said Declarant may have a pecuniary or other interest. Similarly, Declarant, as a member of the Association, shall not be required to disqualify itself in any vote which may come before the membership of the Association upon any management contract or other contract or lease between Declarant and the Association where the Declarant may have a pecuniary or other interest.

#### XVIII. MAINTENANCE AND REPAIR OF COMMON ELEMENTS BY THE ASSOCIATION

The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Common Elements, 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 Elements for the furnishing of utility and other services to the Condominium Units and said Common Elements, and should any incidental damage be caused to any Condominium Unit by virtue of any work which may be done or caused to be done by the Association in the main-

tenance, repair or replacement of any Common Elements, 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 Condominium 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 deductibility provision of such insurance, or by reason of the lack of insurance coverage for said act, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

#### XIX. MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS

Every Owner shall perform promptly all maintenance and repair work within his Condominium 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 Condominium 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, sewage and sanitary service to his Condominium Unit. Such Owner shall further be responsible and liable for the maintenance, repair, and replacement of the exterior surfaces of any and all walls, ceilings and floors within his Unit including painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his Condominium Unit. Wherever the maintenance, repair and replacement of any item for which the Owner of a Condominium 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 Condominium 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, window frames, panes and screens are a part of the respective Condominium Units and shall be maintained by the respective Unit Owners.

#### XX. INSURANCE, AUTHORITY TO PURCHASE

Insurance policies upon the Condominium (other than title insurance) shall be purchased by the Association in the name of the Managing Agent or Executive Board of the Association, as Trustees for the Condominium 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 Condominium 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 Condominium Unit Owners, the Association and their respective servants, agents and guests. Each Condominium Unit Owner may obtain insurance, at his own expense, affording coverage upon his Condominium 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.

#### XXI. INSURANCE COVERAGE TO BE MAINTAINED: USE AND DISTRIBUTION OF INSURANCE PROCEEDS

A. The following insurance coverage shall be maintained in full force and effect by the Association covering the operation and management of the Condominium, meaning the Condominium Units and Common Elements, to wit:

1. Casualty insurance covering the buildings and all improvements upon the land and all personal property included within the Condominium Declaration, as amended, except such personal property as may be owned by the Condominium Unit Owners, shall be procured in an amount equal to the maximum insurable replacement value thereof (exclusive of excavation and foundations) as determined annually by the insurance company affording such coverage. Such coverage shall afford protection against: (a) loss or damage by fire and other hazards covered by the standard extended coverage endorsement; (b) such other risks as from time to time customarily shall be covered with respect to buildings

similar in construction, location and use, including, but not limited to, vandalism, malicious mischief, and windstorm damage.

2. Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association or the Federal National Mortgage Association (FNMA), including but not limiting the same to legal liability, hired automobile, non-owned automobile and off-premises employee coverages. All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owners as a group to a Condominium Unit Owner.

3. Blanket-fidelity bonds shall be maintained for anyone who either handles or is responsible for funds held or administered by the Association. Such fidelity bond coverage must at least equal the sum of three months' assessments on all units in the project plus the Association's reserve funds.

B. Premiums upon insurance policies purchased by the Association shall be paid by the Association as common expenses to be assessed and collected from all of the Owners of Condominium Units including the Declarant if Declarant is a unit owner.

C. All insurance policies purchased by the Association shall be for the benefit of the Association and the Condominium Unit Owners and their mortgagees, as their respective interest may appear, and shall provide that all proceeds payable as a result of casualty losses shall be paid to the Association. The Association shall hold such proceeds in trust for the benefit of the Association, the Condominium Unit Owners and their respective mortgagees in the following shares:

1. Proceeds on account of damage to Common Elements: in undivided shares for each Condominium Unit Owner and his mortgagee, if any, which shares as to each Condominium Unit are shown in Exhibit "D" attached hereto.

2. Proceeds on account of damages to Condominium Units shall be held in the following undivided shares:

(a) Partial destruction when the Condominium is to be restored: for the Owners of damaged Condominium Units in proportion to the costs of repairing the damage suffered by each damaged Condominium Unit.

(b) Total destruction of the Condominium or where the Condominium is not to be restored: for all Condominium Unit

Owners, the share of each being set forth in Exhibit "D".

D. In the event a mortgagee endorsement has been issued as to a Condominium Unit, the share of the Condominium Unit Owner shall be held for the mortgagee and the Condominium Unit Owners as their interests may appear, but nothing herein contained shall be construed so as to give any mortgagee the right to determine or participate in the determination of reconstruction or repair.

E. Proceeds of insurance policies received by the Association shall be distributed to or for the benefit of the beneficiary Condominium Unit Owners in the following manner:

(1) If the damage for which the proceeds were paid is to be repaired or reconstructed, the proceeds shall be paid to defray the costs thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial Condominium Unit Owners, all remittances to Condominium Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Condominium Unit and may be enforced by him.

(2) If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the proceeds shall be distributed to the beneficial Condominium Unit Owners, remittances to condominium Unit Owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a Condominium Unit and may be enforced by him.

## XXII. COMMON SURPLUS

"Common Surplus," meaning all funds and other assets of the Association collected from or attributable to Indigo Village Townhomes Owners Association (including excess of receipts of the Association, including but not limited to assessments, rents, profits, and revenues attributable to Indigo Village Townhomes Owners Association from whatever source, over the amount of the Common Expense), shall be owned by the owners of all Units in Indigo Village Townhomes Condominium in the same proportion that the undivided interest in Common Elements appurtenant to each Owner's Condominium Unit in Indigo Village Townhomes Condominium bears to the total of all undivided interest in Common Elements appurtenant to all Condominium Units in Indigo Village Townhomes Condominium; 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 Condominium Units in Indigo Village Townhomes Condominium in accordance with their percentage interest in Common Surplus as declared herein.

XXIII. RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE;  
DAMAGE TO COMMON ELEMENTS; DAMAGE TO CONDOMINIUM UNITS

A. If any part of the Common Elements shall be damaged by casualty, the determination of whether or not to reconstruct or repair the same shall be made as follows:

1. Partial destruction shall be deemed to mean destruction which renders less than two-thirds (2/3) of the Condominium Units untenable. In the event of partial destruction, the Common Elements shall be reconstructed or repaired unless this Declaration is terminated by the unanimous vote of all of the Condominium Unit Owners at a meeting of the members of the Association who own units in Indigo Village Townhomes Condominium called and held prior to commencement of such reconstruction or repair.

2. Total destruction shall be deemed to mean destruction which renders two-thirds (2/3) or more of the Condominium Units untenable. In the event of total destruction, the Common Elements shall not be reconstructed or repaired if, at a meeting which shall be called within thirty (30) days after the occurrence of the casualty, or if by such date the insurance loss has not been finally adjusted, then within thirty (30) days after such adjustment, Condominium Unit Owners who in the aggregate own three-fourths (75%) or more of the Condominium Units in Indigo Village Townhomes Condominium vote against reconstruction or repair.

3. Any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein and on file with and approved by the City of Southport, Brunswick County, North Carolina.

B. If the damage is only to those parts of one or more Condominium Units for which the responsibility for maintenance

and repair is that of the Condominium Unit Owner, then the Condominium 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 as follows:

1. Immediately after the casualty causing damage to property for which the Association has the responsibility for maintenance and repair, the Association shall obtain reliable and detailed estimates of the cost to place the damaged property in condition as good as that before the casualty. Such costs may include professional fees and premiums for such bonds as the Executive Board deems necessary or appropriate.

2. When the damage is to both Common Elements and Condominium Units, the insurance proceeds shall be applied first to the costs of repairing the Common Elements and the balance to the Condominium Units.

C. Each Condominium Unit Owner shall be deemed to have delegated to the Executive Board of the Association his right to adjust with insurance companies all losses under policies purchased by the Association, except in any case where the damage is restricted to the one Condominium Unit.

#### XXIV. ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGES

The Association shall at all times maintain a register setting forth the names of the Owners of all of the Condominium Units. In the event of the sale or transfer of any Condominium Unit to a third party, the purchaser or transferee shall notify the Association in writing of his interest in such Condominium 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 Condominium Unit. Further, the Owner of each Condominium Unit shall notify the Association of the names of the parties holding any mortgage or mortgages on any Condominium 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 Condominium Unit may, if he desires, notify the Association of the existence of any mortgage or mortgages held by such party on any Condominium Unit and, upon receipt of such notice, the Association shall register in its records all pertinent information relating thereto.



## XXV. ASSESSMENTS: LIABILITY, LIEN AND ENFORCEMENT

The Association is given the authority to administer the operation and 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 Condominium 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 Condominium 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 is granted the right to make, levy and collect assessments against the Unit Owners and their Condominium 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 being upon the owners of all Condominium Units:

A. All assessments hereby levied against the Unit Owners and their Condominium Units shall be uniform and, unless specifically otherwise provided for in this Declaration of Condominium, all assessments made by the Association shall be in such an amount that any assessment levied against a Unit Owner and his Condominium Unit shall bear the same ratio to the total assessment made against all Unit Owners and their Condominium Units as the undivided interest in Common Elements appurtenant to each Condominium Unit at the time such assessment is levied bears to the total undivided interest in Common Elements appurtenant to all Condominium Units as shown on Exhibit "D" attached hereto. Should the Association be the Owner of a Condominium 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 assessment therefor levied ratably among the Owners of all Units which are not owned by the Association, based upon their proportionate interest in Common Elements exclusive of the interest therein appurtenant to any Unit or Units owned by the Association. As long as the Declarant is an Owner of a Condominium Unit or Units, the assessment levied against said Unit shall be paid by the Declarant in the same manner as if the Unit were owned by an individual Unit Owner.

B. Assessments provided for herein shall be payable in monthly installments. Such assessments shall commence for each Unit on the first day of the second month following the recorda-

tion of this Declaration or an amendment thereto.

C. The Executive Board 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 of the amounts required to be collected as an assessment each year. The Executive Board shall keep separate, in accordance with Paragraph "D" hereof, items relating to operation and maintenance from items relating to capital improvements. Upon adoption of such annual budget by the Executive Board of the Association, copies of said budget shall be delivered to each Owner of a Condominium Unit and the assessment for said year 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 Executive Board 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 Executive Board shall have the authority to levy such additional assessment or assessments it may deem to be necessary.

D. The Executive Board of the Association, in establishing the annual budget for operation, management and maintenance of the Condominium, shall designate therein a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the Common Elements, which Capital Improvement and Replacement Fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of the Common Elements, as well as the replacement of personal property which may constitute a portion of the Common Elements held for the joint use and benefit of the Owners of Condominium Units. The amount to be allocated to such Capital Improvement Fund may be established by said Executive Board so as to collect and maintain a sum reasonably necessary to anticipate the need for replacement of Common Elements. 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 improvements to Common Elements. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Executive Board of

the Association, be expended for current operation and maintenance. Each Unit Owner shall be deemed to own a portion of the Capital Improvement Fund equal to his proportionate interest in the Common Property as shown on Exhibit "D" and the Association shall annually notify each Unit Owner of the amount of his balance in the Capital Improvement Account. However, such balance shall not be subject to withdrawal by a Unit Owner.

E. A working capital fund shall be maintained for the initial months of the project's operation equal to at least two month's assessments for each Unit. Each Unit's share of the working capital fund shall be collected and transferred to the Association at the closing of the sale of each Unit. Amounts paid into the fund are not to be considered as advance payments of regular assessments.

F. All monies collected by the Association shall be treated as the separate property of the Association, and, subject to the limitations set forth in Paragraph "D" above, such monies may be applied by the Association to the payment of any expense of operating and managing the Condominium, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration of Condominium, the Articles of Association and By-Laws of the Association. As monies for any assessment are paid into the Association by any Owner of a Condominium Unit, the same may be co-mingled with monies paid to the Association by any Owner or a Condominium Unit, the same may be co-mingled with monies paid to the Association by the other Owners of Condominium 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 Elements, 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 Condominium Unit. When the Owner of a Condominium Unit shall cease to be a member of the Association by reason of his divestment of ownership of such Condominium 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.

G. The payment of any assessment or installment thereof shall be in default if any 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 Association shall bear interest at the rate of eighteen percent (18%) per year until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to 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.

H. The Owner or Owners of each Condominium 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 Condominium 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 attorneys' fee, whether suit be brought or not.

I. No Owner of a Condominium Unit may exempt himself from liability for any assessment levied against him or his Condominium Unit by waiver of the use or enjoyment of any of the Common Elements, or any abandonment of the Condominium Unit or in any other way.

J. 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 Condominium 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 of each Unit Owner, the Association is hereby granted a lien upon each Condominium Unit and its appurtenant undivided interest in Common Elements, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the Owner of each such Condominium Units, 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 Condominium Unit and its appurtenant undivided interest in Common Elements. The lien granted to the Association may be foreclosed in like manner as a mortgage on real estate under power of sale under article 2A of Chapter 45C. In any suit for the foreclosure of said lien, the Association shall be entitled

to a reasonable rental from the Owner of any Condominium Unit from the date on which the payment of any assessment or installment thereof became delinquent, and shall be entitled to the appointment of a Receiver for said Condominium Unit, without notice to the Owner of such Condominium 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 eighteen percent (18%) 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 Condominium 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 Condominium Unit expressly subject to such lien rights.

K. The lien herein granted unto the Association shall be enforceable from and after the time of recording a claim of lien in the office of the Clerk of Court of Brunswick County, North Carolina, which claim shall state the description of the Condominium 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, attorneys' 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 subordinate to the lien of any first mortgage or deed of trust and any person, firm or corporation acquiring title to any Condominium Unit and its appurtenant undivided interest in Common Elements by virtue of any foreclosure, a judicial sale, or a deed in lieu of foreclosure, shall be liable and obligated only for assessments as shall accrue and become due and payable for said Condominium Unit and its appurtenant undivided interest in Common Elements 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 Condominium Unit by foreclosure or judicial sale, any assessment or assessments as to

which the party so acquiring title shall not be liable shall be absorbed and paid by all Owners of all Condominium Units as a part of the common expense, 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.

L. Whenever any Condominium 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 executed 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 Condominium Unit is to be leased, sold or mortgaged at the time when payment of any assessment against the Owner of said Condominium Unit and such Condominium 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 Condominium Unit who is responsible for payment of such delinquent assessment.

In any voluntary conveyance of a Condominium Unit (other than by deed in lieu of foreclosure), 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 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.

## XXVI. TERMINATION

The Condominium may be terminated only in strict compliance with Section 47C-2-11B of Chapter 47C, except that termination may be effected only by UNANIMOUS agreement of all Condominium Owners.

## XXVII. REMEDIES IN EVENT OF DEFAULT

The Owner or Owners of each Condominium Unit shall be governed by and shall comply with the provisions of the Declaration of Condominium, and the Articles of Association and By-Laws of the Association, as any of the same are now constituted or as they may be amended from time to time. A default by the Owner of any Condominium Unit shall entitle the Association or the owner of other Condominium units in Indigo Village Townhomes Condominium to the following relief:

A. Failure to comply with any of the terms of this Declaration of Condominium or other restrictions and regulations contained in the Articles of Association 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 Condominium Unit or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights of subrogation.

C. In any proceeding arising because of an alleged default by Unit Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' 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 of Condominium 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 Condominium Unit pursuant to any terms, provisions, covenants or conditions of the Declaration of Condominium 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 Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration of Condominium 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 Lender or Institutional Lenders, as said term is herein defined, to enforce any right, provision, privilege, covenant, or condition which may be granted to it or them by this Declaration of Condominium 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.

#### XXVIII. RIGHTS 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 Condominium Unit or Units, or shall be the owner of any Condominium 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 fur-



nished 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 Amendment to this Declaration of Condominium, 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 Condominium 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 Condominium Unit or Units upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or identifying any Condominium 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 Lender or Institutional Lenders.

#### XXIX. CONVEYANCE OR ENCUMBRANCE OF COMMON ELEMENTS

Portions of the Common Elements may be conveyed or subjected to a security interest by the Association pursuant to the provisions of Section 47C-3-112 of Chapter 47C.

#### XXX. SEVERABILITY

In the event that any of the terms, provisions or covenants of this Declaration of Condominium 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.

#### XXXI. LIBERAL CONSTRUCTION

The provisions of this Declaration of Condominium shall be liberally construed to effectuate its purpose of creating a uniform plan of Condominium ownership. Throughout this Declaration wherever appropriate, the singular shall include the plural and the masculine gender the feminine or neuter. The Article headings are for convenience of reference only and shall not be considered terms of this Declaration.

#### XXXII. DECLARATION OF CONDOMINIUM BINDING ON ASSIGNS AND SUBSEQUENT OWNERS

The restrictions and burdens imposed by the covenants of this Declaration of Condominium are intended to and shall constitute covenants running with the land, and shall constitute an equitable servitude upon each Condominium Unit and its appurtenant undivided interest in Common Elements. This Declaration of Condominium shall be binding upon Declarant, its successors and assigns, and upon all parties who may subsequently become Owners of Condominium Units in the Condominium, and their respective heirs, legal representatives, successors and assigns.

#### XXXIII. AGENT FOR SERVICE OF PROCESS

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

John A. Messick  
704 E. Moore Street  
Southport, NC 28461

#### XXXIII. STATUTE REFERENCES

Any references to "Section 47C" shall mean references to appropriate sections included in Chapter 47C of the North Carolina General Statutes entitled "The North Carolina Condominium Act."

IN WITNESS WHEREOF, INDIGO VILLAGE PARTNERSHIP has caused these presents to be signed and sealed by its corporate partners, this the 17 day of DECEMBER, 1986.

J. P. O'CONNOR COMPANY  
OF N. C., INC.

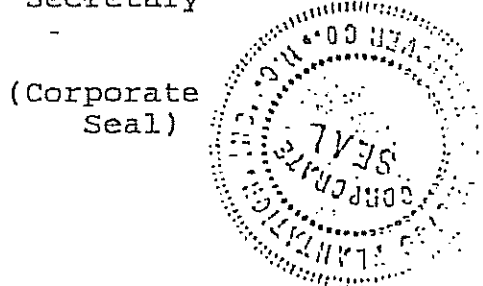
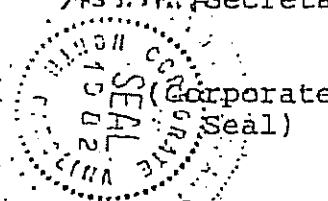
INDIGO PLANTATION, INC.

By: [Signature]  
President

By: [Signature]  
President

Attest: [Signature]  
Secretary

Attest: [Signature]  
Secretary



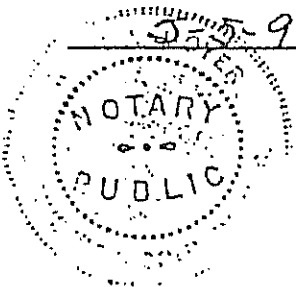
STATE OF NORTH CAROLINA  
COUNTY OF BRUNSWICK

I, RUTH A. MOYER, Notary Public, do hereby certify that MICHAEL R. MCGINNIS personally appeared before me this day and acknowledged that (he/she) is Secretary of J. P. O'CONNOR COMPANY OF N. C., INC. and that by authority duly given, and as the act of the corporation, the foregoing DECLARATION OF CONDOMINIUM was signed in its name by its President, JOHN P. O'CONNOR, sealed with its corporate seal, and attested by (himself/herself) as its Secretary.

Witness my hand and notarial seal, this the 17 day of DECEMBER, 1986.

[Signature]  
Notary Public

My commission expires: 2-25-91



STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

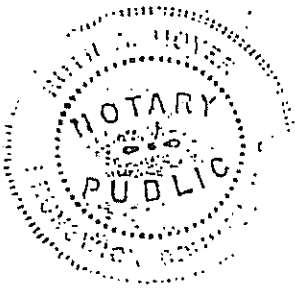
I, RUTH A. MOYER, Notary Public, do hereby certify that MARKET MITCHELL personally appeared before me this day and acknowledged that (he/she) is Secretary of INDIGO PLANTATION, INC. and that by authority duly given, and as the act of the corporation, the foregoing DECLARATION OF CONDOMINIUM was signed in its name by its President, CHARLES A. PAUL, sealed with its corporate seal, and attested by (himself/herself) as its Secretary.

Witness my hand and notarial seal, this the 17 day of December, 1986.

Ruth A. Moyer  
Notary Public

My commission expires:

5-5-91



0675 0320

STATE OF NORTH CAROLINA  
COUNTY OF BRUNSWICK

AS-BUILT VERIFICATION

I, RICHARD B. SCHNEDL, a North Carolina Registered Architect, being first duly sworn, depose and certify that the plans being filed simultaneously with the Declaration of Condominium contain all information required by Section 47C-2-109 of Chapter 47 of the North Carolina General Statutes and that the plans fully and accurately depict the layout, location, ceiling and floor elevations, unit numbers and dimensions of the units as built.

Witness my hand and seal this the 26 day of November, 1986.

Richard B. Schnedl  
Richard B. Schnedl  
Registered Architect

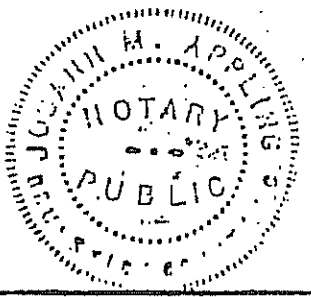
STATE OF NORTH CAROLINA  
COUNTY OF BRUNSWICK

I, JOSEPH M. APPLING, NOTARY PUBLIC, do hereby certify that RICHARD B. SCHNEDL appeared before me this day and acknowledged the due execution of the foregoing As-Built Verification for the purposes therein set forth.

Witness my hand and notarial seal, this the 26 day of November, 1986.

Joseph M. Appling  
Notary Public

My commission expires:  
11-17-91



STATE OF NORTH CAROLINA, Brunswick County  
The Foregoing Certificate(s) of Ruth A. Moyer & Josann K. Appling, Notaries Public

Recorded this 29th day of December 19 86 at 3:43 o'clock P. M. (is)(are) certified to be correct.

## EXHIBIT "A"

## The Description of Phase I

BEGINNING at a point, which said point is located in the southern right-of-way of Indigo Plantation Drive in the City of Southport, North Carolina, as shown on a plat of Indigo Plantation Subdivision recorded in Map Cabinet P, Pages 379-381, Brunswick Registry, the tieline for said point being as follows: Beginning at said point, runs thence North 65 degrees 55 minutes 12 seconds East 38 feet to the P.T. of Indigo Plantation Drive, thence with the chord of a curve North 79 degrees 03 minutes 54 seconds East 181.11 feet to the P.C. of Indigo Plantation Drive, thence South 87 degrees 47 minutes 23 seconds East 405.20 feet; thence North 83 degrees 17 minutes 13 seconds East 30.71 feet; thence North 00 degrees 11 minutes 53 seconds East 70.04 feet to EIP "A" as indicated on a plat of survey for Section 3, Indigo Plantation Subdivision, Map Cabinet P, Page 381; From said point of beginning, runs thence South 24 degrees 04 minutes 48 seconds East 29.71 feet; runs thence South 00 degrees 04 minutes 30 seconds East 141.85 feet; runs thence North 89 degrees 55 minutes 30 seconds East 15.27 feet; runs thence with a curve to the right, said curve having a radius of 24.00 feet and a long chord of South 00 degrees 04 minutes 30 seconds East 48.00 feet to the point of tangent; runs thence North 85 degrees 47 minutes 59 seconds West 97.83 feet; runs thence North 66 degrees 39 minutes 42 seconds West 55.42 feet; runs thence North 46 degrees 40 minutes 04 seconds West 56.56 feet; runs thence North 33 degrees 05 minutes 02 seconds West 36.97 feet; runs thence North 23 degrees 28 minutes 40 seconds West 33.46 feet to the Southern right-of-way of Indigo Plantation Drive; runs thence North 65 degrees 55 minutes 12 seconds East 214.10 feet to the place and point of beginning and being Phase I of Indigo Village Townhomes as per survey by Brunswick Surveying, Thomas W. Morgan, R.L.S., dated November 17, 1986.

## Area for Proposed Development

BEGINNING at a point in the Southern right-of-way of Indigo Plantation Drive in the City of Southport, North Carolina as appears in map Cabinet P, Pages 379-381, Brunswick Registry; The tieline for said point being as follows: Commencing at said point, runs South 87 degrees 47 minutes 23 seconds East 281.69 feet; runs thence North 83 degrees 17 minutes 13 seconds East 30.71 feet; runs thence North 00 degrees 11 minutes 53 seconds East 70.04 feet to EIP "A", as indicated on a plat of survey for Section 3, Indigo Plantation Subdivision, map cabinet P, Page 381, Brunswick Registry; From said point of Beginning, runs thence South 00 degrees 11 minutes 53 seconds West 58.80 feet; runs thence South 00 degrees 11 minutes 53 seconds West 370.48 feet; runs thence South 28 degrees 12 minutes 21 seconds West 60.66 feet; runs thence South 46 degrees 14 minutes 07 seconds West 62.89 feet; runs thence South 83 degrees 03 minutes 56 seconds West 88.92 feet; runs thence North 23 degrees 41 minutes 09 seconds East 67.87 feet; runs thence North 60 degrees 36 minutes 17 seconds West 209.89 feet; runs thence North 89 degrees 52 minutes 48 seconds West 42.85 feet; runs thence North 79 degrees 16 minutes 48 seconds West 80.62 feet; runs thence south 83 degrees 21 minutes 48 seconds West 47.04 feet; runs thence North 58 degrees 15 minutes 01 seconds West 38.05 feet; runs thence North 79 degrees 04 minutes 52 seconds West 58.49 feet; runs thence North 39 degrees 28 minutes 11 seconds West 32.27 feet; runs thence North 82 degrees 38 seconds 11 minutes West 106.31 feet; runs thence North 37 degrees 52 minutes 37 seconds West 40.97 feet; runs thence South 84 degrees 15 minutes 42 seconds West 32.50 feet; runs thence North 61 degrees 57 minutes 16 seconds West 28.51 feet; runs thence with a curve to the right, said curve having a radius of 332.232 feet and a long chord of North 61 degrees 56 minutes 26 seconds East 46.111 feet to the point of tangent; runs thence North 65 degrees 55 minutes 12 seconds East 234.97 feet; runs thence South 23 degrees 28 minutes 40 seconds East 33.46 feet; runs thence South 33 degrees 05 minutes 02 seconds East 36.97 feet; runs thence South 46 degrees 40 minutes 04 seconds East 56.56 feet; runs thence South 66 degrees 39 minutes 42 seconds East 55.42 feet; runs thence South 85 degrees 47 minutes 59 seconds East 97.83 feet; runs thence with a curve to the left, said curve having a radius of 24.00 feet and a long chord of North 00 degrees 04 minutes 30 seconds West 48.0 feet to the point of tangent; runs thence South 89 degrees 55 minutes 30 seconds West 15.27 feet; runs thence North 00 degrees 04 minutes 30 seconds West 141.84 feet; runs thence North 24 degrees 04 minutes 48 seconds West 29.71 feet to the Southern right-of-way of Indigo Plantation Drive; runs thence with the southern right-of-way North 65 degrees 55 minutes 12 seconds East 38.0 feet; runs thence with a curve to the right, said curve having a radius of 398.198 feet and a long chord of North 79 degrees 03 minutes 54 seconds East 181.115 feet to the point of tangent; thence South 87 degrees 47 minutes 22 seconds East 123.51 feet to the PLACE AND POINT OF BEGINNING, being the area for proposed development of Indigo Village Townhomes as per survey by Brunswick Surveying, dated November 20, 1986.

0675 0323

EXHIBIT "C"

Plats and Plans for Phase I

Reference is made to Brunswick County Condominium Book 5,  
Pages 250 through 254, Brunswick County Registry.



0675 0324

EXHIBIT "D"

Percentage of Undivided Interest in Common Elements.

<u>Unit Number</u>	<u>Percentage</u>
K1	.547
K2	.453

Upon the addition of additional phases to this Declaration, the percentage of undivided interest of each individual Unit shall decrease pursuant to the formula contained in Article V. of the Declaration.

0675 0325

EXHIBIT "E"

ARTICLES OF ASSOCIATION

OF

INDIGO VILLAGE TOWNHOMES OWNERS ASSOCIATION

In compliance with the requirements of Chapter 47C of the North Carolina General Statutes, the undersigned, INDIGO VILLAGE PARTNERSHIP, the Declarant of Indigo Village Townhomes, a Condominium, has this day executed these Articles of Association for the purpose of forming an unincorporated association and hereby certifies:

ARTICLE I

The name of the Association is Indigo Village Townhomes Owners Association, hereinafter called the "Association."

ARTICLE II

The principal and initial registered office of the Association is located at 704 E. Moore Street, Southport, Brunswick County, North Carolina 28461.

ARTICLE III

John Messick, whose address is 704 E. Moore Street, Southport, Brunswick County, North Carolina 28461, is hereby appointed the initial Registered Agent of this Association.

ARTICLE IV

This Association does not contemplate pecuniary gain or profit to the members thereof and no part of the Association's net income shall inure to the benefit of any of its Officers, Members, Board Members or any other private individual. The purposes and objectives of the Association shall be to administer the operation and management of Indigo Village Townhomes, a Condominium, established in accordance with the laws of the State of North Carolina upon the property situate, lying, and being in Southport, Brunswick County, North Carolina, and more particularly described in Exhibit "A" (and Exhibit "B", when and if Declarant exercises his right to add additional property) attached to the Declaration of Condominium and incorporated herein by reference; to undertake the performance of the acts and duties incident to the administration of the operation and management of

said Indigo Village Townhomes Condominium in accordance with the terms, provisions, conditions and authorizations contained in these Articles of Association and which may be contained in the formal Declaration of Condominium which will be recorded in the Public Records of Brunswick County, North Carolina, at the time said property, and the improvements now or hereafter situate thereon, are submitted to a plan of Condominium Ownership; and to own, operate, lease, sell, trade and otherwise deal with such property, whether real or personal, as may be necessary or convenient in the administration of said Indigo Village Townhomes Condominium.

#### ARTICLE V

1. The Association shall have all the powers reasonably necessary to implement and effectuate the purposes of the Association, including those contained in Section 47C-3-102 of the North Carolina General Statutes, and the following:

(a) To make and establish reasonable rules and regulations governing the use of Condominium Units and Common Elements in Indigo Village Townhomes as said terms may be defined in said Declaration of Condominium.

(b) To levy and collect assessments against Members of the Association to defray the common expenses of the Condominium as may be provided in said Declaration of Condominium and in the By-Laws of this Association which may be hereafter adopted, including the right to levy and collect assessments for the purposes of acquiring, operating, leasing, managing and otherwise trading and dealing with such property, whether real or personal, including Condominium Units in Indigo Village Townhomes and in accomplishing the purposes set forth in said Declaration of Condominium.

(c) To maintain, repair, replace, operate and manage Indigo Village Townhomes Condominium and the property comprising same, including the right to construct improvements after casualty and to make further improvement of the Condominium property, and to make and enter into any and all contracts necessary or desirable to accomplish said purposes.

(d) To contract for the management of Indigo Village Townhomes and to delegate to such contractor all of the powers and duties of the Association except those which may be required by the Declaration of Condominium to have approval of the Executive Board or membership of the Association.

(e) To acquire and enter into, now or at any time hereafter, leases and agreements whereby the Association acquires leaseholds, memberships, and other possessory or use interests in lands or facilities including, but not limited to, swimming pools, tennis courts, and other recreation facilities whether or not contiguous to the lands of Indigo Village Townhomes to provide enjoyment, recreation or other use or benefit to the owners of Condominium Units.

(f) To enforce the provisions of the Declaration of Condominium, these Articles of Association, the By-Laws, rules and regulations governing the use of said Indigo Village Townhomes as the same may be hereafter established.

(g) To exercise, undertake and accomplish all of the rights, duties and obligations which may be granted to or imposed upon the Association pursuant to the Declaration of Condominium aforementioned.

#### ARTICLE VI

The qualification of the members, the manner of their admission to membership and termination of such membership, and voting by members shall be as follows:

1. The Owners of all Condominium Units in Indigo Village Townhomes Condominium shall be members of the Association, and no other person or entities shall be entitled to membership.

2. Membership shall be established by the acquisition of fee title to a Condominium Unit in Indigo Village Townhomes Condominium, or by acquisition of a fee ownership interest therein, whether by conveyance, devise, judicial decree or otherwise, and the membership of any party shall be automatically terminated upon his being divested of all title to or his entire fee ownership interest in any Condominium Unit, except that nothing herein contained shall be construed as terminating the membership of any party who may own two or more Condominium Units, or who may own a fee ownership interest in two or more Condominium Units, so long as such party shall retain title to or a fee ownership interest in any Condominium Unit.

3. The interest 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 Condominium Unit. The funds and assets of the Association shall belong solely to the Association subject to the limitation that the same be expended, held or used for the benefit of the membership and for

the purposes authorized herein, in the Declaration of Condominium and in the By-Laws which will be hereafter adopted.

4. On all matters on which the membership shall be entitled to vote, there shall be only one vote for each Condominium Unit in Indigo Village Townhomes Condominium, which vote may be exercised or cast by the Owner or Owners of each Condominium Unit in such manner as may be provided in the By-Laws hereafter adopted by the Association. Should any member own more than one Condominium Unit, such member shall be entitled to exercise or cast as many votes as he owns Condominium Units in the manner provided by said By-Laws.

#### ARTICLE VII

The Association shall have perpetual existence.

#### ARTICLE VIII

The affairs of the Association shall be managed by the President of the Association, assisted by the Vice President, Secretary and Treasurer, and, if any, the Assistant Secretaries and Assistant Treasurers, subject to the directions of the Executive Board. The Executive Board or the President, with the approval of the Executive Board, may employ a Managing Agent and/or such other managerial and supervisory personnel or entities to administer or assist in the administration of the operation and management of Indigo Village Townhomes, and the affairs of the Association, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Association or a Board Member or Officer of the Association, as the case may be.

#### ARTICLE IX

The number of members of the first Executive Board of the Association shall be five (5). The number of members of succeeding Executive Boards shall be as provided from time to time by the By-Laws of the Association. The members of the Executive Board shall be elected by the Members of the Association at the Annual Meeting of the membership as provided in the By-Laws of the Association, and, except for those appointed by the Declarant, shall be members of the Association or shall be authorized representatives, officers or employees of a corporate member of the Association. Notwithstanding the foregoing, but subject to Section 47C-3-103 of the North Carolina General Statutes, so long as INDIGO VILLAGE PARTNERSHIP owns 20 percent (20%) or more of

the units in Indigo Village Townhomes, but in any event no longer than December 31, 1996, the Declarant, INDIGO VILLAGE PARTNERSHIP, shall have the right to designate and select a majority of the persons who shall serve as members of each Executive Board of that Association and so long as Declarant, INDIGO VILLAGE PARTNERSHIP, is the owner of at least one condominium unit, but in any event no longer than December 31, 1996, INDIGO VILLAGE PARTNERSHIP shall have the right to designate and select one member of the Executive Board. INDIGO VILLAGE PARTNERSHIP may designate and select the person or persons to serve as a member or members of each Executive Board in the manner provided in the By-Laws of the Association and such person or persons so designated and selected need not be a resident of the Condominium nor own a Condominium Unit.

#### ARTICLE X

The Executive Board shall elect a President, Vice President, Secretary, and Treasurer, and as many Assistant Secretaries and Assistant Treasurers as the Executive Board shall determine. The President and Vice President shall be elected from among the membership of the Executive Board, but no other Officer need to be Board Member. The same person may hold two offices, the duties of which are not incompatible; provided, however, that the office of President and Vice President shall not be held by the same person, nor shall the office of President and Secretary or Assistant Secretary be held by the same person.

#### ARTICLE XI

The names and addresses of the initial Executive Board who, subject to the provisions of these Articles of Incorporation, the By-Laws and the laws of the State of North Carolina, shall hold office until the first Annual Meeting of the Membership (or until their successors are elected and qualified) are as follows:

M. Kent Mitchell	704 E. Moore Street Southport, NC 28461
John A. Messick	704 E. Moore Street Southport, NC 28461
Nancy H. Horton	704 E. Moore Street Southport, NC 28461
H. Gilbert Powell	704 E. Moore Street Southport, NC 28461

0675 0330

John P. O'Connor      Post Office Box 628  
Southern Pines, NC 28387

ARTICLE XII

The original By-laws of the Association shall be adopted by a majority vote of the Members of the Association present at a meeting of Members at which a majority of the membership is present, and thereafter such By-Laws may be altered or rescinded only in such manner as said By-Laws may provide.

ARTICLE XIII

Every Board Member and every Officer of the Association shall be indemnified by the Association against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Board Member or Officer of the Association, whether or not he is a Board Member or Officer, or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a Board Member or Officer of the Association, whether or not he is a Board Member or Officer at the time such expenses are incurred, except in such cases wherein the Board Member or Officer is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of any claim for reimbursement or indemnification hereunder based upon a settlement by the Board Member or Officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Executive Board approves such settlement and reimbursement as being in the best interests of the Association. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Board Member or Officer may be entitled.

ARTICLE XIV

An Amendment or Amendments to these Articles of Association shall require the assent of seventy-five percent (75%) of the membership.

So long as Declarant INDIGO VILLAGE PARTNERSHIP retains any right to add additional real estate and units or retains any right to representation on the Executive Board of the Association, but in any event no longer than December 31, 1996, no

Amendment to these Articles of Association which shall abridge, amend, or alter the Declarant's rights with respect to addition of real estate and units or with respect to representation on the Executive Board of the Association may be adopted or become effective without the prior written consent of or joinder by the Declarant, INDIGO VILLAGE PARTNERSHIP.

IN WITNESS WHEREOF, INDIGO VILLAGE PARTNERSHIP has caused these presents to be signed and sealed by its corporate partners, this the 17 day of DECEMBER, 1986.

J. P. O'CONNOR COMPANY  
OF N. C., INC.

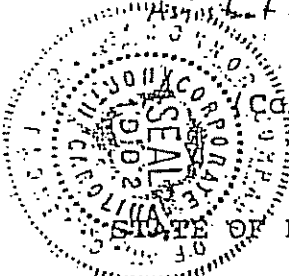
By: [Signature]  
President

Attest: [Signature]  
Secretary

INDIGO PLANTATION, INC

By: [Signature]  
President

Attest: [Signature]  
Secretary



(Corporate Seal)

(Corporate Seal)

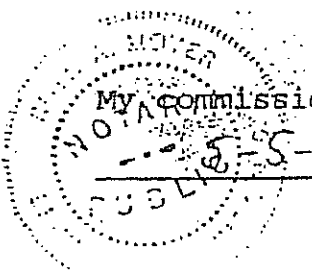


STATE OF NORTH CAROLINA  
COUNTY OF BRUNSWICK

I, RUTH A. MOYER, Notary Public, do hereby certify that MICHAEL R. MCGINNIS personally appeared before me this day and acknowledged that (he/she) is Secretary of J. P. O'CONNOR COMPANY OF N. C., INC. and that by authority duly given, and as the act of the corporation, the foregoing ARTICLES OF ASSOCIATION was signed in its name by its President, JOHN P. O'CONNOR, sealed with its corporate seal, and attested by (himself/herself) as its Secretary.

Witness my hand and notarial seal, this the 17 day of December, 1986.

[Signature]  
Notary Public



My commission expires: 8-5-91



STATE OF NORTH CAROLINA

COUNTY OF BRUNSWICK

I, RUTH A. MOYER, Notary Public, do hereby certify that M. KENT MITCHELL personally appeared before me this day and acknowledged that (he/she) is Secretary of INDIGO PLANTATION, INC. and that by authority duly given, and as the act of the corporation, the foregoing ARTICLES OF ASSOCIATION was signed in its name by its President, CHARLES A. PAUL, sealed with its corporate seal, and attested by (himself/herself) as its Secretary.

Witness my hand and notarial seal, this the 17 day of DECEMBER, 1986.

Ruth A. Moyer  
Notary Public

My commission expires:

5-5-91

