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May 30, 2012

Fleetwood Board of Directors  
c/o Barry MacDowell, President  
400 Fleetwood Plaza  
Hendersonville, NC 28739

Dear Members of the Board:

I am writing this opinion letter in response to your request as follow-up to the recent Board Meeting of the Fleetwood Plaza Regime, Inc. ("Association") where I discussed the subject of certain ownership issues. For efficiency, I am omitting citations of statutes and case law upon which my conclusions are based. However, if you feel you have need of this detailed information, it can be provided at a later date.

First, relating to the question of the Board's proper role regarding sales and ownership arrangements, simply stated, there is none. No authority exists, either by law or under your Declaration of Condominium ("Declaration"), for the Board to involve itself, intervene or interfere in the specific details of sales or ownership arrangements. Absent such authority, should the Board intervene, it would be subjecting the Association, and individual Board members, to potentially significant legal and financial exposure.

The second issue relates to the status of current ownership arrangements. Fleetwood has had a wide variety of ownership arrangements since inception. Currently, these include corporations, limited liability companies, trusts, married couples, unmarried individuals and individuals. Based on my existing understanding, all of the current Fleetwood ownership arrangements are fully in compliance with North Carolina law and your Declaration.

The third issue relates to the possibility of tightening, or further restricting, what the Declaration allows in terms of ownership and use. Let me, first, make three observations in the way of cautions that relate to issues that frequently come up when restrictions are imposed:

- The restrictions that are legally permissible are somewhat limited and often cannot go as far as some people might desire or hope for.
- Implementation and administration of restrictions can be complex and time-consuming.

- The Fleetwood covenants already contain a number of safeguards and restrictions. These include your 10% limit on rentals, the 12 month minimum lease period, required Board approval of leases as to the limit and the restriction prohibiting time-sharing arrangements (as defined by law).

There are indeed two primary areas where changes in the covenants could be made to further restrict ownership and use.

The first relates to restricting ownership to "natural persons". This could be done and would eliminate the possibility of ownership by corporations, limited liability corporations and trusts. In my opinion, these forms of legal ownership pose a greater risk than the joint ownership arrangements between or among natural persons. (Based on the information provided to me, you currently have 17 units in these "legal entity" categories.)

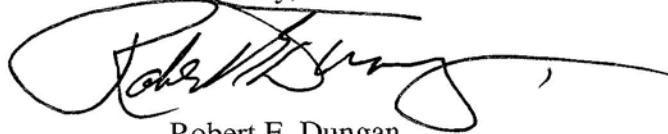
The second would be to include, in the existing time-sharing prohibition, additional wording that excludes "home-cooked" time sharing arrangements where specific blocks of time are assigned in a joint ownership arrangement.

Please note that the sale that prompted the discussion at the meeting would not have been affected, even had the above restrictions been in place at the time.

Beyond the two approaches described above, other restrictions might infringe on the right of free transfer and conveyance of real property. It would be up to the Association, via its Board, to determine if the potential benefits outweigh the risks and difficulties that might arise. Keep in mind that 2/3rds of the owners must agree to any amendment of the Declaration.

If I can be of further service, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert E. Dungan", with a large, sweeping flourish extending to the right.

Robert E. Dungan