

Drafted by: Edward V. Zotian  
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67

DECLARATION OF CONDOMINIUM

Establishing

THE LATTICEWORKS ASSOCIATION, INC.

JULES W. SMYTHE, JR., AND WIFE, MARGARET R. SMYTHE, of Forsyth County, North Carolina, hereinafter referred to as "Declarant", citizens and residents of Forsyth County, North Carolina, do hereby make, declare and establish this Declaration of Condominium as and for the plan of dwelling ownership of THE LATTICEWORKS ASSOCIATION, INC., being the property and improvements hereinafter described.

I. DESCRIPTION OF THE PROPERTY.

(a) Description of land. The land on which the buildings and other improvements in Phase I and subsequent Phases and extensions are or will be located is situated in Winston-Salem, a municipal corporation, Forsyth County, North Carolina, and is more particularly described on Exhibit A attached hereto.

(b) Buildings and other improvements. Phase I of the project consists of three (3) buildings containing Seven (7) units. All of the buildings are built and the portion of the property consisting of Phase I is more particularly described in Exhibit A-1. Building No. 1 described as 116 N. Sunset Drive is a two-story building with wood siding and shingle roof. The interior floors are wood and plywood with carpet covering. Interior walls shall be stud walls faced with sheetrock. 103 S. Sunset Drive is a one-story frame building with vinyl siding. Roofs will be shingle. 1326 W. First Street is a two-story building with stucco siding. Interior walls shall be stud walls faced with sheetrock. Roofs will be shingle. Units have unfinished attic space with knee walls, second floor units have vaulted ceilings.

Future phases are constructed and currently being renovated upon the land described in Exhibit A. A total of fourteen (14) buildings with total of thirty-seven (37) units will be renovated. All buildings will be supplied with electricity, water, sewage, and garbage collection service. The buildings are more fully depicted in a condominium plat and floor plans which are annexed hereto and made a part hereof as Exhibit C.

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Other significant improvements in the project include walkways, landscaping, and may include fencing.

(c) Each condominium unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each unit shall also own, as an appurtenance to the ownership of each said condominium unit, an undivided interest in the common property. The unit number and undivided interest in the common areas and facilities appurtenant to each unit and its owner for all purposes, including voting, is set forth in Exhibit B. The undivided interest in the common areas and facilities appurtenant to any unit shall not be changed except with the unanimous consent of all of the unit owners in the condominium project expressed in an amendment to this declaration duly executed by all such owners and recorded.

(d) The location, area, and number of rooms of each unit and the immediate common area to which it has access are set forth on Exhibit C.

(e) Unit boundaries and area. Each condominium comprises the interior dwelling area of such unit excluding all spaces or improvements lying or being:

- (1) Beneath the subflooring material of all floors;
- (2) Beneath or behind the sheetrock or other interior surfacing material of all walls;
- (3) Above the sheetrock or other interior surfacing material of the ceilings;

but including all wires, ducts, conduits, heating or air control equipment, and other facilities for furnishing of utilities, heat, air conditioning and other services.

## II. SURVEY AND DESCRIPTION OF IMPROVEMENTS

Filed simultaneously herewith in Condominium Book 3, pages 120 through 123 and expressly made a part hereof (herein "Unit Ownership File"), consisting of four (4) pages, including a certification of engineer, is a Survey of the land and graphic description and plot plans of the improvements constituting the Condominium Units and Common Areas and Facilities, as said terms are hereinafter defined, and their respective locations and approximate dimensions. Each Condominium Unit is identified by specific numerical designation on said Unit Ownership File, and no Condominium Unit bears the same designation as any other Condominium Unit.

### III. DEFINITIONS.

The terms used herein shall have the same meaning set forth in the Act and as follows, unless the context otherwise requires:

(a) "association of unit owners" -- All of the unit owners acting as a group in accordance with the bylaws and declaration to govern the affairs of The Latticeworks Condominiums through the The Latticeworks Association, Inc. a nonprofit corporation.

(b) "building" -- A building, or a group of buildings, each building containing one or more units, and comprising a part of the property.

(c) "common areas and facilities" -- The land within the condominium project; the foundation, columns, girders, beams, supports, main walls, roofs, and entrances and exits of the building; the walkways, stairways, yards, gardens, and parking areas; installations of central services such as power, light, gas, hot and cold water, existing for common use; recreational and other community facilities; and all other parts of the property necessary or convenient to its existence, maintenance, and safety, or normally in common use.

(d) "limited common areas" -- Certain portions of the Common Areas and Facilities are reserved for the use of a particular Condominium Unit or Units to the exclusion of other Units and are designated as "Limited Common Areas and Facilities". The Limited Common Areas and Facilities and the Condominium Unit or Units to which they are reserved include:

1. The patios, porches, decks, attics and basements which are adjacent to respective Condominium Units and interior access to which can be had, only through a Unit are Limited Common Areas and Facilities, and use of such areas shall be limited to the Unit Owner or occupant whose Unit affords interior access to such patio, porch or deck.

2. The steps, stoops, and access hallways which are a part of each building are Limited Common Areas and Facilities and reserved for the use of the Owners of Units in the respective buildings, their families, guests, invitees and lessees.

(e) "common expenses" -- All sums lawfully assessed against the unit owners by the association of unit owners; expenses of administration, maintenance, repair, or replacement of the common areas and facilities; expenses agreed upon as common expenses by the Association of unit owners; and expenses declared common expenses by provisions of this Declaration or the bylaws of the association of unit owners.

(f) "common profits" -- The balance of all income, rents, profits, and revenues from the common areas and facilities remaining after the deductions of the common expenses.

(g) "condominium" -- The ownership of single units in a multi-unit structure with common areas and facilities.

(h) "declarant" -- The individuals on whose behalf the declaration is executed. Any heirs of the individuals referred to in this subsection who come to stand in the same relation to the condominium as their predecessors did shall also come within this definition.

(i) "declaration" -- The instrument, duly recorded by which the property is submitted to the provisions of the Unit Ownership Act and such declaration as from time to time may be lawfully amended.

(j) "majority" or "majority of unit owners" -- The owners of more than fifty percent (50%) of the aggregate interest in the common areas and facilities as established by this declaration at a duly called meeting of the unit owners.

(k) "property" -- The land, the buildings, all improvements and structures thereon, all easements, servitudes, rights and appurtenances belonging thereto; and all articles of personal property intended for use in connection therewith, which have been or are intended to be submitted to the provisions of the Unit Ownership Act.

(l) "unit" -- An enclosed space consisting of one or more rooms occupying part of a floor in a building, including an outside storage room and patio/deck.

(m) "unit owner" -- Means a person, corporation, partnership, association, trust or other legal entity, or any combination thereof, who owns a unit within the building.

IV. OWNERSHIP OF CONDOMINIUM UNIT AND APPURTENANT INTEREST IN COMMON PROPERTY.

Each Condominium Unit shall be conveyed and treated as an individual property capable of independent use and fee simple ownership, and the Owner of each said Condominium Unit shall own, as an appurtenance to the ownership of each said Condominium Unit, an undivided interest in the Common Areas and Facilities. The undivided interest appurtenant to each Condominium Unit shall be as set out in Exhibit "B" attached hereto and made a part hereof. The percentage of proportional interest of the respective Units in the Common Area and Facilities has been determined by a ratio formulated upon the approximate relation that the fair

market value of the Unit at the date of the Declaration bears to the then aggregate fair market value of all of the Units having an interest in said Common Areas and Facilities. The fair market value of each Unit and the aggregate fair market value of all the Units shall be determined by the Declarant, and this determination shall be binding upon all Unit Owners. The percentage of undivided interest in the Common Property assigned to each Condominium Unit shall not be changed except with the unanimous consent of all unit Owners expressed in an amended declaration duly recorded.

V. RESTRICTION AGAINST FURTHER SUBDIVIDING OF CONDOMINIUM UNITS AND SEPARATE CONVEYANCE OF APPURTENANT COMMON PROPERTY.

No Condominium Unit may be divided or subdivided into a smaller Dwelling Unit or Units than as shown in the Unit Ownership File nor shall any Condominium Unit or portion thereof be added to or incorporated into any other Condominium Unit. The undivided interest in the Common Property 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 Property 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 Property, 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 designation assigned thereto in the Unit Ownership File, without limitation or exception, shall be deemed and construed to affect the entire Condominium Unit and its appurtenant undivided interest in Common Property. Nothing herein contained shall be construed as limiting or preventing ownership of any Condominium Unit and its appurtenant undivided interest in the Common Property by more than one person or entity as tenants in common, joint tenants, or as tenants by the entirety.

VI. THE CONDOMINIUM SUBJECT TO RESTRICTIONS.

The Condominium Units and Common Property shall be, and the same are hereby declared to be subject to the restrictions, easements, conditions and covenants prescribed and established herein, governing the use of said Condominium Units and Common

Property and setting forth the obligations and responsibilities incident to ownership of each Condominium Unit and its appurtenant undivided interest in the Common Property, and said Condominium Units and Common Property and are further declared to be subject to the restrictions, easements, conditions, and limitations now of record affecting the land and improvements of the Condominium.

VII. PERPETUAL NON-EXCLUSIVE EASEMENT IN COMMON AREAS AND FACILITIES.

The Common Area and Facilities shall be, and the same are hereby declared to be subject to a perpetual non-exclusive easement in favor of all the Owners of Condominium Units for their use and the use of their immediate families, guests and invitees, for all proper and normal purposes, for ingress, egress and regress and for the furnishing of services and facilities for which the same are reasonably intended, and for the enjoyment of said Owners of Condominium Units. Notwithstanding anything provided in this Article THE LATTICEWORKS ASSOCIATION, INC., hereinafter identified, shall have the right to establish the rules and regulations pursuant to which the Owner of any Condominium Unit may be entitled to use the Common Areas and Facilities, including the right to make permanent and temporary assignments of parking spaces, and to establish regulations concerning the use thereof.

VIII. EASEMENT FOR UNINTENTIONAL AND NON-NEGLIGENT ENCROACHMENTS.

In the event that any Condominium Unit shall encroach upon any Common Property, or upon any other Condominium Unit or Units, for any reason not caused by the purposeful or negligent act of the Declarant, Condominium Unit Owner, or agents of such Owner, then an easement appurtenant to such Condominium Unit shall exist for the continuance of such encroachment upon the Common Property or upon a Condominium Unit for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Property shall encroach upon any Condominium Unit, then an easement shall exist for the continuance of such encroachment of the Common Property into any Condominium Unit for so long as such encroachment shall naturally exist.

IX. RESTRAINT UPON SEPARATION AND PARTITION OF COMMON PROPERTY.

Recognizing that the proper use of a Condominium Unit by an Owner or Owners is dependent upon the use and enjoyment of the Common Property in common with the Owners of all other Condominium Units, and that it is in the interest of all Owners that the

ownership of the Common Property be retained in common by the Owners, it is hereby declared that the percentage of the undivided interest in the Common Property appurtenant to each Condominium Unit shall remain undivided and no Owner of any Condominium Unit shall bring or have any right to bring any action for partition or division.

X. ADMINISTRATION OF THE CONDOMINIUM BY THE LATTICEWORKS ASSOCIATION, INC.

To efficiently and effectively provide for the administration of the Condominium by the Owners of Condominium Units, a non-profit North Carolina corporation known as THE LATTICEWORKS ASSOCIATION, INC., has been organized. Said corporation shall administer the operation and management of the Condominium, and undertake and perform all acts and duties incident thereto in accordance with the terms of the Articles of Incorporation and By-Laws of the corporation. True copies of Said Articles of Incorporation and By-Laws are annexed hereto and expressly made a part hereof as Exhibits "D" and "E" respectively.

The Owner or Owners of each Condominium Unit shall automatically become members of THE LATTICEWORKS ASSOCIATION, INC., (hereinafter Association) upon his, their or its acquisition of an ownership interest in title to any Condominium Unit and its appurtenant undivided interest in Common Property, and the membership 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 the Association, or to any of the rights or privileges of such membership.

In the administration, operation and management of the Condominium, the Association shall have, and is hereby granted, the authority to enforce the provisions of this Declaration of Condominium, to levy and 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 Property as the Board of Directors of said Association may deem to be in the best interest of the corporation.

XI. RESIDENTIAL USE RESTRICTIONS APPLICABLE TO 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 the same for transient hotel or nonresidential purposes. Nothing herein contained shall prevent Declarant from maintaining sales and construction offices in any Condominium Unit during development. No Owner may lease less than the entire Unit.

XII. USE OF COMMON PROPERTY SUBJECT TO RULES OF THE ASSOCIATION.

The use of Common Property 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.

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 the Common Property, 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 Property 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 such 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 Property.

XIV. 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 Board of Directors of the Association, or any other person authorized by it, 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. To facilitate entry in the event of any such emergency, the Owner of each Condominium Unit, if required by the Association, shall deposit under the control of the Association a key to such Condominium Unit.



XV. RIGHT OF ENTRY FOR MAINTENANCE OF COMMON PROPERTY.

Whenever it is necessary to enter any Condominium Unit for the purpose of performing any maintenance, alteration or repair to any portion of the Common Property, the Owner of each Condominium Unit shall permit other Owners or their representatives, or the duly constituted and authorized Agent of the Association, to enter such Condominium Unit for such purpose, provided that such entry shall be made only at reasonable times and with reasonable advance notice.

XVI. LIMITATION UPON RIGHT OF OWNERS TO ALTER AND MODIFY CONDOMINIUM UNIT.

No owner of a Condominium Unit shall permit there to be made any structural modification or alteration in such Condominium Unit without first obtaining the written consent of the Association, which consent may be withheld in the event that a majority of the Board of Directors of said Association shall determine, in their sole discretion, that such structural modifications or alterations would adversely affect or in any way endanger the Condominium in part or in its entirety. No Owner shall cause any non-structural improvements or changes to be made on the exterior of the Condominium, including painting or other decoration, or the installation of electrical wiring, television or radio antennae, machines or air conditioning units, which may protrude through the walls or roof of the Condominium, or in any manner change the appearance of any portion of the building not within the walls of such Condominium Unit, without the written consent of the Association being first had and obtained. No unit owner shall do any work which would jeopardize the soundness or safety of the property or impair any easement or hereditament without in every such case the unanimous consent of all the other unit owners affected being first obtained, in addition to the other requirements contained in this paragraph.

XVII. RIGHT OF THE ASSOCIATION TO ALTER AND IMPROVE PROPERTY AND ASSESSMENT THEREFOR.

The Association shall have the right to make or cause to be made such alterations or improvements to the Common Property which do not prejudice the rights of the Owner of any Condominium Unit in the use and enjoyment of his Condominium Unit, provided the making of such alterations and improvements is approved by the Board of Directors of said Association, and the cost of such alterations or improvements shall be assessed as Common expense to be assessed and collected from all of the Owners of Condominium Units. However, where any alterations and improvements are exclusively or substantially for the benefit of the Owner or Owners of a Condominium Unit or Condominium Units requesting the

same, then the cost of such alterations or improvements shall be assessed against and collected solely from the Owner or Owners of the Condominium Unit or Condominium Units exclusively or substantially benefited, the assessment to be levied in such proportion as may be determined by the Board of Directors of the Association.

XVIII. MAINTENANCE AND REPAIR BY OWNERS OF CONDOMINIUM UNITS.

Every owner must 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, telephone, sewage and sanitary service to his Condominium Unit. Such Owner shall further be responsible and liable for maintenance, repair and replacement of any and all wall, ceiling and floor exterior surfaces, painting, decorating and furnishings, and all other accessories which such Owner may desire to place or maintain in his Condominium Unit. Whenever the maintenance, repair and replacement of any items 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 such 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 this 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 provisions of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

All window frames, panes, screens and air conditioning compressor units are a part of the respective Condominium Units and shall be maintained by the respective Unit Owners.

The Owner of a Condominium Unit who has exclusive use of a patio or deck and storage closet shall maintain such patio or deck and storage closet at his own expense. The Common Areas composed of steps, stoops and central hallways shall be maintained as part of the Common Expense, as hereinafter defined.

XIX. MAINTENANCE AND REPAIR OF COMMON PROPERTY BY THE ASSOCIATION.

The Association, at its expense, shall be responsible for the maintenance, repair and replacement of all of the Common Property, 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 Property for the furnishing of utility and other services to the Condominium Units and said Common Property; 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 maintenance, repair or replacement of any Common Property, the said 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 provisions of such insurance, exceed the amount of the insurance proceeds applicable to such maintenance, repair or replacement.

XX. AUTHORITY TO PURCHASE INSURANCE.

Insurance policies upon the property (except title insurance and as hereinafter allowed) shall be purchased by the Association in the name of the Managing Agent or the Board of Directors of the Association, as Trustee for the Condominium Unit Owners, for the benefit of the Condominium Unit Owners and their respective mortgagees as their interest 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 insurance companies will agree, 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 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 Property, to-wit:

(1) Casualty insurance covering the building and all improvements upon the land and all personal property included within the property described in Exhibit "A" hereto, 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 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 as the building, including but not limited to vandalism, malicious mischief, and windstorm damage.

(2) Public liability and property damage insurance in an amount not less than \$1,000,000.00 for bodily injury and property damage per occurrence and in such amounts and in such forms as shall be required by the Association and including but not limiting the same to legal liability, hired automobile, non-owned automobile, and off-premises employee coverage.

(3) All liability insurance shall contain cross-liability endorsements to cover liabilities of the Condominium Unit Owners as a group to a Condominium Unit Owner.

(4) Fidelity bond coverage for all individuals handling Association fund, with coverage in an amount at least equal to all funds held by the Association, or in an amount at least equal to all reserves and three months assessments, whichever is greater.

B. Premiums upon insurance policies purchased by the Association shall be paid by said Association and charged as Common Expense.

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 interests may appear and shall provide that all proceeds payable

as a result of casualty losses to Common Property and Condominium Units 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 Property: that undivided share for each Condominium Unit Owner and his mortgagee, if any, which is set forth as the Condominium Unit Owner's share as shown on Exhibit "B" attached hereto.

(2) Proceeds on account of damage 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 the share as set forth in Exhibit "B".

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 Owner as their interests may appear.

E. Proceeds of insurance policies received by the Association for damages to Units shall be distributed to, or for the benefit of, the beneficial 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 the Condominium Unit and may be enforced by such mortgagee.

(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 Owner and may be enforced by such mortgagee.

XXII. RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE; DAMAGE TO COMMON PROPERTY; DAMAGE TO CONDOMINIUM UNITS.

A. If any part of the Common Property 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 all the Condominium Units untenable, and in the event of partial destruction the Common Property shall be reconstructed or repaired unless this Declaration is terminated by the unanimous act of all of the Condominium Unit Owners at a meeting of the members of the Association and which shall be called prior to commencement of such reconstruction or repair.

(2) Total destruction shall be deemed to mean destruction which rendered two-thirds (2/3) or more of all the Condominium Units untenable, and in the event of total destruction, the Common Property shall not be reconstructed or repaired if, at a meeting of the Association 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 the said final adjustment), Condominium Unit Owners who in the aggregate own three fourths (3/4) or more of the Condominium Units vote against reconstruction or repair.

(3) Any such reconstruction or repair shall be substantially in accordance with the plans and specifications contained herein. Encroachments upon or in favor of Condominium Units which may be created as a result of such reconstruction or repair shall not constitute a claim or basis of a proceeding or action by the Condominium Unit Owner upon whose property such encroachment exists, provided that such reconstruction was either substantially in accordance with the plans and specifications or as the building was originally constructed. Such encroachment shall be allowed to continue in existence for so long as the building stands.

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 Owners, 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 Board of Directors of the Association desires.

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

C. Each Condominium Unit Owner shall be deemed to have delegated to the Board of Directors 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 one Condominium Unit.

D. Notwithstanding any provision herein to the contrary, hazard insurance proceeds for losses to any condominium property (whether to Condominium Units or Common Property) shall not be used for other than the repair, replacement or reconstruction of such improvements without the assent in writing of at least seventy-five percent (75%) of the first mortgagees of Condominium Units (based upon one vote for each first lien deed of trust), except as provided by statute in case of substantial loss to the Condominium Units and/or Common Property.

XXIII. THE ASSOCIATION TO MAINTAIN REGISTER OF OWNERS AND MORTGAGEES.

The Association shall at all times maintain a Register setting forth the names of the Owners of all of the Condominium Units, and 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 at all times 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 they so desire, 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 pertaining to the same.

XXIV. 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. The Association will incur, for the mutual benefit of all of the Owners of Condominium Units, certain costs and expenses. To provide the funds necessary for such proper operation and management, the Association has been and is hereby granted the right to make, levy and collect an assessment against the Owners of all Condominium Units and their Condominium Units for the administration, operation and maintenance of and capital improvements to THE LATTICEWORKS ASSOCIATION, INC., and is hereinafter referred to as "Maintenance and Capital Improvements Assessment." In furtherance of the grant of authority to the Association to make, levy and collect assessments to pay the costs and expenses for the operation and management of the Condominium, the following provisions shall be operative and binding upon the Owners for all Condominium Units:

A. The Maintenance and Capital Improvement Assessment levied against Owners and their Condominium Units shall be uniform and, unless specifically otherwise provided for in this Declaration of Condominium, the Maintenance and Capital Improvement Assessment levied against each Owner and his Condominium Unit shall bear the same ratio to the total Maintenance and Capital Improvement Assessment made against all Owners and their Condominium Units as the undivided interest in Common Property appurtenant to each Condominium Unit bears to the total undivided interest in Common Property appurtenant to all Condominium Units.

Maintenance and Capital Improvement Assessments shall be levied against each Condominium Unit Owner and his Condominium Unit, including the Units owned by Declarant, commencing with the first day of the first month following occupancy for residential purposes.



B. The Board of Directors of the Association shall establish in advance for each fiscal year an annual budget for the Condominium. The fiscal year 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 shall be required for the proper operation, management and maintenance of the Condominium, including a reasonable allowance for contingencies in reserve, such budget to take into account projected anticipated income which is to be applied in reduction of amounts required to be collected as assessments each year. In developing the annual budget, the Board of Directors of the Association shall keep separate, in accordance with paragraph "C" hereof, items relating to operation and maintenance from items relating to capital improvements. Upon the adoption of the annual budget by the Board of Directors, copies of the annual budget shall be delivered to each Owner of a Condominium Unit. The Maintenance and Capital Improvement 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 assessments. Should the Board of Directors of the Association at any time determine, in its sole discretion, that the assessment levied is, or may prove to be, insufficient to pay the costs of operation and management of the Condominium, or in the event of emergencies, said Board of Directors shall have the authority to levy such additional assessment as it may deem to be necessary.

C. The Board of Directors of the Association, in establishing the annual budget for operation, management and maintenance of the Condominium, may designate therein a sum to be collected and maintained as a reserve fund for replacement of and capital improvements to the Common Property, which Capital Improvements and Replacement Fund shall be for the purpose of enabling the Association to replace structural elements and mechanical equipment constituting a part of Common Property, as well as the replacement of personal property which may constitute a portion of the Common Property 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 Board of Directors so as to collect and maintain at all times a sum reasonably necessary to anticipate the need for replacement of Common Property. 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 Property. Any interest earned on monies in the Capital Improvement Fund may, in the discretion of the Board of Directors 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 proportional interest in the Common Property as

shown on Exhibit "B" 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.

D. All monies collected by the Association from Owners of Units shall be treated as the separate property of said Association, and, except as stated in paragraph C of this Article, 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 the Association by virtue of this Declaration of Condominium and the Articles of Incorporation and the By-Laws of the said Association. Although all funds and common surplus, including other assets of the Association and any increments thereto or profits derived therefrom, or from the leasing of use of Common Property, 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, Association shall not be required to account to such Owner for any share of the fund 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 to the Association which may be used in the operation and management of the Condominium.

E. The payment of any assessment or installment thereof due to the Association shall be in default if such assessment, or any installment thereof, is not paid into the Association within fifteen (15) days of the due date for such payment. When in default, the delinquent assessment or delinquent installment thereof due to the Association shall bear interest at the rate of 12% per annum until such delinquent assessment or installment thereof, and all interest due thereon, has been paid in full to the Association. All monies owing to the Association shall be due and payable at its address, which is 450 NCNB Plaza, Winston-Salem, North Carolina 27101.

F. The Owner or Owners of each Condominium Unit shall be personally liable jointly and severally, as the case may be, 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 Owner or Owners are in default in payment of any assessment or installment thereof owed to the Association, such Owner or Owners of any Condominium Unit shall be personally liable, jointly and severally, for interest on such delinquent assessment or installment thereof as above provided, and for all costs of collecting such assessment or

installment thereof and interest thereon, including a reasonable attorney's fee, whether or not suit is brought.

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

H. Recognizing that the necessity for providing proper operation and management of the Condominium entails the continuing payment of costs and expenses therefor, which 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 the Association is necessary in order to preserve and protect the investment of the Owner of each Condominium Unit, the Association is hereby granted a lien upon each such Condominium Unit and its appurtenant undivided interest in Common Property, which lien shall secure and does secure the monies due for all assessments now or hereafter levied against the Owner of each Condominium Unit, which lien shall also secure interest, if any, which may be due on the amount of any delinquent assessments owing to the Association, and which lien shall also secure all costs and expenses, including a reasonable attorney's fees, which may be incurred by the Association in enforcing this lien upon said Condominium Unit and its appurtenant undivided interest in Common Property. The lien granted to the Association, upon perfection and judgement in the Association's favor may be foreclosed in the same manner as real estate deeds of trust and mortgages may be foreclosed in the State of North Carolina, and 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 the rate of 12% per annum 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.

I. The lien herein granted unto the Association shall be enforceable from and after the time of recording in the Public Records of Forsyth County, North Carolina, a claim of lien stating 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, attorney's fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed and verified by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be cancelled of record.

The lien provided for herein shall be subordinated to the lien of any first mortgage or first deed of trust and any person, firm or corporation acquiring title to any Condominium Unit and its appurtenant undivided interest in Common Property by virtue of any foreclosure or judicial sale, or any proceeding, conveyance or assignment in lieu of foreclosure, shall only be liable and obligated for assessments as shall accrue and become due and payable for said Condominium Unit and its appurtenant undivided interest in Common Property subsequent to the date of acquisition of such title, and 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 or any proceeding, conveyance or assignment in lieu of foreclosure, any assessment or assessments 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.

J. Whenever any Condominium Unit may be leased, sold or mortgaged by the Owner thereof, the Association, upon written request of the Owner of such Condominium Unit, 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 the Owner of such Condominium 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 due to the Association against the Owner of said Condominium Unit and such Condominium Unit 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.

Except as provided in subparagraph "I" hereof, in any voluntary conveyance of a Condominium Unit, the Grantee shall be jointly and severally liable with Grantor for all unpaid assessments against Grantor made prior to the time of such voluntary conveyance, without prejudice to the rights of Grantee to recover from Grantor the amounts paid by Grantee therefor.

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

XXV. COMMON SURPLUS.

"Common Surplus", meaning all funds and other assets of the Association (including excess of receipts of the Association, including but not limited to assessments, rents, profits, and revenues from whatever source, over the amount of the Common Expense), shall be owned by the Owners of all Condominium Units in the same proportion that the undivided interest in Common Property appurtenant to each Owner's Condominium Unit bears to the total of all undivided interest in Common Property appurtenant to all Condominium Units; provided, however, that said Common Surplus shall be held by the Association in the manner, and subject to the terms, provisions and conditions of this Declaration imposing certain limitations and restrictions upon the use and distribution of the Common Surplus. Except for distribution of any insurance indemnity herein provided for, or the termination of the Condominium, any attribution of Common Surplus, and any distribution of Common Surplus which may be made from time to time, shall be made to the then Owners of Condominium Units in accordance with this Article.

XXVI. TERMINATION.

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

A. Termination may be effected only by the unanimous agreement of all Condominium Unit Owners by an instrument to that effect duly recorded, provided that the holders of all liens affecting any of the said Condominium Units consent thereunto, or agree, in either case by instrument duly recorded, that their liens be transferred to the percentage of the undivided interest of the Condominium Unit Owner in the property as hereinafter provided. The termination shall become effective when such agreement has been recorded in the public records of Forsyth County, North Carolina.

B. If it is determined in the manner elsewhere provided that the property shall not be reconstructed after casualty, the condominium plan of ownership shall be terminated and this Declaration of Condominium revoked. The determination not to reconstruct after casualty shall be evidenced by a Certificate of the Association certifying as to the facts effecting the termination, which Certificate shall become effective upon being recorded in the public records of Forsyth County, North Carolina.

C. After termination of the Condominium, the Condominium Unit Owners shall own the property as tenants in common in undivided shares and the holders of mortgages and liens against the Condominium Unit or Units formerly owned by such Condominium Unit Owners shall have mortgages and liens upon the respective undivided shares of the Condominium Unit Owners. Such undivided shares of the Condominium Unit Owners shall be as set forth in Exhibit C. All funds held by the Association and insurance proceeds, if any, shall be held for the Condominium Unit Owners in the proportion as set forth in Exhibit C. The costs incurred by the Association in connection with the termination shall be a Common Expense.

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

E. The members of the Board of Directors of the Association acting collectively as agent for all Condominium Unit Owners shall continue to have such powers as in this Article are granted for the purpose of winding up the affairs of the Association notwithstanding the fact that the Association itself may be dissolved upon a termination.

XXVII. AMENDMENT OF DECLARATION OF CONDOMINIUM.

This Declaration of Condominium may be amended in the following manner:

An Amendment or Amendments to this Declaration of Condominium may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors, or by the members of the Association owning a majority of the Condominium 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 Board of Directors or members, such proposed Amendment or Amendments shall be transmitted to the President of the Association, or other Officer of the Association in the absence of the President, who shall thereupon call a Special Meeting of the Members of the Association for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the proposed Amendment or Amendments, and it shall be the duty of the Secretary to give to each member written or printed notice of such Special Meeting, stating the time and place thereof, and reciting the proposed Amendment or Amendments in reasonably detailed form, which notice shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such Special Meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States mail addressed to the member at his Post Office address as it appears on the records of the Association, the postage thereon prepaid. Any member may, by written waiver of notice signed by such member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of such notice to such member. At such meeting, the Amendment or Amendments proposed must be approved by an affirmative vote of seventy-five percent (75%) of the members owning Units in order for such Amendment or Amendments to become effective. Thereupon, the Amendment or Amendments of this Declaration of Condominium shall be transcribed and certified by the President and Secretary of the Association as having been duly adopted, and 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 Forsyth County, North Carolina, within ten (10) days from the date on which the same became effective, such Amendment or Amendments to specifically refer to the recording

data identifying the Declaration of Condominium. Thereafter, a copy of said Amendment or Amendments in the form in which the same were placed of record by the Officers of the Association shall be delivered to the Owners of all Condominium Units, but delivery of a copy thereof shall not be a condition precedent to the effectiveness of such Amendment or Amendments. The written vote of any member of the Association shall be recognized if such member is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting.

Notwithstanding anything herein contained to the contrary, it is declared as follows:

A. No alteration in the percentage of ownership in Common Property appurtenant to each Condominium Unit, or alteration of the basis for sharing common expenses and other apportionment of assessments which may be levied by the Association in accordance with the provisions hereof, or alteration of basis of ownership of the Common Surplus, shall be made without the unanimous consent of all of the owners of all Condominium Units and their respective mortgagees expressed in an amended declaration duly recorded.

B. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of an institutional Lender or institutional Lenders shall be made without written the consent of all institutional Lenders holding mortgages on Condominium Units expressed in an amended declaration duly recorded.

C. No alteration, amendment or modification of the rights and privileges granted and reserved hereunder in favor of Declarant shall be made without the written consent of the Declarant expressed in an amended declaration duly recorded.

#### XXVIII. REMEDIES IN EVENT OF DEFAULT.

The Owner or Owners of each Condominium Unit shall be governed by and shall comply with the provisions of this Declaration of Condominium, the Articles of Incorporation, and the 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 Owners of other Condominium Units 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 Incorporation or By-Laws of the Association shall be grounds for relief which may include, with-



out intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof, which relief may be sought by the Association or, if appropriate, by an aggrieved Owner of a Condominium Unit.

B. The Owner of each Condominium Unit 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 proceedings arising because of an alleged default by the Owner of any Condominium Unit, the Association, if successful, shall be entitled to recover the costs of the proceedings, and such reasonable attorney's fees as may be determined by the Court, but in no event shall the Owner of any Condominium Unit be entitled to such attorney's fees.

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

G. The failure of 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 waiver of the right of said party or parties to thereafter enforce such right, privilege, covenant or condition in the future.

XXIX. FURTHER RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS.

"Institutional Lender" or "Institutional Lenders" or "Institutional Mortgagee", as the terms are used herein, means a bank, savings and loan association, insurance company, a pension fund, a real estate investment trust, a mortgage banker, mortgage broker, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal or State agencies, or other like business entity holding a mortgage on a condominium parcel and insurers or guarantors of same, including the successors and/or assigns of the above entities. So long as any Institutional Lender or Institutional Lenders or Institutional Mortgagee 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 or Institutional Mortgagee shall have the following rights, to-wit:

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

B. To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, prepared by a Certified Public Accountant designated by the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, 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 to be given notice of the call of any meeting of the Association for the purpose of considering any proposed amendment to the Articles of Incorporation or 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 Condominium Unit 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 to the Association. Whenever any Institutional Lender or Institutional Lenders desire the provisions of this Article to be applicable to it, it shall serve written notice of such fact upon the Associ-

ation 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.

E. To examine the books and records of the Association at reasonable times and upon reasonable notice.

Furthermore, upon written request to the Owners Association, identifying the name and address of the holder, insurer or guarantor and the unit number or address, any mortgage holder, insurer, or guarantor will be entitled to timely written notice of:

- a) Any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage.
- b) Any 60-day delinquency in the payment of assessments or charges owed by the owner of any unit on which it holds the mortgage.
- c) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the owners' association.
- d) Any proposed action that requires the consent of a specified percentage of mortgage holders.

XXX. RIGHT OF DECLARANT TO REPRESENTATION ON BOARD OF DIRECTORS OF THE ASSOCIATION.

A. The declarant is required to transfer control of the Association to the unit owners, no later than the earlier of the following events:

- (a) Four months after 75% of the units in the project have been conveyed to unit purchasers; or
- (b) Three years following conveyance of the first unit in a single-phase project, or five years following such conveyance in an expandable project.

The term "control" means the right of the declarant to control the Association, the Association Board, the project, or the unit owners in any manner except through votes allocated to units it owns on the same basis as votes pertaining to sold units.

In the event of dissolution of Declarant at a time when it is the Owner of a Condominium Unit in the Condominium, then the rights of the Declarant shall pass to and may be exercised by its successors receiving ownership of any such Condominium Unit in dissolution.

B. Whenever Declarant shall be entitled to designate and select any person or persons to serve on any Board of Directors of the Association, the manner in which such person or persons shall be designated and the number of persons to be designated shall be as provided in the Articles of Incorporation 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 Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any Director or Directors so removed for the remainder of the unexpired term of any Director or Directors so removed. Any Director designated and selected by Developer need not be a resident in the Condominium. However, the said Declarant shall be responsible, in accordance with the provisions of the By-Laws, for the payment of any assessments which may be levied by the Association against any Condominium Unit or Units owned by the said Declarant, and for complying with the remaining terms and provisions hereof in the same manner as any other Owner of a Condominium Unit or Units.

C. Any representative of Declarant serving on the Board of Directors of the Association shall not be required to disqualify himself upon any vote upon any management contract, other contract, or lease between Declarant and the Association, where 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.

XXXI. 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.

XXXII. 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.

XXXIII. DECLARATION OF CONDOMINIUM BINDING ON HEIRS, 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 Property. 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.

XXXIV. AGENT FOR SERVICE OF PROCESS.

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

Edward V. Zotian  
NCNB Plaza  
Winston-Salem, North Carolina 27101

IN WITNESS WHEREOF, Jules W. Smythe, Jr., and wife,  
Margaret R. Smythe, have caused these presents to be executed  
this the 13 day of March, 1986.

Jules W. Smythe, Jr. (SEAL)  
JULES W. SMYTHE, JR.

Margaret R. Smythe (SEAL)  
MARGARET R. SMYTHE

NORTH CAROLINA )  
FORSYTH COUNTY )

I, S. Elaine Hudspeth, a Notary Public of  
the County of Yadkin, State of North Carolina, do hereby certify  
that Jules W. Smythe, Jr., and wife, Margaret R. Smythe, personally  
appeared before me this day and acknowledged the execution of the  
foregoing instrument.

Witness my hand and notarial seal this the 13 day of  
March, 1986.

S. Elaine Hudspeth  
Notary Public

My Commission Expires:

11-3-86

OFFICIAL SEAL  
North Carolina-Yadkin County  
S. ELAINE HUDSPETH  
Notary Public  
My Commission Expires November 3, 1986

STATE OF NORTH CAROLINA—Forsyth County

The foregoing (or annexed) certificate of S. Elaine Hudspeth,  
(here give name and official title of the officer signing the certificate, passed upon)  
NP, Yadkin Co, NC

is ~~(are)~~ certified to be correct. This the 13 day of March 19 86.

L.E. SPEAS, Register of Deeds

Probate fee \$1.00 paid.

By Kathy Krue Deputy-Assistant

PRESENTED FOR  
REGISTRATION  
AND RECORDED

MAR 13 3 12 PM '86

REGISTER OF DEEDS  
FORSYTH CO., N.C.

\$ 95.50 pd  
BOOK 1531 P 1478

EXHIBIT "A"

TO

DECLARATION OF CONDOMINIUM ESTABLISHING

THE LATTICEWORKS ASSOCIATION, INC.

Property Description

TRACT 1. BEGINNING at a iron in the western right-of-way line of Sunset Drive said iron being the southeast corner of that property described in Deed Book 1459 at page 1869, thence from said beginning point South 78°26'37" West 127.30 feet to a iron; thence South 78°34'11" West 96.62 feet to a point in the eastern line of a 10 foot alley; thence North 13°49'49" West 50.21 feet to a point; thence North 78°12'32" East 206.20 feet to a iron located in the western right-of-way line of Sunset Drive; thence along said right-of-way South 32°36'03" East a chord distance 54.89 feet to the POINT AND PLACE OF BEGINNING. For reference see Deed Book 1459, page 1869.

TRACT 2. BEGINNING at a point located the following course and distance from the BEGINNING POINT OF TRACT 1 South 38°04'33" East a chord distance of 55.90 feet to the POINT AND PLACE OF BEGINNING located in the western right-of-way line of Sunset Drive, thence from said POINT AND PLACE OF BEGINNING South 44°06'58" East a chord distance of 99.45 feet to a point; thence South 78°03'04" West 132.00 feet to a point; thence North 13°10'55" West 82.60 feet to a point; thence North 76°54'49" East 80.85 feet to the POINT AND PLACE OF BEGINNING. For reference see Deed Book 1496, page 852.

TRACT 3. BEGINNING at a point at the intersection of West First Street and Sunset Drive said point being more specifically located in the eastern right-of-way of Sunset Drive and the southern right-of-way line of West First Street, thence North 78°00'49" East 277.37 feet to a iron located in the western line of an alley; thence South 07°13'21" West 68.28 feet to a point; thence South 69°38'05" East 10.25 feet to a point; thence North 07°13'21" East 74.09 feet to a point located in the southern right-of-way line of West First Street; thence 78°00'49" East 160.84 feet to a point; thence South 05°32'22" East 11.27 feet to a point; thence South 31°31'25" West 39.33 feet to a point; thence South 38°33'06" West 59.88 feet to a point; thence South 37°17'46" West 59.88 feet to a point; thence North 88°28'19" West 194.29 feet to a point; thence South 01°24'02" West 168.48 feet to a point; thence North 88°27'05" West 153.76 feet to a point; thence North 01°42'35" East 205.19 feet to the POINT AND PLACE OF BEGINNING. For reference see Deed Book 1369, page 1101, Deed Book 1387, page 190, Deed Book 1408, page 641, Deed Book 1423, page 761, Deed Book 1512, page 1759, Deed Book 1481, page 535, Deed Book 1453, page 1608, Deed Book 1492, page 1859.

BOOK 1531 P 1479

The Latticeworks Association, Inc.  
Page Two  
Continued EXHIBIT "A"

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TRACT 4. BEGINNING at a point the following six courses and distances from the intersection of the southern right-of-way line of West First Street and the eastern right-of-way line of Sunset Drive North 78°00'49" East 277.37 feet to a iron; thence South 07°13'21" West 68.28 feet to a point; thence South 69°38'05" East 10.25 feet to a point; thence North 07°13'21" East 74.09 feet to a point; thence North 78°00'49" East 160.84 feet to a point; thence crossing West End Blvd., South 78°08'28" East 67.72 feet to the POINT AND PLACE OF BEGINNING; thence along a curve to the right South 88°42'36" East a chord distance 16.06 feet containing a radius of 11 feet to a point; thence South 30°34'19" East a chord distance of 129.88 feet to a point; thence South 60°52'04" West 57.60 feet to a point; thence South 62°03'43" West 52.21 feet to a point; thence North 81°58'26" West 104.49 feet to a point; thence North 38°31'04" East a chord distance of 95.09 feet to a point; thence North 36°14'56" East a chord distance of 59.63 feet to a point; thence North 40°10'00" East a chord distance of 36.14 feet to the POINT AND PLACE OF BEGINNING. For reference see Deed Book 1491, page 1742.

TRACT 5. BEGINNING at a point the following six courses and distances from the BEGINNING POINT OF TRACT 3 set out as follows:

North 78°00'49" East 277.37 feet to a iron located in the western line of an alley; thence South 07°13'21" West 68.28 feet to a point; thence South 69°38'05" East 10.25 feet to a point; thence North 07°13'21" East 74.09 feet to a point located in the southern right-of-way line of West First Street; thence North 78°00'49" East 160.84 feet to a point; thence crossing West End Blvd., South 78°08'28" East 67.72 feet to a point; thence along a curve to the right South 88°42'36" East a chord distance of 16.06 feet containing a radius of 11 feet to a point; thence crossing Piedmont Avenue North 66°25'10" East 172.98 feet to a point in the center of a 10 foot joint private drive the POINT AND PLACE OF BEGINNING; thence along the southern right-of-way of West First Street North 73°58'20" East 58.35 feet to a point; thence South 22°47'40" East 109.55 feet to a point; thence South 61°32'08" West 69.89 feet to a point; thence North 26°55'06" West 19.41 feet to a point; thence North 15°40'02" West 104.78 feet to the POINT AND PLACE OF BEGINNING. For reference see Deed Book 1444, page 634.

For a more accurate description of the above-described five tracts see the survey of Otis A. Jones, Surveying Co., Inc. for Jules W. Smythe, Jr., and wife, Margaret R. Smythe entitled The Latticeworks Condominiums, Phase 1, dated February 25th, 1986, Job No. 8971-REC.

BOOK 153 | P | 480



EXHIBIT "A-1"

TRACT 1. BEGINNING at a iron in the western right-of-way line of Sunset Drive said iron being the southeast corner of that property described in Deed Book 1459 at page 1869, thence from said beginning point South 78°26'37" West 112.50 feet to a point; thence North 11°47'35" West 38.85 feet to a point; thence North 78°12'32" East 14.00 feet to a point; thence North 11°47'35" West 12.00 feet to a point; thence North 78°12'32" East 79.00 feet to an iron located in the western right-of-way line of Sunset Drive; thence along said right-of-way South 32°36'03" East a chord distance of 54.89 feet to the POINT AND PLACE OF BEGINNING. For reference see Deed Book 1459, page 1869, also being the easternmost portion of Tract 1 as described in the foregoing EXHIBIT "A".

TRACT 2. COMMENCING at a point at the intersection of West First Street and Sunset Drive said point being more specifically located in the eastern right-of-way of Sunset Drive and the southern right-of-way line of West First Street, thence North 78°00'49" East 102.53 feet to an iron, the POINT AND PLACE OF BEGINNING; thence along the southern right-of-way line of West First Street North 78°00'49" East 60.14 feet to an iron; thence South 01°51'40" West 74.78 feet to a point; thence North 88°28'19" West 5.0 feet to a point; thence South 01°24'02" West 118.75 feet to a point; thence North 88°22'36" West 153.49 feet to an iron in the eastern right of way of Sunset Drive; thence along said right-of-way North 01°42'35" East 50.15 feet to an iron; thence South 88°14'00" East 100.20 feet to a point; thence North 01°27'07 East 129.49 feet to the POINT AND PLACE OF BEGINNING. For reference see Deed Book 1408, page 641, Deed Book 1453, page 1608 and also being a portion of Tract 3 as described in the foregoing Exhibit "A".

EXHIBIT "B" TO DECLARATION OF CONDOMINIUM ESTABLISHING  
THE LATTICEWORKS ASSOCIATION, INC.  
PERCENTAGES OF UNDIVIDED INTEREST IN COMMON AREA AND FACILITIES

<u>UNIT NUMBER</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>
<u>Phase One</u>	<u>Phase One</u>	<u>Phase Two</u>	<u>Phase Three</u>	<u>Phase Four</u>	<u>Phase Five</u>
116-A N. Sunset	13.44538%	6.56891%	3.74707%	2.83616%	2.29932%
116-B N. Sunset	13.44538%	6.56891%	3.74707%	2.83616%	2.29932%
116-C N. Sunset	16.85474%	8.23460%	4.69722%	3.55533%	2.88237%
103 S. Sunset	18.00720%	8.79765%	5.01840%	3.79843%	3.07945%
1326-A W. First	11.52461%	5.63050%	3.21179%	2.43100%	1.97085%
1326-B W. First	15.67827%	7.65982%	4.36935%	3.30717%	2.68117%
1326-C W. First	11.04442%	5.39590%	3.07795%	2.32970%	1.88873%
	100.00000%				
<u>Phase Two</u>					
107 S. Sunset		9.26687%	5.28605%	4.00101%	3.24369%
1330-A W. First		6.09971%	3.47942%	2.63358%	2.13509%
1330-B W. First		7.03812%	4.01472%	3.03874%	2.46356%
1330-C W. First		5.57185%	3.17832%	2.40567%	1.95032%
1322-A W. First		7.62463%	4.34928%	3.29197%	2.66886%
1322-B W. First		6.74488%	3.84744%	2.91213%	2.36091%
1316 W. First		8.79765%	5.01840%	3.79843%	3.07945%
		100.00000%			

BOOK 1531 PAGE 1482

BOOK 1531 PAGE 1482

<u>UNIT NUMBER</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>
<u>Phase One</u>	<u>Phase One</u>	<u>Phase Two</u>	<u>Phase Three</u>	<u>Phase Four</u>	<u>Phase Five</u>
<u>Phase Three</u>					
1401-A W. First			2.54266%	1.92454%	1.56025%
1401-B W. First			2.54266%	1.92454%	1.56025%
1401-C W. First			3.21178%	2.43100%	1.97085%
1401-D W. First			3.21178%	2.43100%	1.97085%
1401-E W. First			4.34928%	3.29197%	2.66886%
1401-F W. First			4.34928%	3.29197%	2.66886%
1306 W. First			5.85480%	4.43150%	3.59269%
1304 W. First			5.52024%	4.17827%	3.38739%
1302 W. First			5.52024%	4.17827%	3.38739%
1300 W. First			5.85480%	4.43150%	3.59269%
			100.00000%		

Phase Four

1334 W. First			3.16536%	2.56621%
1336 W. First			2.91213%	2.36091%
101 S. Sunset			2.53229%	2.05298%
1216-A W. First			3.54520%	2.87415%
1216-B W. First			4.30489%	3.49004%
1218-A W. First			3.54520%	2.87415%
1218-B W. First			4.30489%	3.49004%
			100.00000%	

<u>UNIT NUMBER</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>	<u>PERCENTAGE</u>
<u>Phase One</u>	<u>Phase One</u>	<u>Phase Two</u>	<u>Phase Three</u>	<u>Phase Four</u>	<u>Phase Five</u>
<u>Phase Five</u>					
1000 West End Blvd.					3.18210%
1002 West End Blvd.					2.46356%
1004 West End Blvd.					2.77150%
1006 West End Blvd.					3.07945%
1008 West End Blvd.					3.38740%
1012 West End Blvd.					4.04434%
					100.00000%

# RECORDER'S MEMO

Document of poor quality due to the condition of the original

<p>DEPARTMENT OF TRANSPORTATION DIVISION OF HIGHWAYS PROPOSED SUBDIVISION MAP CONSTRUCTION OF A SUBDIVISION</p> <p>APPROVED _____ DISTRICT ENGINEER</p> <p>DATE _____ NORTH CAROLINA - FORSYTH COUNTY</p>	<p><b>FINAL SUBDIVISION PLAT APPROVAL</b></p> <p>This is not a subdivision of land as defined by adopted regulations. The purpose of this map is to show a parcel of land and a building or buildings located upon said parcel and each building contains one or more condominium units for sale in accordance with N.C.S.S. Chapter 47A, Unit Ownership Act.</p> <p>This the _____ day of _____ 1986.</p> <p>_____ DIRECTOR OF PLANNING</p>	<p><b>NOTARY PUBLIC</b></p> <p>I, <u>OTIS ALBERT JONES</u>, do hereby certify that this map was drawn from an actual survey made under my direct supervision and description recorded in Deed Book 112, P. 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 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699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000, 1001, 1002, 1003, 1004, 1005, 1006, 1007, 1008, 1009, 1010, 1011, 1012, 1013, 1014, 1015, 1016, 1017, 1018, 1019, 1020, 1021, 1022, 1023, 1024, 1025, 1026, 1027, 1028, 1029, 1030, 1031, 1032, 1033, 1034, 1035, 1036, 1037, 1038, 1039, 1040, 1041, 1042, 1043, 1044, 1045, 1046, 1047, 1048, 1049, 1050, 1051, 1052, 1053, 1054, 1055, 1056, 1057, 1058, 1059, 1060, 1061, 1062, 1063, 1064, 1065, 1066, 1067, 1068, 1069, 1070, 1071, 1072, 1073, 1074, 1075, 1076, 1077, 1078, 1079, 1080, 1081, 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1248, 1249, 1250, 1251, 1252, 1253, 1254, 1255, 1256, 1257, 1258, 1259, 1260, 1261, 1262, 1263, 1264, 1265, 1266, 1267, 1268, 1269, 1270, 1271, 1272, 1273, 1274, 1275, 1276, 1277, 1278, 1279, 1280, 1281, 1282, 1283, 1284, 1285, 1286, 1287, 1288, 1289, 1290, 1291, 1292, 1293, 1294, 1295, 1296, 1297, 1298, 1299, 1300, 1301, 1302, 1303, 1304, 1305, 1306, 1307, 1308, 1309, 1310, 1311, 1312, 1313, 1314, 1315, 1316, 1317, 1318, 1319, 1320, 1321, 1322, 1323, 1324, 1325, 1326, 1327, 1328, 1329, 1330, 1331, 1332, 1333, 1334, 1335, 1336, 1337, 1338, 1339, 1340, 1341, 1342, 1343, 1344, 1345, 1346, 1347, 1348, 1349, 1350, 1351, 1352, 1353, 1354, 1355, 1356, 1357, 1358, 1359, 1360, 1361, 1362, 1363, 1364, 1365, 1366, 1367, 1368, 1369, 1370, 1371, 1372, 1373, 1374, 1375, 1376, 1377, 1378, 1379, 1380, 1381, 1382, 1383, 1384, 1385, 1386, 1387, 1388, 1389, 1390, 1391, 1392, 1393, 1394, 1395, 1396, 1397, 1398, 1399, 1400, 1401, 1402, 1403, 1404, 1405, 1406, 1407, 1408, 1409, 1410, 1411, 1412, 1413, 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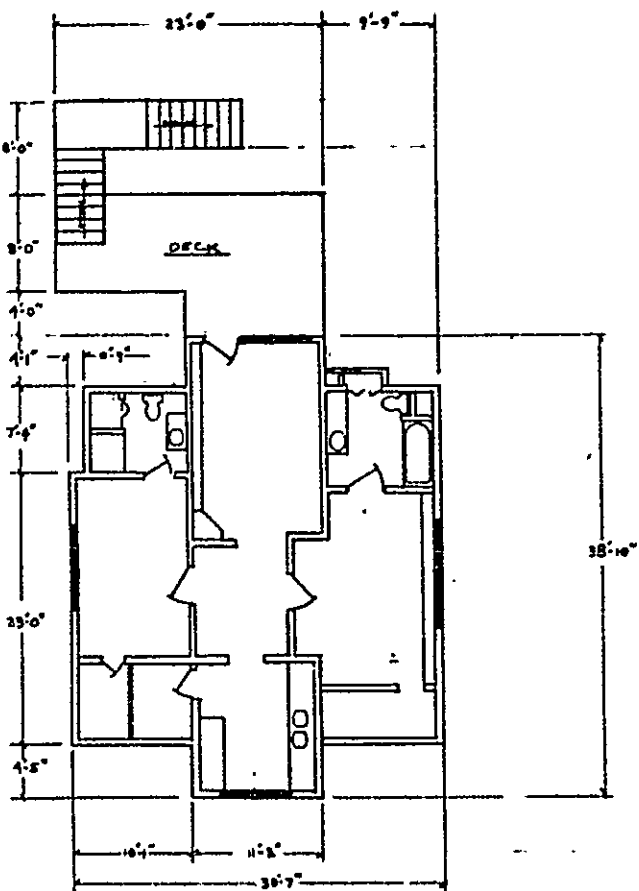
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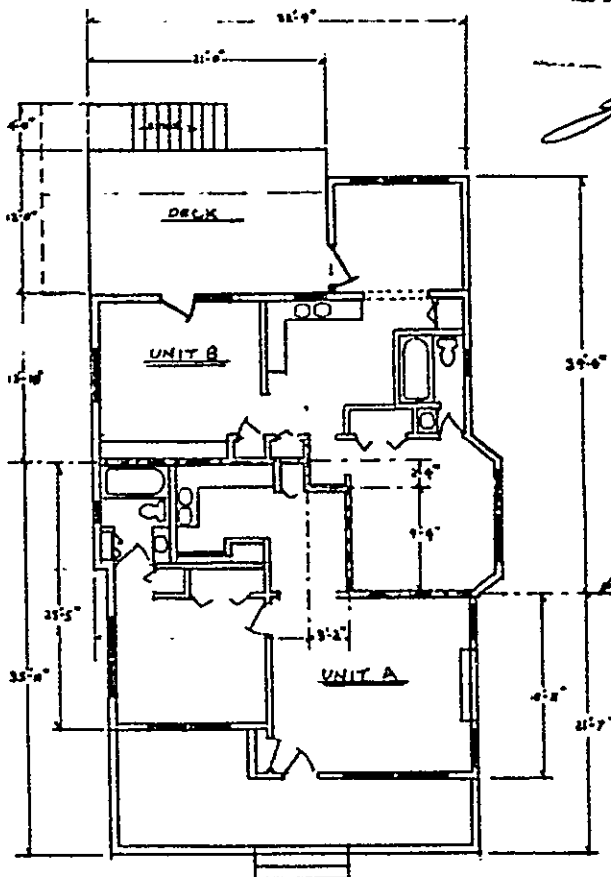
Plan for registration of \_\_\_\_\_  
 to the \_\_\_\_\_  
 of the \_\_\_\_\_  
 Registered County \_\_\_\_\_  
 \_\_\_\_\_

I, Jefferson C. Woodall,  
 being a licensed Architect, duly  
 registered in the State of North  
 Carolina, do hereby certify that  
 the plans depicted on this draw-  
 ing of The Latticeworks accu-  
 rately show the location and  
 elevation of the units as they  
 now exist.

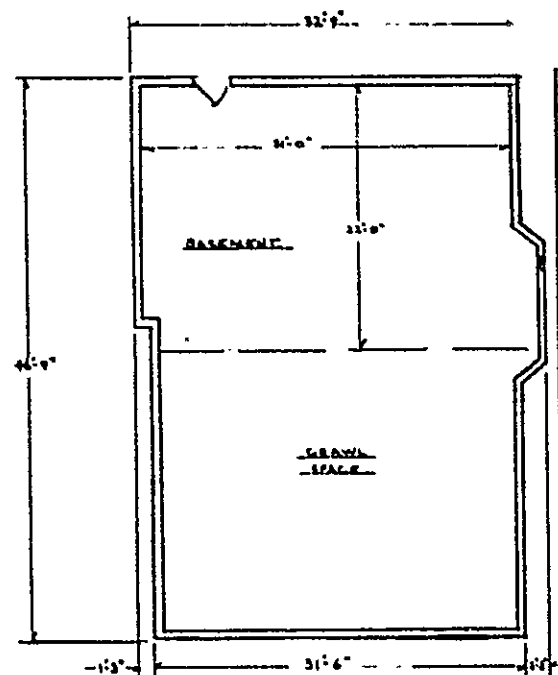
Jefferson C. Woodall



SECOND FLOOR PLAN  
 UNIT C  
 FLOOR ELEV: 823.09  
 CEILING ELEV: 839.97



FIRST FLOOR PLAN  
 UNITS A & B  
 FLOOR ELEV: 821.69  
 CEILING ELEV: 821.10



BASEMENT PLAN  
 FLOOR ELEV: 813.79  
 CEILING ELEV: 820.79

THE LATTICEWORKS			
SCALE: 1/8" = 1'-0"	TOWNSHIP	COUNTY	STATE
DATE: 2-25-86	WINSTON	SALISBURY	N.C.
OWNER AND DEVELOPER:			
JAMES W. SMYTHE JR. & MARGARET B. SMYTHE			
PROJECT: CONDOMINIUM			
T.R. PHASE I			
PAGE 3			

116 N. SUNSET DRIVE  
 BOOK 1531 PAGE 1486

EXHIBIT "C"

# RECORDER'S MEMO

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By	_____

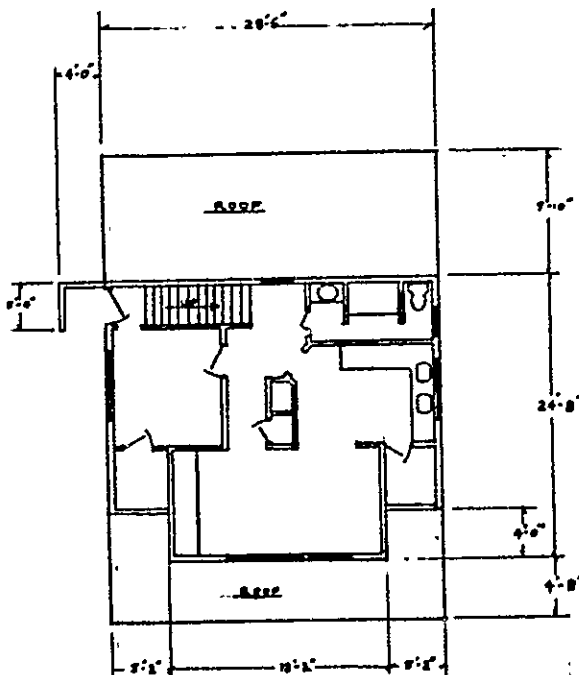
I, Jefferson C. Woodall, being a licensed Architect, duly registered in the State of North Carolina, do hereby certify that the plans depicted on this drawing of The Latticeworks accurately show the location and elevation of the units as they now exist.

Jefferson C. Woodall

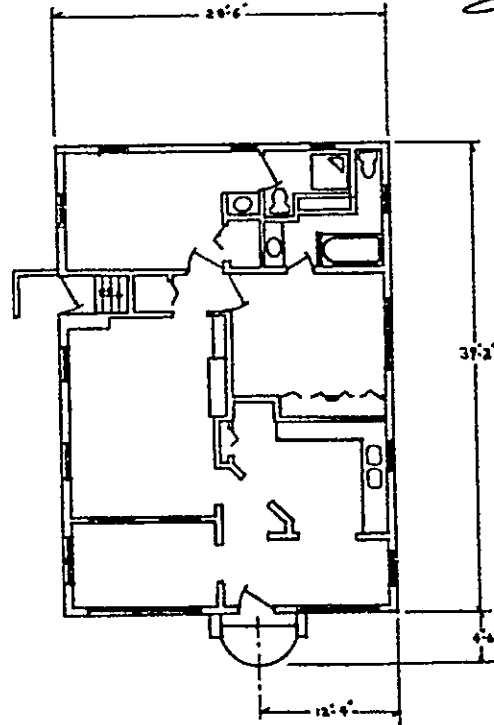


*Jefferson C. Woodall*

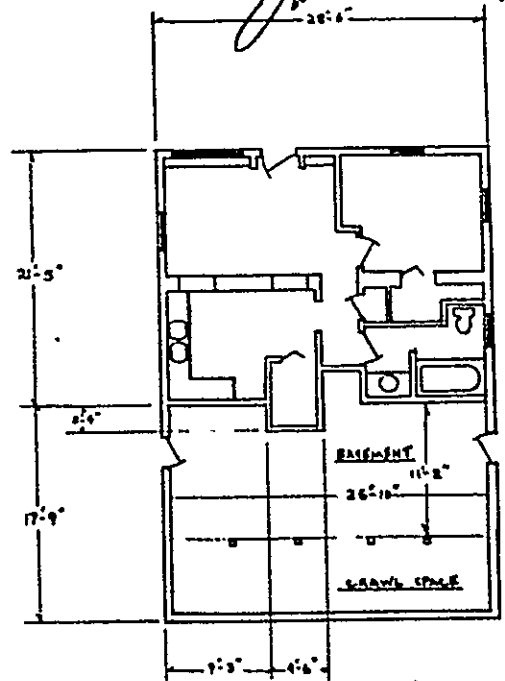
EXHIBIT "C"



**SECOND FLOOR PLAN  
UNIT C**  
FLOOR ELEV: 829.93  
CEILING ELEV: 838.03



**FIRST FLOOR PLAN  
UNIT B**  
FLOOR ELEV: 820.82  
CEILING ELEV: 828.83



**GROUND FLOOR PLAN  
UNIT A & BASEMENT**  
FLOOR ELEV: 809.94 (UNIT A)  
810.16 (BASEMENT)  
CEILING ELEV: 818.37 (UNIT A)  
819.31 (BASEMENT)

THE LATTICEWORKS			
PLAN FOR	SCALE: 1/4" = 1'-0"	TOWNSHIP	COUNTY
DATE: 3-25-86	WILKINSON	FAYETTE	N.C.
OWNER AND DEVELOPER:			
JAMES W. SMITH & MARGARET A. SMITH			
DRAWN BY CONDOMINIUM			
T.E.	PHASE I	DATE	3

1326 W. FIRST STREET

BOOK 1521 PAGE 1487

# RECORDER'S MEMO

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to the condition of the  
original

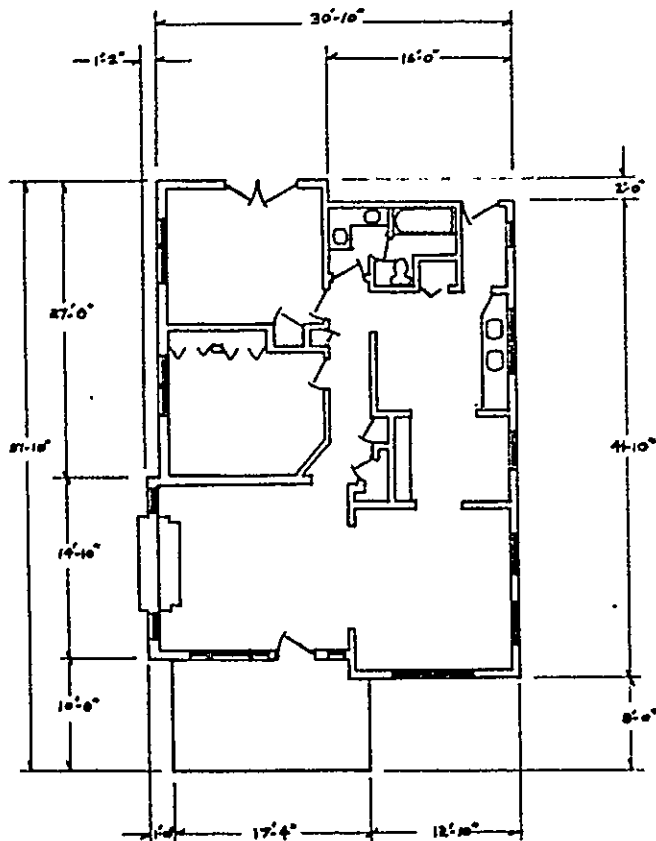
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\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_

I, Jefferson C. Modell,  
being a licensed Architect, duly  
registered in the State of North  
Carolina, do hereby certify that  
the plans depicted on this draw-  
ing of The Latticeworks accu-  
rately show the location and  
elevation of the units as they  
now exist.

Jefferson C. Modell



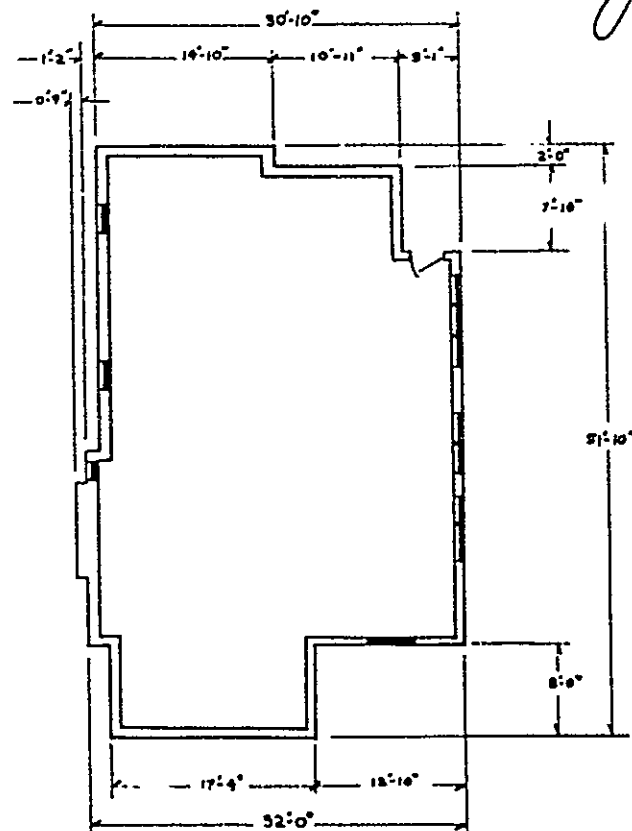
EXHIBIT "C"



FIRST FLOOR PLAN

FLOOR ELEV: 802.40

CEILING ELEV: 812.47



BASEMENT PLAN

FLOOR ELEV: 715.15

CEILING ELEV: 801.65

THE LATTICEWORKS			
SCALE: 1/4" = 1'-0"	TOWNSHIP	COUNTY	STATE
DATE: 2-25-86	WINSTON	FIRSTH	N.C.
OWNER AND DEVELOPER:			
SUNSET CONDOMINIUM, PHASE I			
DESIGNED BY	CONDOMINIUM	PLATE #	4
T.F.	PHASE I		

BOOK 153/ PAGE 1488

103 S. SUNSET DRIVE



ARTICLES OF INCORPORATION  
OF

THE LATTICEWORKS ASSOCIATION, INC.

DOCUMENT #371937  
DATE 12/27/85 TIME 15:37

FILED  
THAD EURE  
SECRETARY OF STATE  
NORTH CAROLINA

In compliance with the requirements of Chapter 55A of the North Carolina General Statutes, the undersigned, a natural person of full age, has this day executed these Articles of Incorporation for the purposes of forming a non-profit corporation and hereby certifies:

ARTICLE I

The name of the corporation is THE LATTICEWORKS ASSOCIATION, INC., hereinafter called the "Corporation."

ARTICLE II

The principal and registered office of the Corporation is located at 450 NCNB Plaza, Winston-Salem, Forsyth County, North Carolina, 27101.

ARTICLE III

Edward V. Zotian, whose address is 450 NCNB Plaza, Winston-Salem, Forsyth County, North Carolina, 27101, is hereby appointed the initial registered agent of this Corporation.

ARTICLE IV

This Corporation does not contemplate pecuniary gain or profit to the members thereof, and the purposes and objects of the Corporation shall be to administer the operation and management of THE LATTICEWORKS ASSOCIATION, INC., a condominium to be established in accordance with the laws of the State of North Carolina upon property situate, lying and being in Forsyth County, North Carolina, and described in EXHIBIT A attached to the Declaration of Condominium to be recorded in the Forsyth County Registry, incorporated herein by reference; and to undertake the performance of the acts and duties incident to the administration of the operation and management of THE LATTICEWORKS ASSOCIATION, INC., in accordance with the terms, provisions, conditions, and authorizations contained in these Articles of Incorporation and which may be contained in the formal Declaration of Condominium for said Condominium 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 Condominium.

BOOK 1531P1489

ARTICLE V

The Corporation shall have the following powers:

1. The Corporation shall have all of the powers and privileges granted to Non-Profit Corporations under the law pursuant to which this Corporation is chartered, and all of the powers and privileges which may be granted unto said Corporation under any other applicable laws of the State of North Carolina, including the Unit Ownership Act.

2. The Corporation shall have all of the powers reasonably necessary to implement and effectuate the purposes of the Corporation, including but not limited to the following:

- (a) To make and establish reasonable rules and regulations governing the use of Condominium Units and Common Property in THE LATTICEWORKS ASSOCIATION, INC., as said terms may be defined in said Declarations of Condominium to be recorded.
- (b) To levy and collect assessments against members of the Corporation to defray the common expenses of the Condominium as may be provided in said Declaration of Condominium and in the Bylaws of this Corporation 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 said Condominium, which may be necessary or convenient in the operation and management of said Condominium and in accomplishing the purposes set forth in said Declaration of Condominium.
- (c) To maintain, repair, replace, operate and manage said Condominium and the property comprising same, including the right to reconstruct 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 said Condominium and to delegate to such contractor all of the powers and duties of the Corporation except those which may be required by the Declarations of Condominium to have approval of the Board of Directors of the Corporation.

- (e) To enforce the provisions of said Declarations of Condominium, these Articles of Incorporation, the Bylaws of the Corporation which may be hereafter adopted, and the rules and regulations governing the use of said Condominium as the same may be hereafter established.
- (f) To exercise, undertake, and accomplish all of the rights, duties, and obligations which may be granted to or imposed upon the Corporation pursuant to the Declaration of Condominium aforementioned.
- (g) 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 land or facilities including, but not limited to, swimming pools, tennis courts, and other recreational facilities whether or not contiguous to the lands of the Condominium to provide enjoyment, recreation, or other use or benefit to the Owners of Condominium Units.

#### 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 THE LATTICEWORKS ASSOCIATION, INC., shall be members of the Corporation, and no other person or entities shall be entitled to membership, except as provided in item (5) of this ARTICLE VI.

2. Membership shall be established by the acquisition of fee title to a Condominium Unit in THE LATTICEWORKS ASSOCIATION, INC., 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 Corporation cannot be assigned, hypothecated or transferred in any manner except as an appurtenance to his Condominium Unit. The funds and assets of the Corporation shall belong solely to the Corporation, 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 Bylaws which may hereafter be adopted.

4. On all matters which the membership shall be entitled to vote, each Condominium Unit shall have a vote equal to its appurtenant undivided interest in the Common Area as set forth in EXHIBIT B of the Declaration of Condominium. The vote of each Unit may be cast or exercised by the Owner or Owners of each Condominium Unit in such manner as may be provided in the Bylaws hereafter adopted by the Corporation. Should any member own more than one Condominium Unit, such member shall be entitled to exercise or cast the votes associated with each Condominium Unit owned in the manner provided by said Bylaws.

5. Until such time as the property described in EXHIBIT A of the Declaration of Condominium, and the improvements which may be hereafter constructed thereon, are submitted to a Plan of Condominium Ownership by the recordation of the Declaration of Condominium, the Membership of the Corporation shall be comprised of the three (3) individuals named in ARTICLE XI hereof as the initial Board of Directors of the Corporation and each shall be entitled to one vote on all matters on which the membership shall be entitled to vote.

#### ARTICLE VII

The Corporation shall have perpetual existence.

#### ARTICLE VIII

The affairs of the Corporation shall be managed by the President of the Corporation assisted by the Vice Presidents, Secretary and Treasurer and, if any, the Assistant Secretaries and Assistant Treasurers, subject to the directions of the Board of Directors. The Board of Directors 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 the Condominium and the affairs of the Corporation, and any such person or entity may be so employed without regard to whether such person or entity is a member of the Corporation or a director or officer of the Corporation, as the case may be.

#### ARTICLE IX

The number of members of the first Board of Directors of the Corporation shall be three (3). The number of members of succeeding Boards of Directors shall be as provided from time to time by the Bylaws of the Corporation. The members of the Board of Directors shall be elected by the members of the Corporation at the annual meeting of the membership as provided by the Bylaws of the Corporation. The declarant is required to transfer control of the Association to the unit owners, no later than the earlier of the following events:

- a. Four months after 75% of the units in the project have been conveyed to unit purchasers; or
- b. Three years following conveyance of the first unit in a single-phase project, or five years following such conveyance in an expandable project.

The term "control" means the right of the declarant to control the Association, the Association Board, the project, or the unit owners in any manner except through votes allocated to units it owns on the same basis as votes pertaining to sold units.

THE LATTICEWORKS ASSOCIATION, INC., may designate and select a majority of the persons who shall serve as members of the Board of Directors of the Corporation. THE LATTICEWORKS ASSOCIATION, INC., may designate the person or persons to serve as a member or members of each said Board of Directors in the manner provided in the Bylaws of the Corporation, and such person or persons so designated and selected need not be a resident of the Condominium.

#### ARTICLE X

The Board of Directors shall elect a President, Secretary and Treasurer, and as many Vice Presidents, Assistant Secretaries and Assistant Treasurers as the Board of Directors shall determine. The President shall be elected from among the membership of the Board of Directors, but no other officer need be a director. 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 post office addresses of the initial Board of Directors who, subject to the provisions of these Articles of Incorporation, the Bylaws, and the laws of the State of North Carolina, shall hold office until their successors are elected and have qualified are as follows:

<u>Name</u>	<u>Address</u>
Edward V. Zotian	450 NCNB Plaza, Winston-Salem, NC
S. Elaine Hudspeth	450 NCNB Plaza, Winston-Salem, NC
Susan D. Walker	450 NCNB Plaza, Winston-Salem, NC

#### ARTICLE XII

The original Bylaws of the Corporation shall be adopted by a majority vote of the initial Board of Directors and thereafter such Bylaws may be altered or rescinded only in such manner as said Bylaws may provide.

#### ARTICLE XIII

Every director and every officer of the Corporation shall be indemnified by the Corporation against all expense 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 director or officer of the Corporation, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the director 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 director or officer seeking such reimbursement or indemnification, the indemnification herein shall only apply if the Board of Directors approves such settlement and reimbursement as being in the best interests of the Corporation. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

#### ARTICLE XIV

An amendment or amendments to these Articles of Incorporation shall require the assent of eighty per cent (80%) of the membership. No amendment of these Articles which shall affect the right of THE LATTICEWORKS ASSOCIATION, INC., to select members of each Board of Directors shall be adopted or be effective without prior written consent of THE LATTICEWORKS ASSOCIATION, INC.

#### ARTICLE XV

The name and address of the incorporator is as follows:

Edward V. Zotian  
Suite 450, NCNB Plaza  
Winston-Salem, N. C. 27101

IN WITNESS WHEREOF, I, the undersigned incorporator, have hereunto set my hand and seal, this 24th day of December, 1985.

  
Edward V. Zotian (SEAL)  
BOOK 153 | P | 494

NORTH CAROLINA )  
 )  
FORSYTH COUNTY )

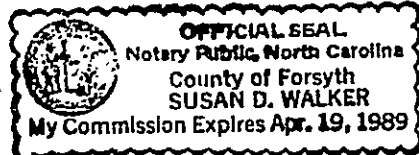
This is to certify that on this 24th day of December, 1985, before me, SUSAN D. WALKER, a Notary Public of said county and state, personally appeared Edward V. Zotian, who I am satisfied is the person named in and who executed the foregoing Articles of Incorporation of THE LATTICEWORKS ASSOCIATION, INC., and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed, and delivered the same as his voluntary act and deed for the uses and purposes therein expressed.

IN WITNESS WHEREOF, I have hereunto set my hand and seal, this 24th day of December, 1985.

Susan D. Walker  
Notary Public

My Commission Expires:

4-19-89



BY-LAWS

OF

THE LATTICEWORKS ASSOCIATION, INC.

A corporation not for profit under  
the laws of the State of North Carolina

1. IDENTITY. These are the By-Laws of THE LATTICEWORKS ASSOCIATION, INC., a non-profit corporation under the laws of the State of North Carolina, the Articles of Incorporation of which were filed in the Office of the Secretary of State (herein "Association"). It has been organized for the purpose of administering the operation and management of THE LATTICEWORKS ASSOCIATION, INC., a condominium to be established in accordance with the laws of the State of North Carolina upon the property situate, lying and being in Winston-Salem, Forsyth County, North Carolina, and described in Exhibit "A" of the Declaration of Condominium and incorporated herein by reference (herein "Condominium").

A. The provisions of these By-Laws are applicable to the Condominium, and the terms and provisions hereof are expressly subject to the terms, provisions, conditions and authorization contained in the Articles of Incorporation and in the Declaration of Condominium which will be recorded in the Forsyth County, North Carolina, Public Registry, at the time said property and the improvements now situated thereon are submitted to the plan of condominium ownership, and the terms and provisions of said Articles of Incorporation and Declaration of Condominium are controlling wherever they may be in conflict herewith.

B. All present or future owners, tenants, future tenants, or their employees, or any other person that might use the Condominium or any of the facilities thereof in any manner, are subject to the regulations set forth in these Bylaws and in said Articles of Incorporation and Declaration of Condominium.

C. The office of the Association shall be at such place in Winston-Salem, North Carolina as the Board of Directors shall designate from time to time.

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D. The fiscal year of the Association shall be 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.

2. MEMBERSHIP, VOTING, QUORUM, PROXIES.

A. The qualification of members, the manner of their admission to membership and termination of such membership, and voting by members, shall be set forth in Article VI of the Articles of Incorporation of the Association, the provisions of which said Article VI of the Articles of Incorporation are incorporated herein by reference.

B. A quorum at members' meetings shall consist of persons entitled to cast a majority of the votes of the entire membership. The joinder of a member in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such person for the purpose of determining a quorum.

C. The vote of the Owners of a Condominium Unit owned by more than one person or by a corporation or other entity shall be cast by the one person named in a Certificate signed by all of the Owners of a Condominium Unit and filed with the Secretary of the Association, and such Certificate shall be valid until revoked by the subsequent Certificate. If such a Certificate is not on file, the vote of such Owners shall not be considered for any purpose.

D. Votes may be cast in person or by proxy. Proxies shall be valid only for the particular meeting designated thereon and must be filed with the Secretary before the appointed time of the meeting.

E. Approval or disapproval of a Unit Owner upon any matter, whether or not the subject of an Association meeting, shall be by the same person who would cast the vote of such Owner if in an Association meeting.

F. The terms "75% of the members" or "75% of the membership", (or "3/4" in lieu of "75%") when used in the context of membership voting rights, shall mean the owners of at least 75% of the aggregate interest in the Common Areas and Facilities.

G. Except where otherwise required under the provisions of the Articles of Incorporation of the Association, these By-Laws, the Declaration of Condominium, or whether the same may otherwise be required by law, the affirmative vote of the persons entitled to cast a majority of the votes at any duly called members' meeting at which a quorum is present shall be binding upon the members.

### 3. ANNUAL AND SPECIAL MEETING OF MEMBERSHIP

A. The Annual Members' Meeting shall be held at a time and place designated by the Board of Directors on the first Saturday in February of each year that is not a legal holiday for the purpose of electing Directors and of transacting any other business authorized to be transacted by the members.

B. Special Members' Meetings shall be held whenever called by the President or Vice-President or by a majority of the Board of Directors and must be called by such Officers upon receipt of written request from members of the Association owning a majority of the Condominium Units.

C. Notice of all members' meetings, regular or special, shall be given by the President, Vice-President or Secretary of the Association, or other Officer of the Association in the absence of said Officers, to each member, unless waived in writing, such notice to be written and to state the time and place and purpose for which the meeting is called. Such notice shall be given to each member not less than twenty (20) days nor more than sixty (60) days prior to the date set for such meeting, which notice shall be mailed or delivered personally to each member within said time. If delivered personally, receipt of such notice shall be signed by the member, indicating the date on which such notice was received by him. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the member at his post office address as it appears on the Register of Owners of the Association as of the date of mailing such notice, the postage thereon prepaid. Proof of such mailing shall be given by the Affidavit of the person giving the notice. Any member may, by signed written waiver of notice, waive such notice and, when filed in the records of the Association, whether before or after the holding of the meeting, such waiver shall be deemed equivalent to the giving of notice to the member. If any members' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the membership required to constitute a quorum for particular purposes has not attended (wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws of the Declaration of Condominium) the members who are present, either in person or by proxy, may adjourn the meeting from time to time until a quorum, or the required percentage of attendance, if greater than a quorum, is present.

D. The order of business as far as practical at any members' meetings, shall be:

1. Calling of the roll and certifying of proxies;

2. Proof of notice of meeting or waiver of notice;
3. Reading and disposal of any unapproved minutes;
4. Reports of Officers;
5. Reports of Committees;
6. Appointment of Inspectors of Election by Chairman;
7. Unfinished business;
8. New business; and
9. Adjournment.

4. BOARD OF DIRECTORS.

A. The initial Board of Directors of the Association shall consist of three (3) persons and each succeeding Board of Directors shall consist of six (6) persons. Notwithstanding the foregoing, so long as the declarant, Jules W. Smythe, Jr., and wife, Margaret R. Smythe, citizens and residents of Forsyth County, North Carolina (herein "Declarant") owns one (1) or more Condominium units in The Latticeworks Condominium, but in any event no later than the occurrence of one of the events listed below, the Declarant shall have the right to select a majority of the persons who shall serve as members of the Board of Directors of the Association. The declarant is required to transfer control of the Association to the unit owners, no later than the earlier of the following events:

- (a) Four months after 75% of the units in the project have been conveyed to unit purchasers; or
- (b) Three years following conveyance of the first unit in a single-phase project, or five years following such conveyance in an expandable project.

The term "control" means the right of the declarant to control the Association, the Association Board, the project, or the unit owners in any manner except through votes allocated to units it owns on the same basis as votes pertaining to sold units.

Any Director selected by Declarant need not be a resident in the Condominium.

B. Election of Directors shall be conducted in the following manner:

1. Declarant shall, at the beginning of the election of the Board of Directors, select that number of the members of the Board of Directors which it shall be entitled to select in accordance with the provisions of these By-Laws, and upon such selection of Declarant by written instrument presented to the meeting at which such election is held, said individuals so selected by Declarant shall be considered Directors of the Association, and shall then-  
ceforth perform the offices and duties of such Directors until their successors shall have been elected in accordance with the provisions of these By-Laws.
2. All members of the Board of Directors whom Declarant shall not be entitled to select under the terms and provisions of these By-Laws shall be elected by a plurality of the votes cast at the Annual Meeting of the members of the Association immediately following the selection of the members of the Board of Directors whom Declarant shall be entitled to select.
3. Vacancies in the Board of Directors may be filled until the date of the next Annual Meeting by the remaining Directors, except that should any vacancy in the Board of Directors be created in any Directorship previously filled by any person selected by Declarant, such vacancy shall be filled by Declarant selecting, by written instrument delivered to any Officer of the Association, the successor Director to fill the vacated Directorship for the unexpired term thereof.
4. The initial Board of Directors will consist of three (3) members whose names are set forth in the Articles of Incorporation. From and after the date of the first annual meeting of members, there shall be six (6) Directors. The initial Board shall serve until their successors at the first Annual Meeting of members are elected and qualify. Each Director shall hold office for a term of one (1) year or until his death, resignation, retirement, removal, disqualification, or until his successor is elected and qualifies. If at the time of the first Annual Meeting Declarant owns one (1) or more Condominium Units in the Condominium, then Declarant shall have the right to designate and select four (4) Directors.

5. In the election of Directors, there shall be appurtenant to each Condominium Unit a total vote equal to the number of Directors to be elected multiplied by the Unit's appurtenant undivided interest in the Common Area as set forth in Exhibit "B" of the Declaration; provided, however, that no member or Owner of one (1) Condominium Unit may cast a vote greater than the Unit's appurtenant undivided interest in the Common Area and Facilities for any one person nominated as a Director so that voting for Directors shall be non-cumulative. Notwithstanding the fact that Declarant may be entitled to select a majority of the members of the Board of Directors, it shall still be entitled to cast the vote for each Condominium Unit owned by it in the elections of other Directors; provided, however, that the other Directors elected are persons other than Officers, Directors, Stockholders and Employees of Declarant, or spouses and relatives of any said persons.

6. In the event that Declarant, in accordance with the rights herein established, selects any person to serve on any Board of Directors of the Association, Declarant shall have the absolute right at any time, in its sole discretion, to replace such person with another person to serve on any Board of Directors. Replacement of any person designated by Declarant to serve on any Board of Directors of the Association shall be made by written instrument delivered to any officer of the Association, which instrument shall specify the name of the person to be replaced and the name of the person designated as successor to the person so removed from the Board of Directors. The removal of any Director and designation of his successor shall be effective immediately upon delivery of such written instrument by Declarant to any officer of the Association.

C. The organizational meeting of each newly elected Board of Directors shall be held within twenty (20) days of their election, at such time and at such place as shall be fixed by the Directors at the meeting at which they were elected, and no further notice of the organizational meeting shall be necessary, provided a quorum shall be present.

D. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone or telegram, at least three (3) days prior to the day named for such meeting, unless notice is waived.

E. Special meetings of the Directors may be called by the President, and must be called by the Secretary at the written request of one-third of the votes of the Board. Not less than three (3) days' notice of a meeting shall be given to each Director, personally or by mail, telephone or telegram, which notice shall state the time, place and purpose of the meeting.

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

G. A quorum at a Directors' meeting shall consist of the Directors entitled to cast a majority of the votes of the entire Board. The acts of the Board approved by a majority of the votes cast at a meeting at which a quorum is present shall constitute the acts of the Board of Directors, except as specifically otherwise provided in the Articles of Incorporation, or these By-Laws, or the Declaration of Condominium. If any Directors' meeting cannot be organized because a quorum has not attended, or because the greater percentage of the Directors required to constitute a quorum for particular purposes has not attended, wherever the latter percentage of attendance may be required as set forth in the Articles of Incorporation, these By-Laws, or the Declaration of Condominium, the Directors who are present may adjourn the meeting from time to time until a quorum, or the required percentage of attendance if greater than a quorum, is present. At any adjourned meeting, any business that might have been transacted at the meeting as originally called may be transacted without further notice. The joinder of a Director in the action of a meeting by signing and concurring in the minutes thereof shall constitute the presence of such Director for the purpose of determining a quorum.

H. The Presiding Officer of Directors' meetings shall be the Chairman of the Board, if such an Officer has been elected; and if none, then the President of the Association shall preside. In the absence of the Presiding Officer, the Directors present shall designate one of their number to preside.

I. Directors shall serve without compensation.

J. Any of the powers and duties of the Association shall be exercised by the Board of Directors, including those existing under the common law and statutes, the Articles of Incorporation of the Association, these By-Laws, and the Declaration of Condo-

minim. Such powers and duties shall be exercised in accordance with said Articles of Incorporation, these By-Laws and the Declaration of Condominium, and shall include, without limiting the generality of the foregoing, the following:

1. To make, levy and collect assessments against members and members' Condominium Units to defray the costs of the Condominium, as provided for in the Declaration of Condominium, and to use the proceeds of said assessments in the exercise of the powers and duties granted unto the Association.
2. To maintain, repair, replace, operate and manage the Common Area and Facilities wherever the same is required to be done and accomplished by the Association for the benefit of its members; and further to approve any expenditure or payment voucher made or to be made for said purposes;
3. To reconstruct any part of the Common Property after casualty in accordance with the Declaration of Condominium, and to make further improvement to the Common Property, real and personal, and to make and to enter into any and all contracts, necessary or desirable to accomplish said purposes;
4. To make, amend and enforce regulations governing the use of the Common Property and Condominium Units so long as such regulations or amendments thereto do not conflict with the restrictions and limitations which may be placed upon the use of such property under the terms of the Articles of Incorporation and Declaration of Condominium;
5. To acquire, operate, lease, manage and otherwise trade and deal with property, real and personal, including Condominium Units in the Condominium as may be necessary or convenient in the operation and management of the Condominium, and in accomplishing the purposes set forth in the Declaration of Condominium, provided that the acquisition of real property other than Condominium Units shall require the approval of the Association;
6. To acquire now or at any time hereafter, and to enter into 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 and other recreational

facilities whether or not contiguous to the lands of the Condominium to provide enjoyment, recreation or other use or benefit to the Owners of Condominium Units;

7. To contract for the management of the Condominium 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 Board of Directors or memberships of the Association;
8. To enforce by legal means or proceedings the provisions of the Articles of Incorporation and By-Laws of the Association, the Declaration of Condominium and the regulations hereinafter promulgated governing use of the Common Property in the Condominium;
9. To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than Condominium Units and the appurtenances thereto, and to assess the same against the members and their respective Condominium Units subject to such liens;
10. To purchase insurance for the protection of the members and the Association against casualty and liability in accordance with the Declaration of Condominium;
11. To pay all costs of power, water, sewer, and other utility services rendered to the Condominium Units; and
12. To designate and remove personnel necessary for the maintenance, repair, replacement and operation of the Condominium including the Common Property.

K. The initial Board of Directors of the Association shall be comprised of the three (3) persons designated to serve as Directors in the Articles of Incorporation, which persons shall serve until their successors are elected at the first Annual Meeting of the members of the Association called after the Declaration of Condominium has been recorded in the Forsyth County, North Carolina, Public Registry. Should any member of the initial Board of Directors be unable to serve for any reason, a majority of the remaining members of the Board of Directors shall have the right to designate a party to serve as a Director for the unexpired term.



L. The undertakings and contracts authorized by the initial Board of Directors shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Board of Directors duly elected by the membership after the Declaration of Condominium has been recorded, so long as such undertakings and contracts are within the scope of the power and duties which may be exercised by the Board of Directors of the Association in accordance with all applicable Condominium documents.

M. Any one or more of the members of the Board of Directors may be removed, either with or without cause, at any time by a vote of the members owning a majority of the Condominium Units in the Condominium, at any Special Meeting called for such purpose, or at the Annual Meeting. Provided, however, that only the Declarant shall have the right to remove a Director appointed by it.

#### 5. OFFICERS.

A. The Executive officers of the Association shall be a President, who shall be a Director, a Treasurer, and a Secretary, all of whom shall be elected annually by the Board of Directors and who may be preemptorily removed by a vote of the Directors at any meeting. Any persons may hold two or more offices, except that the President shall not also be Secretary. The Board of Directors shall from time to time elect such other officers and designate their powers and duties as the Board shall find to be required to manage the affairs of the Association.

B. The President shall be the chief executive officer of the Association. He shall have all of the powers and duties which are usually vested in the office of the president of any association, including the power to appoint committees from among the members as he may determine appropriate to assist in the conduct of the affairs of the Association.

C. The Secretary shall keep the minutes of all proceedings of the Directors and the members. He shall attend to the giving and serving of all notices to the members and Directors, and such other notices required by law. He shall have custody of the seal of the Association and affix the same to instruments requiring a seal when duly signed. He shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of secretary of an association and as may be required by the Directors or the President.

D. The Treasurer shall have custody of all the property of the Association, including funds, securities and evidences of indebtedness. He shall keep, or supervise the keeping of, detailed, accurate records in chronological order of the receipts

and expenditures affecting the common areas and facilities, specifying and identifying the maintenance and repair expenses of the common areas and facilities and any other expense incurred.

E. The officers of the Association shall serve without compensation.

F. All Officers shall serve at the pleasure of the Board of Directors and any Officer may be removed from office at any time, with or without cause, by a majority vote of the Board of Directors.

6. FISCAL MANAGEMENT. The provisions for fiscal management of the Association set forth in the Declaration of Condominium and Articles of Incorporation shall be supplemented by the following provisions:

A. The assessment roll shall be maintained in a set of accounting books in which there shall be an account for each Condominium Unit. Such account shall designate the name and address of the Unit Owner or Owners, the amount of each assessment against the Owners, the dates and amounts in which assessments come due, the amounts paid upon the account and the balance due upon assessments.

B. The Board of Directors shall adopt a budget for each calendar year which shall contain estimates of the cost of performing the functions of the Association, including but not limited to the following:

1. Maintenance and Capital improvement costs, which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of capital improvements to the Common Area and facilities, including landscaping, streets and walkways, office expense, utility services, casualty insurance, liability insurance, administration and reserves, management fees and costs of maintaining leaseholds, memberships and other possessory or use interests in lands or facilities whether or not contiguous to the lands of the Condominium, to provide enjoyment, recreation or other use or benefit to the Unit Owners; and
2. Proposed Maintenance and Capital Improvements assessments against each unit owner and his Unit.

Copies of the proposed budget and proposed assessments shall be transmitted to each member prior to January 1 of the year for which the budget is made. If the budget is subsequently amended

before the assessments are made, a copy of the amended budget shall be furnished each member concerned. Nondelivery of a copy of any budget or amended budget to each member shall not affect the liability of any member for any such assessment, nor shall delivery of a copy of such budget or amended budget be considered as a condition precedent to the effectiveness of said budget and assessments levied pursuant thereto and nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time in its sole discretion, to levy any additional assessments in the event that the budget originally adopted shall appear to be insufficient to pay costs and expenses of operation and management, or in the event of emergencies.

C. The Board of Directors may retain professional management services to be primarily responsible for fiscal management of the Association and maintaining the Condominium. Any management agreement for the Condominium will be terminable by the Association for cause upon 30 days written notice thereof, and the term of any such agreement may not exceed one year, renewable by agreement of the parties for successive one-year periods.

D. The depository of the Association shall be such bank or banks as shall be designated from time to time by the Directors and in which the funds of the Association shall be deposited. Withdrawal of funds from such accounts shall be only by checks signed by such persons as are authorized by the Directors.

E. The Books and all supporting documentation shall be available for examination by all Unit Owners and their Lenders or their agents during normal business hours.

F. An audit of the accounts of the Association shall be made annually by a Certified Public Accountant, and a copy of the report shall be furnished to each member not later than April 15 of the year following the year for which the report is made.

G. Fidelity bonds may be required by the Board of Directors from all officers and employees of the Association and from any contractor handling or responsible for Association funds. The amount of such bonds shall be at least equal to all funds held by the Association, or in an amount at least equal to all reserves and three months' assessments, whichever is greater. The premiums on such bonds shall be paid by the Association.

7. PARLIAMENTARY RULES. Roberts Rules of Order (latest edition) shall govern the articles of corporate proceedings when not in conflict with the Articles of Incorporation and these By-Laws or with the Statutes of the State of North Carolina.

8. AMENDMENTS TO BY-LAWS. Amendments to these By-Laws shall be proposed and adopted in the following manner:

A. Amendments to these By-Laws may be proposed by the Board of Directors of the Association acting upon a vote of the majority of the Directors.

B. In order for such amendment to become effective, it must be approved by an affirmative vote of a majority of the entire membership of the Board of Directors. Thereupon, such amendment or amendments to these By-Laws shall be transcribed, certified by the Secretary of the Association, and a copy thereof shall be recorded in the Forsyth County, North Carolina, Public Registry, within ten (10) days from the date on which any amendment has been approved by the Directors and members. No amendment shall become effective until it is duly recorded.

C. Upon the approval and proper recording of any amendment, it shall become binding upon all Unit Owners.

D. Notwithstanding the foregoing provisions of this Article 8, no amendment to these By-Laws which shall abridge, amend or alter the right of the Declarant to designate and select members of each Board of Directors of the Association, as provided in Article 4 hereof, may be adopted or become effective without the prior written consent of the Declarant.

9. RULES OF CONDUCT.

A. ADVERTISEMENT. No resident of the Condominium shall post any advertisements or posters of any kind in or on the Common Area and Facilities except as authorized by the Association.

B. NOISE. Residents shall exercise extreme care about making noises or the use of musical instruments, radios, television sets and amplifiers that may disturb other residents.

C. GARBAGE. No garbage or trash shall be thrown or deposited outside the disposal installations provided for such purposes.

D. LANDSCAPING, GROUNDS, AND BUILDING EXTERIORS.

1. No Unit Owner shall cause any improvements or alterations to be made to the exterior of the Condominium (including painting or other decoration, or the installation of electrical wiring, television or radio antenna, or any other objects, machines or air conditioning units which may protrude through the walls or roof of the Condominium) or in any manner alter the appearance of any portion of the exterior surface of any building

without the prior written permission of the Board of Directors or a duly appointed architectural Control Committee. No Unit Owner shall cause any object to be fixed to the Common Property (including the location or construction of fences or the planting or growing of flowers, trees, shrubs or other vegetation) or in any manner change the appearance of the Common Areas and Facilities without the prior written permission of the Board of Directors or a duly appointed Architectural Control Committee.

2. There shall be no planting of any vegetation of any type on common area, except for inside fenced-in patios, unless approved by the appropriate committee.

3. There shall be no building of any structure, wall, fence, playhouse, sandbox, or anything else on the common area without approval of the appropriate committee.

4. Landscaping and grounds maintenance is the responsibility of the Association.

5. There shall be no placing of ornamental, decorative, pottery or other objects on the common area without approval of the appropriate committee.

6. No residents shall erect clothes lines outside the walls of their units.

E. STREETS AND PARKING.

1. Parking is provided for on the public street along with certain designated areas in the condominium development.

2. No parking or driving on grassed areas is strictly prohibited. (including loading or unloading)

3. No unmotorized vehicles are allowed in parking lots. (boats, trailers, etc.)

4. No motorcycles are allowed in the common area.

G. PETS.

1. Pets are not permitted to run loose. Pets must be kept under control while they are outside. All owners must abide by all applicable statutes, regulations and ordinances.

2. Pets may not be tied outside or kept on patios. Pets are to be kept inside the unit unless supervised by a responsible person.

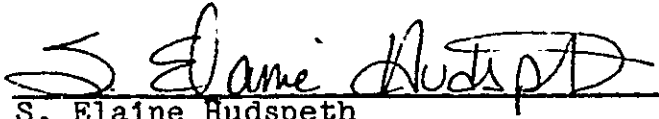
3. Owners will be assessed for damages caused by their pets.

H. CURTAINS.

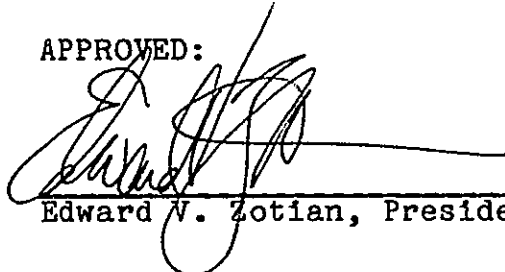
1. Residents are not allowed to use sheets, blankets, towels, etc., as curtains, even on a temporary basis.

10. COMPLIANCE. These By-Laws are set forth to comply with the requirements of the Unit Ownership Act, Chapter 47A of the General Statutes of the State of North Carolina. In the event that any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will apply.

The foregoing were adopted as the By-Laws of THE LATTICEWORKS ASSOCIATION, INC., at the first meeting of the Board of Directors on March 13, 1986.

  
S. Elaine Hudspeth  
Secretary

APPROVED:

  
Edward V. Zotian, President

