

RECEIPT FOR PUBLIC OFFERING STATEMENT

The undersigned hereby acknowledges:

(1) Receipt from _____ on _____, 200__ of a copy of the Public Offering Statement (and all amendments thereto, if any) of **THE TREMONT CONDOMINIUM**;

(2) The right of the undersigned to cancel the purchase contract within seven (7) calendar days following the signing of the purchase contract; and

(3) The right of Declarant, at any time after the expiration of the ten (10) day financing contingency period set forth in the Purchase and Sale Agreement, to transfer the undersigned's earnest money deposit out of the escrow account without any further consent or approval of the undersigned.

This _____ day of _____, 2006.

Purchaser

Purchaser

PUBLIC OFFERING STATEMENT FOR THE TREMONT CONDOMINIUM

This Public Offering Statement is being offered to contract purchasers of condominium units in the proposed development known as The Tremont Condominium (the “Condominium”), as required by the North Carolina Condominium Act. It contains a summary of the important features of the Condominium, and must by law be delivered to each purchaser of a unit in the Condominium.

Under the condominium form of ownership, the owner of each condominium unit owns all of the space bounded by the undecorated interior surfaces of the exterior walls, ceilings and floors of his particular unit. This space is owned in fee simple, and the owner has the exclusive right to possess it, subject to the easements set forth in the Declaration of Condominium for The Tremont Condominium (the “Declaration”), which governs the retail/commercial units and residential units of the Condominium. Additionally, each unit owner owns an undivided percentage interest, as a “tenant in common” with all other owners of condominium units, in all of the common elements in the Condominium. These common elements may include, but are not limited to, the land on which the Condominium building is located, the structural elements of the building, the entrance lobbies, if any, hallways, stairwells, elevators, parking areas, common roofs, and exterior walkways and landscaped areas. There are also limited common elements that are assigned specifically to each unit. These limited common elements include separate HVAC equipment for each unit and the right to the non-exclusive use of non-reserved parking spaces in the garage parking area within the Condominium building, subject to the provisions in the Declaration regarding use of parking spaces. These limited common elements are reserved for the exclusive use of the owner of the unit to which they are assigned, and the owner shall be responsible for the routine maintenance of these limited common elements, except for the use and maintenance of parking spaces which shall be governed by the Declaration.

The owner of each unit has the right to use and enjoy all of the common elements located within the Condominium, and all of the limited common elements allocated to his unit, subject to the rules and restrictions contained in the Declaration or imposed from time to time by The Tremont Condominium Owners Association, Inc. (the “Association”). Each unit owner is automatically a member of the Association by virtue of his ownership of a unit, and must pay his share of the cost of maintaining these common elements, and of managing such Association, all as set forth in the Declaration. The Declaration contains a summary of the important features of the proposed condominium project, and the current draft of that document is attached as an exhibit to this Public Offering Statement.

1. Name and address of the Declarant and the Condominium.

- a. Name of Declarant: Tidewater Corporate Development, LLC, a North Carolina limited liability company (the "Declarant")
- b. Address of Declarant: P. O. Box 470364
Charlotte, North Carolina 28247-0364
- c. Name of Condominium: The Tremont Condominium
- d. Address of Condominium: 301 East Tremont Avenue
Charlotte, North Carolina 28203

2. General Description of the Condominium.

The Condominium will consist of a three-story concrete construction building (the "Building"), with a brick and masonry exterior, containing forty-five (45) residential condominium units and five (5) retail/commercial units; provided, however, that Declarant reserves the right to subdivide the units as set forth in the Declaration. The owner of a commercial unit may convert his unit to a "live/work" unit for residential purposes, provided that the plans therefor have been approved by Declarant during the Period of Declarant Control (as defined in the Declaration) and by the Association thereafter and that any such conversion complies with all building codes and any other governmental regulation applicable thereto.

The Condominium will be located on a tract of land located at 301 East Tremont Avenue, in Charlotte, Mecklenburg County, North Carolina 28203, containing approximately 0.746 acres (32,496 square feet) (the "Land"). The Condominium will be both burdened and benefited by the easements and restrictions created by the Declaration. All documents relating to the Condominium shall be expressly subordinate to the provisions of the Declaration.

The Declaration sets forth certain easements, restrictions, covenants, conditions, uses, limitations and obligations in furtherance of a plan for the development of the Condominium. Each unit owner's occupancy of his unit and such owner's right to use the parking areas and other common facilities in the Condominium shall be subject to all of the terms and conditions contained in the Declaration.

The Condominium will have the right to the non-exclusive use of non-reserved parking spaces in the garage parking areas located within the Condominium building. The rights to use the parking spaces will be allocated in and subject to the provisions of the Declaration.

The owners of the units will be entitled to the votes in the Association and will be responsible for payment of the common expenses incurred by the Association as set forth herein and in the Declaration.

A summary of the condominium units available, the condominium square footage of each unit (measured to the interior faces of interior walls), and the percentage interest in the common elements of the Condominium allocated to each unit is set forth on the schedule attached hereto

as Exhibit A and incorporated herein. The percentage interest in the common elements set forth in Exhibit A hereto will be used to calculate each residential unit's share of common expenses and the disposition of insurance and condemnation proceeds, but does not affect voting rights in the Association which shall be allocated equally among all residential units. The aggregate percentage interest in the common elements allocated to the residential units shall be 87.4080% and the aggregate percentage interest in the common elements allocated to the retail/commercial units shall be 12.5920%. Each retail/commercial unit's share of common expenses shall be allocated on a per square foot basis.

3. Number of Condominium Units.

The Condominium will contain forty-five (45) residential condominium units and five (5) retail/commercial condominium units. Declarant reserves the right to subdivide the units as set forth in the Declaration.

4. Copies of Declaration, Bylaws and other Documents.

a. Declaration of Condominium: A copy of the proposed Declaration of Condominium for The Tremont Condominium is attached hereto as Exhibit B and incorporated herein. The Declaration will apply to the residential units and the retail/commercial units within the Condominium.

b. Association Documents: A copy of the proposed Bylaws of The Tremont Condominium Owners Association, Inc., a North Carolina non-profit corporation, is attached hereto as Exhibit C-1 and incorporated herein (the "Bylaws"), and a copy of the proposed Articles of Incorporation of such Association is attached hereto as Exhibit C-2 and incorporated herein. No Association Rules or Regulations are in effect or are proposed at this time.

c. Contracts to be Signed at Closing: There will be no contracts or leases to be signed by the purchaser at closing.

d. Contracts and Leases Subject to Cancellation by the Association: The Association is not a party to any contracts affecting the Condominium. The Declarant intends to enter into a management contract with Hawthorne Management Company, LLC, a North Carolina limited liability company (the "Manager"), prior to the final closing of the sale of units at the Condominium, and the attached budget reflects an estimated management fee of \$7,200 per annum (approximately \$0.1364 per square foot of each unit, including each residential unit, per annum).

5. Current Balance Sheet and Projected Budget for the Association.

a. The Association has not yet been formed, but will be formed by Declarant prior to the first conveyance of a condominium unit, and hence no current balance sheet for the Association exists.

b. The projected budget for the Association for the first year following the first conveyance of a condominium unit is attached hereto as Exhibit D and incorporated herein. The budget includes, as required by the provisions of the North Carolina Condominium Act: (i) an amount included for repair and replacement reserves, (ii) any other reserve amounts, (iii) the projected common expense assessment by category or expenditures for the Association, and (iv) the projected monthly common expense assessment (the “Monthly Common Expense Assessment”) for each residential unit, which is estimated to be approximately \$0.16 per square foot for each residential unit (approximately \$1.86 per square foot of each residential unit per annum).

c. The retail/commercial units shall be assessed 12.5920% of all common expenses incurred by the Association, to be allocated among the retail/commercial units on a per square foot basis. The residential units shall be assessed the remaining 87.4080% of common expenses incurred by the Association and such amounts will be allocated among the residential units on a per square foot basis. Notwithstanding the foregoing, the Association shall have the right to impose a fixed additional assessment for units that require additional utility services.

d. The projected budget has been prepared by the Manager based on good-faith estimates from subcontractors, and is based on an occupancy level of one hundred percent (100%) and a collection rate of one hundred percent (100%). The calculations for the reserve amounts have assumed inflation increases of four percent (4%) per annum.

6. Future Common Expenses.

Declarant at the present time does not provide any services and does not pay for any expenses which Declarant anticipates may become a subsequent common expense of the Association, except for those matters disclosed above, all of which are reflected in the Association’s proposed budget.

7. Fee Due From Purchaser at Closing.

Declarant will collect from each purchaser at closing a working capital contribution equal to twice the monthly common expense assessment reflected in the initial budget. This amount, which is non-refundable, will be paid over by Declarant to the Association to capitalize the operating expenses of the Association.

8. Existing Liens or Encumbrances on the Condominium.

a. The construction of the Condominium will be financed by a construction loan from a commercial bank or other institutional lender, which will be secured by a first lien deed of trust on the Land and the Building. Every unit sold and its related interest in the common elements will be released from this lien at the time of closing or shortly thereafter. Declarant is the owner of the Land.

b. Each unit will be conveyed subject to the lien of Mecklenburg County and City of Charlotte taxes for the year of closing and subsequent years, which are not yet due and payable, and standard title exceptions for general utility service easements. In addition, each unit will be

conveyed subject to the easements and restrictions set forth in the condominium documents described in Paragraph 4 above, and in the Declaration.

c. The Land is currently subject to those liens and encumbrances listed on Exhibit E attached hereto and incorporated herein by reference, including, but not limited to, the Declaration.

9. Declarant's Warranties.

In addition to the implied warranties of quality contained in N.C. Gen. Stat. § 47C-4-114 (that the unit will be free from defective materials, constructed in a workmanlike manner, constructed according to sound engineering and construction standards and suitable for residential use), Declarant will cause the general contractor that constructs the Condominium to warrant each unit for a period of one (1) year from the date of closing for that unit, in accordance with that contractor's then-prevailing warranty standards. Declarant expressly disclaims any implied warranties relating to the appliances, heating and air conditioning systems, equipment and other personal property located in the Condominium, but will furnish to the purchaser or to the Association all manufacturers' warranties with respect to those items. In addition, Declarant makes no representations or warranties as to the condition or health of any shrubs, trees or plantings located within the Condominium, but will deliver to the Association any nursery's warranties with respect to those plants. No additional express or implied warranties, unless required by law, are or will be made by Declarant.

10. Purchaser's Right to Cancel.

The purchaser must receive this Public Offering Statement before signing a contract for purchase. No conveyance of title by deed can occur until seven (7) calendar days following the signing of a contract for purchase. The purchaser has the absolute right to cancel the contract to purchase during that seven (7) calendar day period without penalty. Under the North Carolina Condominium Act, a purchaser electing to cancel a contract may do so by hand-delivering notice to the Declarant or by mailing notice by prepaid United States mail to Declarant at the address specified above.

11. Judgments and Pending Suits.

There are no known or recorded unsatisfied judgments or pending suits against the Association, the Declarant or pertaining in any way to the Condominium. There are no pending suits material to the Condominium of which the Declarant has actual knowledge.

12. Escrow Deposit.

a. Any escrow deposit or down payment made by a purchaser in connection with the purchase of a unit will be held in an escrow account with an insured bank or savings and loan institution, as required by the North Carolina Condominium Act.

b. For a residential unit, the name of the escrow agent is Urban Realty, LLC, its address is 833 East Boulevard, Charlotte, North Carolina 28203, and the escrow account is with Bank of Granite, whose address is 301 South McDowell, Charlotte, North Carolina 28204. For a commercial unit, the name of the escrow agent is Morehead Title Company, its address is 801 East Morehead Street, Suite 307, Charlotte, North Carolina, 28202, Attention: Michael L. Burt, and the escrow account is with First Charter Bank, whose address is 1625 East Woodlawn Road, Charlotte, North Carolina 28209. Payments held in such escrow account shall be deemed to belong to the purchaser and not the Declarant. The deposit shall be held in such account until the seven (7) day period during which the purchaser may cancel the purchase contract expires, or the date of cancellation by the purchaser thereunder, whichever occurs first. After that date, and the expiration of the financing contingency period set forth in the Purchase and Sale Agreement, Escrow Agent shall have the right to transfer the deposit out of the escrow account and remit it to Declarant, without the prior written consent of the purchaser.

13. Restraints on Alienation.

a. No unit or any interest in a unit may be subjected to a time share program, as that term is defined in Chapter 93A, Article 4 of the North Carolina General Statutes.

b. A unit may not be leased for a period shorter than thirty (30) days.

14. Insurance Coverage.

The Association has not yet been formed, and currently has no insurance coverage in force. The minimum requirements for the insurance coverage that will be maintained by the Association for the benefit of unit owners are set forth in Article X of the Declaration. The Association may elect to obtain more extensive insurance coverage than may be required under the Declaration once it is organized. You are urged to consult with your insurance adviser to assure that you are aware of the extent of insurance coverage to be provided by the Association, and the advisability of purchasing additional insurance to cover your individual exposure, such as the value of your personal property, or individual liability insurance coverage.

15. Fees for Use of Common Elements.

Other than the annual and special maintenance assessments provided by Article VIII of the Bylaws, there are no present and no known or anticipated future fees or charges to be paid by unit owners for the use of the common elements and other Condominium facilities.

16. Completion of Improvements.

Declarant is the owner of the Land on which the Condominium will be developed. Declarant expects to commence construction of the improvements on the Land on or prior to January, 2007. Declarant anticipates that the construction of the improvements will be completed on or prior to March, 2008. Declarant intends to finance the construction of the improvements in the Condominium with the proceeds of a construction loan from a bank or other financial institution. Declarant has obtained a commitment for such financing, but has not yet

closed such financing, and makes no representations as to its ability to obtain such financing. Under the terms of the Purchase and Sale Agreement, if Declarant is unable to obtain a construction loan, it may cancel the Contract by delivery of written notice to the purchaser, in which event the purchaser shall be entitled to the return of its earnest money deposit. Even if Declarant closes such construction financing, there are no assurances that the proceeds will be sufficient to complete the improvements, or that the construction lender will obligate itself to complete construction in the event of foreclosure.

17. Zoning and Land Use Requirements.

The land on which the Condominium is situated is zoned “TODM” under the terms of the Zoning Ordinance of the City of Charlotte. This zoning classification permits mixed use. In addition, the Condominium is subject to all use restrictions as set forth in the Declaration (see attached Exhibit B), including, but not limited to, the following:

a. A general prohibition against unlawful, offensive or obnoxious activity, including limitations on overloading the electrical systems or the load-bearing capacity of the floors.

b. Limitations on the use of the outdoor balconies, including a prohibition against the use or storage of cooking grills, the storage of bicycles, the overnight storage of garbage, the drying of laundry and similar matters.

c. A prohibition against any animals, livestock or poultry of any kind, except for small common household pets, and rules regarding pets, such as a requirement that pets not be kept or bred for commercial purposes, that pets be kept on leashes when outside their unit, that no savage or dangerous pets be kept in any unit, and that an owner clean up after any pet that defecates in any common areas of the Condominium.

d. A prohibition against exterior alterations to any unit (including, but not limited to, the installation of certain types of satellite dishes) without the prior written approval of the Association, and a prohibition against any signs on the exterior of a unit, except for signage for the retail/commercial units in accordance with the signage criteria specified in the Declaration and except that a “For Sale” or “For Rent” sign of an approved size and design may be displayed in the area designated therefor, each as promulgated from time to time by Declarant during the Period of Declarant Control and the Association thereafter.

e. A prohibition against the parking or storage of trailers and recreational, commercial or abandoned vehicles in the parking areas of the Condominium.

f. A prohibition against exterior lighting or other decoration (seasonal or otherwise) on the outdoor balconies of the Condominium and the use of any neon lighting in the windows or on the balcony of any residential unit.

g. A prohibition against the use of any common elements of the Condominium for storage by any unit owner, including, but not limited to, the use of the common hallways of the

Condominium for such storage purposes and a prohibition against any alteration of any such common elements of the Condominium.

h. The requirement that all residential units utilize only such blinds and/or window treatments in the windows of such residential units as are approved by Declarant during the Period of Declarant Control and thereafter by the Executive Board.

18. Alienation of Common Elements.

Under the North Carolina Condominium Act and the terms of the Declaration, portions of the common elements of the Condominium may be conveyed by the Association or subjected to a security interest only if persons entitled to cast at least eighty percent (80%) of the votes allocated to units, not owned by the Declarant, agree to the action.

19. Exhibits.

The following exhibits are attached to and are an integral part of this Public Offering Statement:

- a. Exhibit A -- Schedule of Units and Percentage Interests
- b. Exhibit B -- Declaration
- c. Exhibit C-1 -- Bylaws of Association
- d. Exhibit C-2 -- Articles of Incorporation of Association
- e. Exhibit D -- Projected Initial Annual Budget
- f. Exhibit E -- Liens and Encumbrances

EXHIBIT A

To Public Offering Statement for The Tremont Condominium

SCHEDULE OF UNITS

The following is a schedule of the number and types of units available at the Condominium, the condominium square footage of each type of unit, and the undivided percentage interest in the common elements allocated to each unit:

RESIDENTIAL UNITS:

| <u>Unit</u> | <u>Square Footage</u> | <u>% Interest per Unit</u> |
|---------------|---------------------------|--------------------------------|
| Residence 101 | 1018 sf | 1.9369% |
| Residence 102 | 1018 sf | 1.9369% |
| Residence 103 | 1018 sf | 1.9369% |
| Residence 104 | 711 sf | 1.3528% |
| Residence 105 | 711 sf | 1.3528% |
| Residence 106 | 1100 sf | 2.0930% |
| Residence 107 | 1018 sf | 1.9369% |
| Residence 108 | 1018 sf | 1.9369% |
| Residence 201 | 1018 sf | 1.9369% |
| Residence 202 | 1018 sf | 1.9369% |
| Residence 203 | 1018 sf | 1.9369% |
| Residence 204 | 1344 sf | 2.5572% |
| Residence 205 | 1188 sf | 2.2604% |
| Residence 206 | 711 sf | 1.3528% |
| Residence 207 | 711 sf | 1.3528% |
| Residence 208 | 1100 sf | 2.0930% |
| Residence 209 | 1018 sf | 1.9369% |
| Residence 210 | 1018 sf | 1.9369% |
| Residence 211 | 1018 sf | 1.9369% |
| Residence 212 | 1030 sf | 1.9598% |
| Residence 213 | 1018 sf | 1.9369% |
| Residence 214 | 1018 sf | 1.9369% |
| Residence 215 | 1018 sf | 1.9369% |
| Residence 216 | 1240 sf | 2.3593% |
| Residence 301 | 1210 sf | 2.3023% |
| Residence 302 | 1210 sf | 2.3023% |
| Residence 303 | 1210 sf | 2.3023% |
| Residence 304 | 1812 sf | 3.4477% |
| Residence 305 | 794 sf | 1.5107% |
| Residence 306 | 1045 sf | 1.9883% |
| Residence 307 | 904 sf | 1.7200% |
| Residence 308 | 1045 sf | 1.9883% |
| Residence 309 | 1370 sf | 2.6067% |

| | | |
|--------------------|----------|----------|
| Residence 310 | 741 sf | 1.4099% |
| Residence 311 | 741 sf | 1.4099% |
| Residence 312 | 741 sf | 1.4099% |
| Residence 313 | 741 sf | 1.4099% |
| Residence 314 | 741 sf | 1.4099% |
| Residence 315 | 741 sf | 1.4099% |
| Residence 316 | 1308 sf | 2.4887% |
| Residence 317 | 1210 sf | 2.3023% |
| Residence 318 | 741sf | 1.4099% |
| Residence 319 | 1210 sf | 2.3023% |
| Residence 320 | 741 sf | 1.4099% |
| Residence 321 | 1585 sf | 3.0158% |
| Residential Totals | 45939 sf | 87.4080% |

RETAIL/COMMERCIAL

UNITS:

| | | |
|-------------------|----------|----------|
| Retail A | 2155 sf | 4.1003% |
| Retail B | 1439 sf | 2.7380% |
| Retail C | 1271 sf | 2.4183% |
| Retail D | 768 sf | 1.4613% |
| Retail E | 985 sf | 1.8742% |
| Commercial Totals | 6,618 sf | 12.5920% |

| | | |
|--|-----------|------|
| Residential and Commercial Totals | 52,557 sf | 100% |
|--|-----------|------|

NOTE: The 87.4080% interest in the common elements allocated to the residential units as a group will be allocated among the residential units based on the relative square footages of the residential units as set forth above. The 12.5920% interest in the common elements allocated to the commercial units as a group will be allocated among the commercial units based on the relative square footages of the commercial units as set forth above.

EXHIBIT B

To Public Offering Statement for The Tremont Condominium

Declaration of Condominium for
The Tremont Condominium

EXHIBIT C-1

To Public Offering Statement for The Tremont Condominium

**BYLAWS OF
THE TREMONT CONDOMINIUM
OWNERS ASSOCIATION, INC.**

ARTICLE I.

Identity

These are the Bylaws of THE TREMONT CONDOMINIUM OWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation (the "Association"), the Articles of Incorporation (the "Articles") of which have been filed in the office of the North Carolina Secretary of State.

For purposes of these Bylaws, terms specifically defined in the Declaration of Condominium for The Tremont Condominium (the "Declaration") shall have the same meaning herein.

ARTICLE II.

Qualifications and Responsibilities
of Members

2.1. Members. Each Owner shall be a member of the Association, and shall remain a member until he ceases to be an Owner.

2.2. More Than One Owner. When there is more than one Owner of a Unit, all such persons shall be members of the Association.

2.3. Registration. It shall be the duty of each Owner to register his name and address with the Secretary of the Association. If an Owner does not so register, the Association shall be under no obligation to recognize his membership.

2.4. Prohibition of Assignment. The interest of a member in the Association's assets cannot be transferred or encumbered except as an appurtenance to his Unit.

ARTICLE III.

Members' Meetings and Voting

3.1. Place. Meetings of the members shall be held at the office of the Association, or such other place within Mecklenburg County, North Carolina as may be designated from time to time by the Executive Board.

3.2. Annual Meeting. The members shall meet at least once each year as specified in the notice of such meeting given pursuant to Section 3.4. At each annual meeting the members shall

elect members of the Executive Board (the “Directors”) and may transact any other business properly coming before them. Pursuant to the provisions of N.C. Gen. Stat. §47C-3-108(c), unless otherwise provided herein, meetings of the Association and the Executive Board shall be conducted in accordance with the most recent edition of Robert’s Rules of Order Newly Revised.

3.3. Special Meetings. Special meetings of the members may be called at any time by the President or by the Executive Board, and shall be called and held within thirty (30) days after a written request therefor signed by members of the Association entitled to cast at least twenty percent (20%) of the total votes in the Association is delivered to any officer or Director of the Association. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

3.4. Notices. Notice of all meetings of the members, stating the time and place and accompanied by a complete agenda, shall be given by the President or Secretary to each member. The notice shall be in writing, and shall be hand delivered or sent by United States mail to the members at their respective addresses, and to other addresses as any member may have designated in writing to the Secretary, not less than ten (10) nor more than sixty (60) days in advance of any meeting. If applicable, the notice shall also state the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes, and any proposal to remove a Director or officer.

3.5. Quorum; Adjournment if no Quorum. A quorum shall consist of members present, in person or by proxy, entitled to cast at least twenty percent (20%) of the total votes in the Association. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present.

3.6. Votes; Association Shall Not Vote. The total votes in the Association are allocated to the Units by the Declaration. The vote allocated to a Unit may be cast by the Owner of that Unit. When there is more than one Owner of a Unit, the vote for that Unit shall be cast as they shall determine except that no vote shall be split. When there is more than one Owner of a Unit and only one of the multiple Owners is present at a meeting of the Association, he shall be entitled to cast the vote allocated to that Unit. If more than one of the multiple Owners is present, the vote allocated to that Unit shall be cast in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any one of the multiple Owners casts the vote allocated to that Unit without protest being made promptly by any of the other Owners to the person presiding over the meeting. The Association shall not be entitled to cast the votes allocated to any Unit owned by it.

3.7. Manner of Casting Votes. Votes may be cast in person or by proxy. A proxy must be in writing, be dated, be signed by all Owners of the Unit, be given only to another member, and be filed with the Secretary before the meeting. A proxy may not be revoked except by written notice of revocation signed by all Owners who signed the proxy to be revoked, which notice must be delivered to the person presiding over a meeting of the Association. A proxy terminates one year after its date, unless an earlier termination is specified in the proxy.

3.8. Required Votes. All questions shall be decided by a majority of the votes cast on the question, unless the provisions of applicable law, the Declaration or these Bylaws require a greater vote.

3.9. Action by Members Without Meeting. Any action that may be taken at a meeting of the members may be taken without a meeting if (i) a written ballot is delivered to all members entitled to vote on such action, the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve such action at a meeting at which the same total number of votes were cast; or (ii) such action is taken in any other manner permitted by law.

3.10. Prohibition of Cumulative Voting. There shall be no cumulative voting.

ARTICLE IV.

Directors

4.1. First Executive Board. The first Executive Board shall consist of the two (2) persons whose names are set forth in the Articles.

4.2. Number and Qualifications of Directors. The Executive Board shall consist of no less than one (1) natural person. Each Director shall be an Owner or the individual nominee of an Owner which is not a natural person.

4.3. Election of Directors. At the first annual meeting of the members, and at each subsequent annual meeting, the members shall elect the Directors by a majority of the votes cast, subject to any applicable Special Declarant Rights. Pursuant to the provisions of N.C. Gen. Stat. § 47C-3-103(g), the Association shall publish the names and addresses of all Executive Board members within thirty (30) days of their election.

4.4. Term. The terms of the Directors shall be one (1) year. Subject to any applicable Special Declarant Rights, once elected, a Director shall hold office until his successor has been duly elected and has qualified.

4.5. Removal. Subject to any applicable Special Declarant Rights, any Director (other than a Director appointed by the Declarant) may be removed, with or without cause, by a vote of the Owners entitled to cast at least sixty-seven percent (67%) of the votes of all persons present and entitled to vote at any meeting of the Owners at which a quorum is present, and a successor may then be elected by the members to serve for the balance of the removed Director's term.

4.6. Vacancies. Subject to any applicable Special Declarant Rights, any vacancy in the Executive Board arising by death or resignation of a Director shall be filled by act of the remaining Directors, whether or not constituting a quorum, and a Director so elected shall serve for the unexpired term of his predecessor in office. The Declarant may replace any Director which it appointed.

4.7. Regular Meetings. Regular meetings of the Executive Board may be held at such time and place as shall be determined by a majority of the Directors. Notice of regular meetings shall be given to each Director, personally or by mail, telephone, or other appropriate means, at least seventy-two (72) hours prior to the meeting. At regular intervals, the Executive Board meeting shall provide Unit Owners an opportunity to attend a portion of an Executive Board meeting and to speak to the Executive Board about their issues and concerns. The Executive Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

4.8. Special Meetings. Special meetings of the Executive Board may be called by the President and shall be called by the President or the Secretary and held within ten (10) days after a written request therefor signed by one (1) Director is delivered to any other Director, the President or the Secretary. Not less than seventy-two (72) hours' notice of such special meeting shall be given personally or by mail, telephone, or other appropriate means to each Director; provided that in case the President or any Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

4.9. Quorum; Adjournment if No Quorum. A majority of the Executive Board shall constitute a quorum for the transaction of business at any meeting of the Executive Board. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. The signing by a Director of the minutes of a meeting shall be conclusive proof of his attendance at that meeting for the purpose of determining a quorum.

4.10. Manner of Acting. Each Director shall be entitled to one (1) vote. The act of a majority of the Directors present at a meeting shall constitute the act of the Executive Board unless the act of a greater number is required by the provisions of applicable law, the Declaration or these Bylaws.

4.11. Executive Board Action Without Meeting. Any action that may be taken at a meeting of the Executive Board may be taken without a meeting if such action is authorized in a writing, setting forth the action taken, signed by all Directors.

4.12. Compensation of Directors Restricted. Directors shall receive no compensation for their services, but may be paid for out-of-pocket expenses incurred in the performance of their duties as Directors.

4.13. Powers and Duties of Executive Board. All of the powers and duties of the Association shall be exercised by the Executive Board, including those existing under the common law, applicable statutes, the Declaration, the Articles, and these Bylaws, as each may from time to time be amended. Such powers and duties shall be exercised in accordance with the provisions of applicable law, the Declaration, the Articles, and these Bylaws, and shall include, but not be limited to, the following:

(a) To prepare and provide to members an annual report containing at least the following:

(i) A statement of any capital expenditures in excess of ten percent (10%) of the current budget or Fifteen Thousand Dollars (\$15,000.00), whichever is greater, anticipated by the Association during the forthcoming year.

(ii) A statement of the status and amount of any reserve or replacement fund and any portion of the fund designated for any specified project by the Executive Board.

(iii) A statement of the financial condition of the Association for the last fiscal year including, without limitation, a balance sheet and a statement of receipts and expenditures.

(iv) A statement of the status of any pending suits or judgments in which the Association is a party.

(v) A statement of the insurance coverage provided by the Association.

(vi) A statement of any past due and unpaid assessments payable to the Association, identifying the Owner and the amount of the unpaid assessment.

(b) To adopt and amend budgets and to determine, and collect, assessments to pay the common expenses.

(c) To regulate the use of, and to maintain, insure, repair, replace, modify and improve the Common Elements.

(d) To adopt and amend rules and regulations and to establish reasonable penalties for violations.

(e) To enforce the provisions of the Declaration, the Articles, these Bylaws, and rules and regulations by all legal means.

(f) To hire and terminate managing agents and to delegate to such agents such powers and duties as the Executive Board shall determine, except such as are specifically required by the Declaration, the Articles, these Bylaws, or applicable law to be done by the Executive Board or the members.

(g) To hire and terminate agents, independent contractors, attorneys and other professionals.

(h) To institute, defend, intervene in, or settle any litigation or administrative proceedings in its own name on behalf of itself or two (2) or more Owners on matters affecting the Property, the Common Elements, or more than one Unit.

(i) To establish from time to time reserve accounts for any purpose.

(j) To buy Units in foreclosure of a lien for assessments, or at any other time or for any other reason, and to sell, lease, mortgage, and otherwise deal in real property from time to time owned by the Association.

(k) To impose and receive payments, fees and charges for utilities which are not separately metered to each Unit.

(l) To grant leases, licenses, concessions and easements through and over the Common Elements.

(m) To impose and collect reasonable charges, including reasonable costs and attorneys' fees, for the evaluation, preparation and recordation of amendments to the Declaration or statements of unpaid assessments.

(n) To provide for indemnification of the Association's officers and Directors, to maintain Officers' and Directors' liability insurance, and to maintain such property and liability insurance and fidelity bonds as it shall deem advisable from time to time, and in any event in amounts sufficient to satisfy requirements of any applicable federal or state lending agency.

(o) To impose charges for late payment of assessments not to exceed the greater of twenty dollars (\$20.00) per month or ten percent (10%) of any assessment installment unpaid and, after notice and an opportunity to be heard, suspend the privileges or services provided by the Association (except the rights of access to Units) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer, and levy reasonable fines not to exceed one hundred dollars (\$100.00) for violations of the Declaration, these Bylaws, or the rules and regulations.

(p) To pay all taxes and assessments which are or may become liens against any part of the Condominium, other than the Units, and to assess the same against the Owners in the manner herein provided.

ARTICLE V.

Officers

5.1. Designation of Officers. The officers of this Association shall be a "President", a "Vice President", a "Secretary" and a "Treasurer" (collectively, the "Officers"). Each officer shall be an Owner or the individual nominee of an Owner which is not a natural person. A person may hold one or more of such offices at one time, except that the President and the Vice President shall not at the same time hold another office in the Association. The Executive Board may elect an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary.

5.2. Election of Officers. Subject to any applicable Special Declarant Rights, officers of the Association shall be elected by the Executive Board. Election shall be held annually at the first meeting of the Executive Board held after the annual meeting of the members, except that the first

Executive Board shall elect officers as soon as practicable after filing of the Declaration. Pursuant to the provisions of N.C. Gen. Stat. § 47C-3-103(g), the Association shall publish the names and addresses of all Officers within thirty (30) days of their election.

5.3. Term. Each officer shall serve until his successor has been duly elected and has qualified, subject to any applicable Special Declarant Rights.

5.4. Removal. Subject to any applicable Special Declarant Rights, any officer may be removed, with or without cause, and without notice, by the Executive Board.

5.5. Vacancy. Subject to any applicable Special Declarant Rights, any vacancy in any office shall be filled by the Executive Board, and an officer elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

5.6. Powers and Duties of Officers.

(a) President. The President shall be the chief executive officer of the Association; shall have all of the powers and duties incident to the office of a president of a corporation, including, but not limited to, the duty to preside at all meetings of the Executive Board and of the members, and the general supervision of officers in the management of the business and affairs of the Association; and shall see that all actions and resolutions of the Executive Board are carried into effect.

(b) Vice President. The Vice President shall perform such duties of the President as shall be assigned to him by the President, and in the absence of the President, shall perform the duties and functions of the President.

(c) Secretary. The Secretary shall keep the minutes of all meetings and actions of the Executive Board and of the members; shall give all required notices to the Directors and members; shall keep the records of the Association, except those kept by the Treasurer; shall perform all other duties incident to the office of a secretary of a corporation; and shall perform such other duties required by the Executive Board or the President.

(d) Treasurer. The Treasurer shall have custody of all intangible property of the Association, including funds, securities, and evidences of indebtedness; shall keep the books of the Association in accordance with generally accepted accounting principles, and, upon request, shall submit them, together with all vouchers, receipts, records, and other papers to the Executive Board for examination and approval; shall deposit all moneys and other valuable effects in insured depositories designated by the Executive Board; shall disburse funds of the Association as directed by the Executive Board; and shall perform all other duties incident to the office of a treasurer of a corporation.

5.7. Execution of Agreements, etc. All agreements, deeds, mortgages, deeds of trust, contracts or other instruments shall be executed by the President or the Vice President, and attested by the Secretary or assistant secretary. The Secretary shall prepare, certify and record amendments

to the Declaration on behalf of the Association, which amendments shall be executed in accordance with the foregoing provision.

5.8. Compensation of Officers Restricted. No officer shall be compensated for his services in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing his duties.

5.9 Books and Records. The books and records of the Association shall be available for inspection by any Unit Owner or its mortgagee upon reasonable prior notice. All financial and other records, including records of meetings of the Association and the Executive Board, shall be made reasonably available for examination by any Unit Owner and the Unit Owner's authorized agents as required by the Bylaws and by Chapter 55 of the North Carolina General Statutes. Pursuant to the provisions of N.C. Gen. Stat. § 47C-3-118, unless otherwise provided herein, the Association shall keep accurate records of all cash receipts and expenditures and all assets and liabilities. In addition to any specific information that is required herein to be assembled and reported to the Unit Owners at specified times, the Association shall make an annual income and expense statement and balance sheet available to all Unit Owners at no charge and within seventy-five (75) days after the close of the fiscal year to which the information relates. A more extensive compilation, review, or audit of the Associations' books and records for the current or immediately preceding fiscal year may be required by a vote of the majority of the Executive Board or by the affirmative vote of the majority of the Unit Owners present and voting in person or by proxy at any annual meeting or special meeting duly called for that purpose. The Association, upon written request, shall furnish a Unit Owner or the Unit Owner's authorized agents a statement setting forth the amount of unpaid assessments and other charges against a Unit. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the Executive Board, and every Unit Owner. In addition to the limitations of Article 8 of Chapter 55A of the North Carolina General Statutes, no financial payments, including payments made in the form of goods and services, may be made to any Officer or member of the Executive Board or to a business, business associate, or relative of an Officer or member of the Executive Board, except as expressly provided herein or in payments for services or expenses paid on behalf of the Association which are approved in advance by the Executive Board.

ARTICLE VI.

Indemnification of Directors and Officers

The Association shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as permitted by N.C. Gen. Stat. §§ 55A-17.1, -17.2, and -17.3, as now enacted or hereafter amended.

ARTICLE VII.

Fiscal Management

7.1. Depository. The Executive Board shall designate an insured depository for the funds of the Association, and may change such depository to another insured depository. Withdrawal of funds from such depository shall be only by checks signed by a person or persons authorized by the Executive Board.

7.2. Fidelity Bonds. Fidelity bonds shall be maintained by the Association, in an amount determined by the Executive Board, covering each Director and officer of the Association, any employee or agent of the Association, and any other person handling or responsible for handling funds of the Association.

7.3. Payment Vouchers. Payment vouchers shall be approved by the Executive Board, provided that the Executive Board may delegate such authority to any officer or managing agent of the Association.

7.4. Annual Audit. An audit of the accounts of the Association shall be made annually by an independent certified public accountant, and a copy of the report shall be furnished to each member not later than April 1 of the year following the year for which the report is made.

7.5. Fiscal Year. The fiscal year of the Association shall be the calendar year.

ARTICLE VIII.

Assessments

8.1. Obligation of Members to Pay Assessments; Amount of Levy. Each Owner shall be personally and severally liable for the common expenses that are levied against his Unit while an Owner. Each Unit shall be assessed in accordance with the Declaration, as amended.

8.2. Allocation of Common Surplus. Any common surplus, including funds in reserve accounts, may be allocated to each Unit in accordance with its percentage of common expenses. If allocated, the surplus shall be owned by the Owner of that Unit and may be paid to the Owner or credited against assessment obligations.

8.3. Preparation of Budget and Levying of Assessment. Beginning with the fiscal year in which the Period of Declarant Control ends, the Executive Board shall prepare and adopt a budget, including estimates of the amount necessary to pay the common expenses, together with amounts considered necessary by the Executive Board for reserves. Within thirty (30) days after adoption of each annual budget, the Executive Board shall provide each member with a copy, and shall give each member notice of the assessment made against that member's Unit based upon such budget and of the interest to be charged on delinquent payments. The budget is ratified unless a majority of all members rejects the budget at a duly held meeting of members, in which event the last ratified budget shall continue in effect until such time as the members ratify a subsequent budget proposed by the Executive Board. The assessment shall be deemed levied upon the adoption of the budget by the Executive Board, subject to the disapproval of the budget by the members.

8.4. Lien For Assessments; Attorneys' Fees.

(a) Any assessment which remains unpaid for a period of thirty (30) days or longer shall constitute a lien on that Unit when a claim of lien is filed of record in the Office of the Clerk of Superior Court of Mecklenburg County in the manner provided herein. A claim of lien shall set forth the name and address of the Association, the name of the record owner of the Unit at the time

the claim of lien is filed, a description of the Unit, and the amount of the lien claimed. Unless the Declaration otherwise provides, fees, charges, late charges and other charges imposed pursuant to the provisions of N.C. Gen. Stat. §§ 47C-3-102, 47C-3-107, 47C-3-107.1, and 47C-3-115 are enforceable as assessments under this Section 8.4(a). Except as provided herein, the Association's lien may be foreclosed in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes. The Association may not foreclose an Association assessment lien under Article 2A of Chapter 45 of the North Carolina General Statutes if the debt securing the lien consists solely of fines imposed by the Association, interest on unpaid fines, or attorneys' fees incurred by the Association solely associated with fines imposed by the Association. The Association may enforce the lien by judicial foreclosure as provided in Article 29A or Chapter 1 of the North Carolina General Statutes. Such lien shall be prior to all other liens and encumbrances on the Unit except (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the Unit) recorded in the Mecklenburg County, North Carolina, real estate records before the filing of the lien for assessments in the Office of the Clerk of Superior Court, and (ii) liens for real estate taxes and other governmental assessments or charges against the Unit.

(b) If the Owner of a Unit does not contest the collection of a debt and enforcement of a lien after the expiration of the fifteen (15) day period following notice as required in this Section 8.4(b), then reasonable attorneys' fees assessed by the Association shall not exceed one thousand two hundred dollars (\$1,200.00), not including costs or expenses incurred. The collection of debt and enforcement of a lien remain uncontested as long as the Unit Owner does not dispute, contest, or raise any objection, defense, offset, or counterclaim as to the amount or validity of the debt and lien asserted or the Association's right to collect the debt and enforce the lien as provided in this Section 8.4(b). The attorneys' fee limitation in this Section 8.4(b) shall not apply to judicial foreclosures or proceedings authorized under Section 8.4(a) or N.C. Gen. Stat. § 47F-4-117. The Unit Owner may not be required to pay attorneys' fees and court costs until the Unit Owner is notified in writing of the Association's intent to seek payment of attorneys' fees and court costs. The notice must be sent by first-class mail to the property address and, if different, to the mailing address for the Unit Owner in the Association's records. The notice shall set out the outstanding balance due as of the date of the notice and state that the Unit Owner has fifteen (15) days from the mailing of the notice by first-class mail to pay the outstanding balance without the attorneys' fees and court costs. If the Unit Owner pays the outstanding balance within this period, then the Unit Owner shall have no obligation to pay attorney's fees and court costs. The notice shall also inform the Unit Owner of the opportunity to contact a representative of the Association to discuss a payment schedule for the outstanding balance as provided in this Section 8.4(b) and shall provide the name and telephone number of the representative. The Association, acting through its Executive Board and in the Executive Board's sole discretion, may agree to allow payment of an outstanding balance in installments. Neither the Association nor the Unit Owner is obligated to offer or accept any proposed installment schedule. Reasonable administrative fees and costs for accepting and processing installments may be added to the outstanding balance and included in an installment schedule only after the Unit Owner has been given notice as required in this Section 8.4(b).

8.5. Payment of Assessments. Assessments shall be payable at the times and in the amounts specified by the Executive Board. Payments shall be made to the Association, or as the Executive Board may from time to time otherwise direct.

8.6. Funds and Reserves. All sums collected by the Association from assessments shall be accounted for as follows:

(a) Reserve Fund for Repairs and Replacements. To this fund shall be credited all sums collected for the purpose of effecting repairs and replacements of structural elements and mechanical equipment maintained by the Association.

(b) Working Capital and Operating Reserve Fund. To this fund shall be credited all sums collected to provide a reserve for liquidity. The fund may be used to meet deficiencies from time to time as a result of delinquent payments of assessments and other contingencies.

(c) General Maintenance Fund. To this fund shall be credited collections of assessments for all common expenses for the current year as well as common profits and surplus from the previous year, and not to be credited to either of the above reserve funds.

The above funds shall be established by the Executive Board and shall be funded by regular installments rather than by extraordinary special assessments. The reserve funds described above shall be maintained in such amounts as deemed necessary or desirable by the Executive Board and required by applicable law. To the extent maintained, funds shall be held in such accounts and with such insured depositories as the Executive Board, in its discretion, selects.

8.7. Special Assessments. In addition to the assessments levied pursuant to Section 8.3 hereof, the Executive Board, in its discretion, but subject to the requirements of Article V of the Declaration, may levy special assessments at such other and additional times as in its judgment are required for the discharge of the Association's responsibilities.

8.8. Common Expenses Benefiting Less Than All Units. The Association may assess any item of common expenses benefiting less than all of the Units against the Units benefited in the proportion that their common expense liabilities bear to each other.

8.9. Failure To Prepare Budget And Levy Annual Assessment; Deficiencies in Procedure. The failure or delay of the Executive Board in preparing any budget shall not constitute a waiver or release of the members' obligation to pay assessments whenever the same shall be determined and levied by due action. Until a new assessment is levied pursuant to Section 8.3 hereof, each member shall continue to pay the existing assessment in the same amount and at the same periodic times as levied. Non-material deficiencies or inadequacies in the procedure followed by the Executive Board in levying an assessment shall not in any way affect its validity or the obligation of members to pay such assessment.

8.10. Assessment Roll; Certificate. All assessments shall be set forth upon a roll of the Units, which shall be available in the office of the Association for inspection at all reasonable times by members, mortgagees and their duly authorized representatives. Such roll shall include, for each Unit, the name and address of the owning member or members, all assessments levied, and the amount of all assessments unpaid. The Association, upon written request, shall furnish to any such party a recordable statement setting forth the amount of unpaid assessments currently levied against

his Unit. The statement shall be furnished within ten (10) business days after receipt of the request and shall be binding upon the Association and all Owners. A reasonable fee may be charged by the Executive Board for such statement.

8.11. Interest on Delinquent Assessments. Assessments paid before they become delinquent shall not bear interest, but all delinquent sums shall bear interest at the rate set forth in the notice levying the assessment, not exceeding any applicable maximum legal rate of interest, from the date delinquent until paid. If no interest rate is set forth in such notice, such interest rate shall be the maximum allowed by the Declaration. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent. All such interest shall constitute a lien with the same priority as the assessment on which such interest accrues.

8.12. Common Expenses. Common expenses shall mean and include, without limitation, the following: real estate taxes and other governmental assessments or charges against the property of the Association; premiums for any and all insurance maintained by the Association, including any deductible or coinsurance amount not covered by insurance; utility charges not collected from Owners; legal and accounting fees; costs and expenses incurred in connection with any litigation or administrative proceeding pursuant to Section 4.13(h) hereof; deficits remaining from any prior assessment period; the cost, including fees and interest, incurred in connection with any borrowing done by the Association; the cost of all fidelity bonds; costs imposed upon the Association or any part of the Common Elements or the Property by, or incurred by the Association as a result of the performance, enforcement or amendment of, any agreement or easement to which the Association is a party or to which the Common Elements or Property, or any part of either thereof, is or may be subject; amounts determined necessary for reserve funds; and indemnity payments made by the Association pursuant to Article VI hereof.

8.13. Procedures for Fines and Suspension of Condominium Privileges and Services. Pursuant to the provisions of N.C. Gen. Stat. § 47C-3-107.1 and unless a specific procedure for the imposition of fines or suspension is provided for in the Declaration, a hearing shall be held before the Executive Board or an adjudicatory panel appointed by the Executive Board to determine if any Unit Owner should be fined or if condominium privileges or services should be suspended pursuant to the powers granted to the Association in N.C. Gen. Stat. § 47C-3-102(11). Any adjudicatory panel appointed by the Executive Board shall be composed of members of the Association who are not Officers of the Association or members of the Executive Board. The Unit Owner charged shall be given notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. If it is decided that a fine should be imposed, a fine not to exceed one hundred dollars (\$100.00) may be imposed for the violation and without further hearing, for each day more than five days after the decision that the violation occurs. Such fines shall be assessments secured by liens under N.C. Gen. Stat. § 47C-3-10116. If it is decided that a suspension of condominium privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured. A Unit Owner may appeal a decision of an adjudicatory panel to the full executive board by delivering written notice of appeal to the executive board within fifteen (15) days after the date of the decision. The Executive Board may affirm, vacate, or modify the prior decision of the adjudicatory body.

ARTICLE IX.
Compliance, Enforcement, Fines and Penalties

9.1. Default and Remedies. A default in or failure to comply with any of the terms, conditions, obligations, and provisions of the Declaration, these Bylaws, the Articles, or the rules and regulations, as the same may be amended from time to time, by any person or entity subject thereto, shall give to any person or entity adversely affected by such default or failure a claim for appropriate relief.

9.2. Notice of Default and Failure to Cure. In the event of any default or failure to act by an Owner, the Executive Board shall serve upon or mail to the defaulting Owner, and to each first mortgagee of that Owner's Unit when required under Article XI of the Declaration, a written notice specifying the nature of the default, the cure thereof, and the time within which the cure shall be effected. Within the time limit specified in the notice, the defaulting Owner may cure the default specified, or serve upon or mail a written notice to the Executive Board requesting a hearing. If a hearing is so requested, the Executive Board shall thereafter serve upon or mail to the defaulting Owner, and to each such first mortgagee which was entitled to notice of the default as above provided, a notice specifying the time and place for such hearing. At the hearing, the Executive Board shall take such evidence and hear such testimony as it deems necessary or desirable. The Executive Board shall not exercise any remedies to obtain relief from the default until the hearing is over and the Executive Board has made its determination and served upon or mailed the same to the defaulting Owner and each such first mortgagee. The hearing may be continued from time to time as determined by the Executive Board. Upon taking such evidence and hearing such testimony, the Executive Board at the hearing or at such later time shall determine, in writing, and at its sole option, to waive the default in whole or in part, to extend the time within which the default may be cured, to proceed immediately to levy a fine or penalty, or to exercise any one or more of the remedies available to the Executive Board due to such default. The Executive Board shall serve upon or mail to the defaulting Owner, and to each such first mortgagee which was entitled to notice of the default as above provided, a copy of its decision. If the defaulting Owner (i) does not cure the default or request a hearing within the time limit specified in the original notice of default given pursuant to this Section, or (ii) so requests a hearing, but fails to cure the default (to the extent not waived by the Executive Board) within the extended time, if any, granted by the Executive Board after hearing, then the Executive Board shall serve upon or mail to the defaulting member, and to each such first mortgagee which was entitled to notice of the default as above provided, a written notice of such member's failure to effect a cure, and the Executive Board may then proceed to take such action as it deems necessary to obtain relief.

9.3. Remedy of Abatement in Addition to Other Remedies. In the event a member fails to effect the cure specified by the Executive Board within the time period set out in (i) or (ii) of Section 9.2 hereof, whichever is applicable, and where the default is a structure, thing, or condition existing in or on the Property, the Executive Board, or its duly authorized representative, shall have the right to enter upon any portion of the Property and summarily to abate and remove, at the defaulting member's expense (and levy an assessment therefor), the structure, thing, or condition constituting the default. The Executive Board, the Association, and their agents, employees, and representatives shall not thereby be deemed guilty of any manner of trespass.

9.4. Non-waiver of Covenants. The failure of the Association or of any member to enforce any term, provision, right, covenant, or condition that may be granted by the Declaration, these Bylaws, the Articles, the rules and regulations or applicable law as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of enforcement in the future, irrespective of the number of violations or breaches that may have occurred.

9.5. Liens for Assessments. Liens for assessments shall be enforced pursuant to Article VIII hereof and not pursuant to this Article IX.

ARTICLE X.
Amendment

An amendment to these Bylaws shall be made and approved by majority vote of the Members at a duly held meeting and, where required by applicable law, by the subsequent written approval of a majority of holders of a mortgage or deed of trust on any Unit.

ARTICLE XI.
General Provisions

11.1. Rules and Regulations.

(a) By the Executive Board. The Executive Board, including the first Executive Board, may promulgate from time to time such rules and regulations as it deems reasonable and necessary governing the administration, management, operation, and use of the Common Elements so as to promote the common use and enjoyment thereof by Owners and for the protection and preservation thereof. In addition, the Executive Board may adopt such rules and regulations as it deems reasonable and necessary with respect to the Property to provide for the common good and enjoyment of all Owners including, without limitation, the right to adopt such rules and regulations with reference to tenants and leases. In no event shall any rules or regulations be inconsistent or materially more restrictive than the provisions contained in the Declaration and these Bylaws with respect to leases or tenants.

(b) By the Association. Any such rule or regulation adopted by the Executive Board may be amended, modified, or revoked, and new and additional rules and regulations may be adopted, by members at an annual or special meeting of the members. Any such act of the members shall control over any contrary rule or regulation then or thereafter adopted by the Executive Board.

(c) Uniform Application. All rules and regulations shall be equally and uniformly applicable to all Owners and occupants, except to the extent that the Executive Board may promulgate rules and regulations applicable only to a particular class, location or type of Unit, including without limitation retail/commercial Units.

(d) Copies Furnished. Copies of all such rules and regulations and any amendments thereto shall be furnished to all members, and a copy shall be posted or otherwise made available to members at the office of the Association.

(e) Rules Hereby Established.

(i) Any lease shall contain a covenant by the lessee to abide by the terms and conditions of the Declaration and these Bylaws and a failure by the lessee to so abide shall be a default thereunder.

11.2. Parliamentary Authority. Robert's Rules of Order, Newly Revised, shall govern the conduct of Association proceedings when not in conflict with the Declaration, these Bylaws, the Articles, or any statutes of the State of North Carolina applicable thereto. The person presiding at a meeting shall have the authority to appoint a parliamentarian.

11.3. Conflict; Severability. These Bylaws are established in compliance with the Declaration. In the case of any conflict between the provisions of these Bylaws and the Declaration as amended, the Declaration shall control. If any term, provision, limitation, paragraph, or clause of these Bylaws, or the application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforceability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

11.4. Waiver of Notice. Whenever any notice is required to be given to any member or Director under the provisions of the Nonprofit Corporation Act, the Declaration, the Articles of the corporation or these Bylaws, a waiver thereof in writing signed by the person, persons or entity entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

11.5. Governing Law. These Bylaws shall be governed by, and construed and interpreted in accordance with, the laws of the State of North Carolina.

EXHIBIT C-2

To Public Offering Statement for The Tremont Condominium

**ARTICLES OF INCORPORATION
OF
THE TREMONT CONDOMINIUM
OWNERS ASSOCIATION, INC.**

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a nonprofit corporation under and by virtue of the laws of the State of North Carolina.

ARTICLE I

The name of the corporation is **The Tremont Condominium Owners Association, Inc.**

ARTICLE II

The period of duration of the corporation is perpetual. If the corporation is dissolved for any reason, ownership of the Common Elements under the Declaration (identified below) shall be transferred to a public body or conveyed to a nonprofit organization similar to the corporation.

ARTICLE III

The purposes for which the corporation is organized are ownership and management of the Common Elements and collection and disbursement of assessments therefor of The Tremont Condominium located in Mecklenburg County, North Carolina in accordance with protective covenants applicable thereto, as the same may be amended from time to time.

In furtherance of the foregoing purposes, to have and exercise any, all and every power which a corporation organized under N.C. Gen. Stat. Chapter 55A may be authorized to exercise.

ARTICLE IV

The corporation shall have members which may be divided into such classes as shall be provided in the bylaws or the Declaration of Condominium for The Tremont Condominium as recorded in the public records of Mecklenburg County (the "Declaration"). All members shall be accepted, appointed, elected or designated in the manner provided in the bylaws.

ARTICLE V

The directors of the corporation shall be elected by the members in the manner provided in the bylaws; provided in no event shall the number of directors be fewer than one.

ARTICLE VI

No part of the net earnings (if any) of the corporation shall inure to the benefit of any officer, director or member of the corporation.

ARTICLE VII

The address of the initial registered office of the corporation in the State of North Carolina is Post Office Box 470364, Charlotte, Mecklenburg County, North Carolina 28247-0364; and the name of its initial registered agent at such address is Post Office Box 470364, Charlotte, Mecklenburg County, North Carolina 28247-0364.

ARTICLE VIII

The address and county of the corporation’s principal office is Post Office Box 470364, Charlotte, Mecklenburg County, North Carolina 28247-0364.

ARTICLE IX

The number of directors constituting the initial Executive Board shall be two (2); and the names and addresses of the persons who are to serve as the initial Directors are:

| <u>NAME</u> | <u>ADDRESS</u> |
|-------------------|--|
| Grant Schoonmaker | Post Office Box 470364 Charlotte, North Carolina 28247-0364 |
| Sam Hicks | Post Office Box 470364 Charlotte, North Carolina 28247-0364 |

ARTICLE X

These Articles may be amended only upon the approval of a two-thirds (2/3) majority of the members, with votes allocated as provided in the Declaration and bylaws.

ARTICLE XI

| | |
|---|--|
| The name and address of the incorporator are: | J. Christopher Oates 100 North Tryon Street, Suite 4700 Charlotte, North Carolina 28202-4003 |
|---|--|

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of _____, 2006.

J. Christopher Oates, Incorporator

EXHIBIT D

To Public Offering Statement for The Tremont Condominium

The Tremont Condominium Owners Association, Inc.

Preliminary Operating Budget

| | <u>Monthly</u> | <u>Annually</u> |
|---|-------------------|--------------------|
| <u>REVENUE</u> | | |
| Assessments – Residential (87.4080%) | \$7,143.42 | \$85,721.03 |
| Assessments – Commercial/Retail (12.5920%) | \$1,029.08 | \$12,348.97 |
| <u>Subtotal</u> | <u>\$8,172.50</u> | <u>\$98,070.00</u> |
| Less: Repair & Replacement Reserves | (\$1,127.50) | (\$13,530.00) |
| TOTAL REVENUE FOR OPERATIONS | \$7,045.00 | \$84,540.00 |
| <u>EXPENSES - ADMINISTRATIVE</u> | | |
| Accounting (tax return only) | \$20.83 | \$250 |
| Insurance (\$8 million property, liability and D&O) | \$958.33 | \$11,500 |
| Legal (counsel and collections) | \$25.00 | \$300 |
| Management Fees | \$600.00 | \$7,200 |
| Miscellaneous Administration | \$8.33 | \$100 |
| Office Expense | \$41.67 | \$500 |
| Postage | \$37.50 | \$450 |
| <u>Telephone (fire alarm/elevator)</u> | <u>\$120.00</u> | <u>\$1,440</u> |
| TOTAL ADMINISTRATIVE EXPENSES | \$1,811.67 | \$21,740 |
| <u>EXPENSES – BUILDINGS/GROUNDS</u> | | |
| Building Repairs (minor repair and maintenance activities) | \$333.33 | \$4,000 |
| Cleaning (common area cleaning) | \$650.00 | \$7,800 |
| Electrical Repairs (lighting, electrical repair) | \$125.00 | \$1,500 |
| Elevator Maintenance | \$125.00 | \$1,500 |
| Electricity | \$583.33 | \$7,000 |
| Irrigation System (repairs – time & materials) | \$100.00 | \$1,200 |
| Inspections (fire alarm/elevator) | \$166.67 | \$2,000 |
| Landscape Contract (maintenance) | \$350.00 | \$4,200 |
| Landscape Supplies (flowers & needles) | \$250.00 | \$3,000 |
| Miscellaneous | \$250.00 | \$3,000 |
| Parking Lot Maintenance (sweeping, litter, etc.) | \$150.00 | \$1,800 |
| Security/Monitoring Services (\$15/unit/month) | \$750.00 | \$9,000 |
| Trash Service (residents place in dumpster) | \$400.00 | \$4,800 |
| <u>Water/Sewer (service to individual units on one meter)</u> | <u>\$1,000.00</u> | <u>\$12,000</u> |
| TOTAL BUILDING/GROUNDS EXPENSES | \$5,233.33 | \$62,800 |
| TOTAL EXPENSES | \$7,045.00 | \$84,540 |

Repair & Replacement Reserves

| | Current Cost | Future Cost | Frequency | Annual Reserve |
|--|-------------------------|------------------------|------------------|---------------------------|
| Paving/Parking Areas | 0 | \$20,000 | Annual | \$1,333 |
| Roof | 0 | \$50,000 | Annual | \$3,333 |
| Painting | 0 | \$25,000 | Annual | \$3,571 |
| Landscape | 0 | \$15,000 | Annual | \$1,500 |
| Elevator | 0 | \$9,500 | Annual | \$792 |
| Security Systems | 0 | \$10,000 | Annual | \$1,000 |
| Building (trim, gutter, wood) | 0 | \$20,000 | Annual | \$2,000 |
| Total Reserve Funding | | \$149,500 | | \$13,530 |
| | | | | |
| TOTAL EXPENSES AND RESERVES | | | | \$98,070 |

Monthly Assessment/Residential Unit = approx. \$0.16 per square foot of residential unit (approx. \$1.86 per square foot per annum)

Monthly Assessment/Retail/Commercial Unit = approx. \$0.16 per square foot of retail / commercial unit (approx. \$1.86 per square foot per annum)

EXHIBIT E

To Public Offering Statement for The Tremont Condominium

Liens and Encumbrances

[SUBJECT TO REVIEW AND APPROVAL]

1. Declaration of Condominium for The Tremont Condominium recorded in Book _____, Page _____ of the Mecklenburg County Register of Deeds [To be recorded prior to the first conveyance of a unit in the condominium].
2. Ad valorem real estate taxes for the year 2006 and subsequent years, not yet due and payable.
3. Deed of Trust from Tidewater Corporate Development, LLC, to Bryan F. Kennedy, III, Trustee for Regions Bank, dated December 12, 2005, and recorded in Book 019761, at Page 694, Mecklenburg County Registry.
4. Matters shown on recorded plat in Map Book 332, at Page 214 and 215, Mecklenburg County Registry.
5. Easement(s) to Duke Power Company recorded in Book 445, at Page 593, Mecklenburg County Registry.
6. Restrictions appearing of record in Book 436, at Page 387, 439, 516, 525, and 1178, Mecklenburg County Registry.
7. Encroachments, overlaps, boundary line disputes, access, variations or shortages in area or content, roads, streams, ways or easements or claims of easements, riparian rights and title to filled in land, and any other matters which would be disclosed by an accurate survey and inspection of the Property.
8. Deed of Trust from Tidewater Development, LLC to Bryan F. Kennedy, III, Trustee for Regions Bank, dated June 15, 2005, and recorded in Book 18907, at Page 37, Mecklenburg County Registry.
9. Public utility easements and rights of way to public roads and streets.
10. Covenants, Reservations, Easements, Assessments and Restrictions appearing of record in Book 495, at Page 489, and Book 489, at Pages 387, 439, and 525, Mecklenburg County Registry.
11. Easement to Southern Bell Telephone and Telegraph Company as recorded in Book 998, at Page 440, Mecklenburg County Registry.

12. Covenants, conditions, restrictions, reservations, easements, liens for assessments, options, powers of attorney and limitations on title, created by the North Carolina General Statutes or set forth in the Declaration, recorded in Book 17963, at Page 615, and amended in Book 18264, at Page 962, Mecklenburg County Registry, the maps and plans, bylaws and any other condominium documents and amendments thereto.
13. Construction, Operation and Reciprocal Easement Agreement recorded in Book 14780, at Page 542, and First Amendment to Construction, Operation and Reciprocal Easement Agreement recorded in Book 15491, at Page 711, Mecklenburg County Registry.
14. Easement Agreement for access recorded in Book 14780, at Page 570, Mecklenburg County Registry.
15. Easement Agreement for drainage recorded in Book 14780, at Page 585, Mecklenburg County Registry.
16. Rights of others in and to the party walls affecting the Property.
17. Rights of others in and to the common areas affecting the Property.
18. Rights or claims of parties in possession as tenants under unrecorded leases, if any.
19. Rights of others in and to the easement(s) as set forth in the description of the Property.
20. UCC Financing Statement recorded in Book 17225, at Page 551, Mecklenburg County Registry.