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REGISTER OF DEEDS  
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Prepared By and Return To:  
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STATE OF NORTH CAROLINA

COUNTY OF CUMBERLAND

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR SAND HILL PRESERVE**

**THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR SAND HILL PRESERVE** (the "Declaration") is made this 9 day of  
May, 2007 by **MCRENT, LLC**, a North Carolina limited liability company (the  
"Declarant").

**WITNESSETH:**

A. Declarant is the owner and developer of certain real estate in Cumberland County, North Carolina, and more particularly described on Exhibit A attached hereto and made a part hereof (the "Property" or "Subdivision" or "Sand Hill Preserve"); and

B. Declarant is developing the Property, to be known as Sand Hill Preserve, by subdividing it into "Lots" that are to be used for residential purposes; and

C. Declarant is also developing the Property as a residential "conditional use district", or "CUD", pursuant to the current zoning ordinance of Cumberland County, North Carolina; as such, forty percent (40%) of the Property will remain undeveloped and preserved as open space (the "Open Space Acreage"), all as determined and approved by County officials; and

D. Declarant intends to convey the Open Space Acreage, as well as any other common areas within the Sand Hill Preserve, to a homeowners association to which every

Owner of a Lot must belong, for purposes of the maintenance and/or preservation of said common areas, as the case may be.

**THEREFORE**, the Declarant hereby declares that all of the Lots, the Open Space Acreage, and any other common areas located within the Subdivision are held and shall be held, conveyed, encumbered, rented, used, occupied and improved, subject to the following covenants, conditions and restrictions, all of which are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Subdivision as a whole and of each of said Lots. All of these restrictions shall run with the land and shall benefit and be binding upon the Declarant and upon all parties having or acquiring any right, title or interest, legal or equitable, in and to the Property, or any part or parts thereof.

## **ARTICLE I**

### **DEFINITIONS**

Section 1.1       “Annual Organizational Board Meeting” means the annual organizational board meeting of the Board, which shall take place immediately after each Annual Meeting of the Members.

Section 1.2       “Annual Meeting” means the annual meeting of the Members held in Cumberland County, North Carolina, upon proper notice, at a date, time and at a place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (1) year from the date of incorporation on such date as the initial Board shall determine.

Section 1.3       “Articles” or “Articles of Incorporation” shall mean those articles, filed with the Secretary of State of North Carolina, incorporating Sand Hill Preserve Homeowners Association, Inc., as a nonprofit corporation under the provisions of North Carolina State law, as the same may be amended from time to time.

Section 1.4       “Assessments” means any and all assessments as referenced in Article VI herein.

Section 1.5       “Association” shall mean and refer to Sand Hill Preserve Homeowners Association, Inc., which has been incorporated as a non-profit corporation, its successors and assigns.

Section 1.6       “Board” or “Board of Directors” shall mean and refer to the Board of Directors of the Association.

Section 1.7       “Bylaws” shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 1.8       “Class A Members” shall mean those Members as defined in Section 4.4.1 below.

Section 1.9       “Class B Members” shall mean those Members as defined in Section 4.4.2 below.

Section 1.10 “Constituent Documents” shall mean the Declaration, the Bylaws, the Articles of Incorporation, and any other related documents used to create and govern the Subdivision.

Section 1.11 “Common Areas” shall mean any areas owned by the Association for the common use and enjoyment of the Owners, or any areas owned by the Association for the purpose of its maintenance and/or preservation, as the case may be. Common Areas shall specifically include: (i) the Open Space Acreage, which is to remain undeveloped and preserved in its natural state; and (ii) the signage and immediate entrance area of the Subdivision.

Section 1.12 “Common Expenses” shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the preservation, maintenance, repair, and restoration of the Common Areas, including any necessary reserve funding; all premiums for hazard, liability and other insurance with respect to the Common Areas; all ad valorem taxes levied against the Common Areas; all legal and other costs made necessary due to the foreclosure of the lien of any delinquent Assessments; and all administrative, accounting, legal, managerial or other expenses related to the Association, to be construed broadly.

Section 1.13 “Declarant” shall mean and refer to McRent, LLC, a North Carolina limited liability company, its successors and assigns.

Section 1.14 “Default” shall mean any violation or breach of, or any failure to comply with, the restrictions of this Declaration or any other Constituent Documents.

Section 1.15 “Development Period” means the period commencing on the date on which this Declaration is recorded in the Cumberland County Registry and terminating on the earlier to occur of the following: (i) when Declarant no longer owns a Lot in the Subdivision; (ii) the date that Declarant relinquishes in writing Declarant’s right to appoint Directors; or (iii) the occurrence of the date ten (10) years from the date of recording the Declaration, renewable for an additional ten (10) year period with the consent of a majority of Lot Owners other than the Declarant.

Section 1.16 “Dwelling Unit” shall mean and refer to any single family residence constructed upon on a Lot.

Section 1.17 “Lot” shall mean and refer to the individual lots within the Subdivision, as designated numerically on the Plat. The Subdivision is comprised of seventy-one (71) Lots. The Declarant reserves the right to establish additional Lots in accordance with the terms of this Declaration.

Section 1.18 “Member” shall mean and refer to all Owners who are automatically Members of the Association, as provided in Article IV below.

Section 1.19 “Owner” shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of fee simple title to any Lot.

Section 1.20 “Plat” shall mean and refer to the plat of the Subdivision recorded by Declarant in the Cumberland County Registry, as described in Exhibit A. The Declarant reserves the right to amend the Plat during the Development Period, as long as any such amendment does not affect the boundaries of Lots that Declarant no longer owns.

Section 1.21 “Planned Community Act” shall mean and refer to the North Carolina Planned Community Act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time.

Section 1.22 “Property” or “Subdivision” shall mean and refer to that certain real estate described in Exhibit A. The Declarant reserves the right to annex additional real property into the Subdivision and to subject said additional real property to the terms of the Declaration.

Section 1.23 “Restrictions” shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration.

Section 1.24 “Tenant” means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

When applicable for the interpretation of the terms of this Declaration, the singular should be read as including the plural; and the male, female, and neutral pronouns and adjectives should be read as being interchangeable.

## ARTICLE II

### **PROPERTY SUBJECT TO THIS DECLARATION**

The Property and all Dwelling Units shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

## ARTICLE III

### **PROPERTY RIGHTS IN COMMON AREAS**

Section 3.1 Owner’s Easements of Enjoyment. Except as herein otherwise provided, each Owner shall have a right and easement of ingress and egress over and upon, as well as enjoyment in and to, the Common Areas, which shall be appurtenant to and shall pass with the title to his/her Lot. Each Tenant shall have a similar non-transferable right to use and enjoy the Common Areas, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

3.1.1 The right of the Declarant or the Association to grant permits, licenses and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property; or

3.1.2 The right of Declarant or the Association to dedicate or convey portions of the Open Space Acreage to any applicable governmental authority for park purposes.

Section 3.2 Title to Common Areas. The Declarant shall convey by deed all Common Areas to the Association in fee simple. Any such conveyance shall be subject to taxes for the year of conveyance, and to restrictions, conditions, limitations and easements of record.

Section 3.3 Use of Common Areas by Declarant. In addition to the specific rights and easements reserved herein, Declarant and its agents shall have the same rights of ingress and egress over and upon, and use and enjoyment of, the Common Areas as the Class A Members during the Development Period. Declarant further reserves the right to use Common Areas for promotional, sales and similar purposes until all of the Lots have been sold.

Section 3.4 Limitations Upon Use of Open Space Acreage The portion of the Common Areas which is comprised of the Open Space Acreage is subject to the easement rights as described in this Article III, said easement rights to be limited to passive recreational and natural scenic uses, unless otherwise agreed by the Declarant or the Association. Any person or party entitled to the enjoyment of the Open Space Acreage may not damage or alter the natural landscape of said Open Space Acreage. Activities expressly prohibited within the Open Space Acreage include, but are not limited to, any cutting or harvesting of plants or timber; affecting or altering the natural landscaping; disturbance of natural features; any development or construction of any improvements; alteration of topography; littering; dumping of fill or other materials; burning of fires; loitering; committing of crimes or any other illegal activities. Notwithstanding the above, the Declarant or the Association shall have the power to maintain and preserve the Open Space Acreage, and to that end and for that purpose, may modify these restrictions as necessary or approve additional rules and regulations related thereto. Such modification of the aforesaid rules may include, but not be limited to, allowing selective cutting and prescribed burning or clearing of vegetation and the application of usual and customary pesticides for fire containment and protection; disease control; restoration of hydrology; wetlands enhancement and/or control of non-native plants; however, the conditional use district (or, CUD) zoning requirements of Cumberland County must be complied with at all times with respect to the preservation of the Open Space Acreage.

Section 3.5 Negative Easement Prohibiting Future Development of Open Space Acreage; County of Cumberland as Third Party Beneficiary. Notwithstanding anything to the contrary in Section 12.2 or elsewhere in this Declaration, it is expressly provided that the Open Space Acreage shall be permanently restricted from future subdivision and any other forms of development, except as otherwise may be provided in Section 3.4 above. It is further expressly provided that the body politic of Cumberland County is an intended third-party beneficiary and shall have standing to enforce this restriction against any such future development, as well as the right to recover the costs of remedying any violation from any party or parties breaching this restriction or the conditional use district zoning requirements of Cumberland County.

#### ARTICLE IV

#### **HOMEOWNERS ASSOCIATION**

Section 4.1 Homeowners Association. Sand Hill Preserve Homeowners Association, Inc., has been incorporated as a non-profit corporation with the North Carolina Secretary of State and shall be responsible for the preservation, maintenance, management and control of the Common Areas, as the case may be.

Section 4.2 Board of Directors and Officers. The Board of Directors, and such officers as the may elected or appointed in accordance with the Articles or the Bylaws, shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents who shall, subject to the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association. The Declarant shall have the right to appoint the Board Directors until the expiration of the Development Period.

Section 4.3 Membership of Association. Every Owner of a Lot shall automatically become a Member of the Association. Each Member shall pay the Assessments provided for in Article V when due, and shall comply with the Association's decisions. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot.

Section 4.4 Classes of Membership. The Association shall have two (2) classes of Membership:

4.4.1 Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Dwelling Unit has been or can be erected within the Property, shall automatically be a Class A Member of the Association, except the Declarant during the Development Period; provided, however, that any such person, group of persons, or entity who or which holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A membership shall be appurtenant to, and may not be separated from, ownership of any Lot upon which a Dwelling Unit has been or can be constructed. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons, or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

4.4.2 Class B Members. The Class B Member during the Development Period shall be the Declarant. The Class B Membership shall cease and be converted to Class A membership upon the expiration of the Development Period.

4.4.3 Voting. Each Member shall have one (1) vote with respect to each Lot owned by such Member, but a Class A Member shall not be entitled to exercise any vote until the expiration of the Development Period.

Section 4.5 Maintenance Obligations of the Association. The Association, at its expense, shall preserve, maintain, operate and keep in good repair, unless such obligations are

assumed by any municipal or governmental agency having jurisdiction thereof, the Common Areas for the common benefit of the Subdivision.

The Association shall make the determination as to when maintenance, repair, and care shall be performed, and its determination shall be binding. Declarant shall have the right to employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this instrument.

Section 4.6      Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include the following:

4.6.1      To clean, maintain, keep in good order and reasonable repair, at his or her expense all portions of his or her Lot and Dwelling Unit.

4.6.2      To perform his or her responsibilities in such manner so as not unreasonably to disturb other persons residing within the Subdivision.

4.6.3      Each Lot Owner shall be deemed to agree by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any family member, guest, or Tenant, including, but not limited to, any repairs necessary which result from damage incurred by pets or vehicles owned by the Lot Owner, or owned by any family member, guest, or Tenant of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an individual Assessment.

## ARTICLE V

### **COVENANT FOR ASSESSMENTS**

Section 5.1      Annual Assessments. Annual Assessments for the payment of any Common Expenses shall be made in the manner provided herein. Said Assessments are established for the benefit and use of the Association and shall be used in covering all of the Common Expenses.

Section 5.2      Assessment due to Negligent or Intentional Acts. In the event that the need for maintenance, repair or replacement of any portion of the Common Areas is caused through the willful or negligent act of an Owner, family member, guest, or a Tenant, then the cost of such maintenance, repair or replacement shall be paid by such Owner. The Board shall arrange to have the maintenance, repair or replacement performed, and the cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter.

Section 5.3      Commencement Date of Annual Assessment; Due Date for Payment; Determination of Annual Assessment; Fines for Violation of Declaration Terms.

5.3.1      It is estimated that the initial Assessment for Common Expenses payable to the Association shall be \$75.00 annually per Lot. A Lot Owner shall be responsible for payment of said annual Assessment, or his or her prorated portion thereof, at the time that said Owner takes title to his or her Lot, regardless of whether a Dwelling Unit has been constructed upon the Lot. The Declarant shall have no obligation for payment of any such Assessment on any Lot owned by the Declarant. The Board of Directors shall determine the need for any increase in the annual Assessment to be paid by each Class A Member attributable to his or her Lot at the beginning of each calendar year, with notice of any increase to be provided to every Class A Member subject thereto, along with an explanation of the need for any such increase. The Board of Directors shall establish the due date for payment of the annual Assessment.

5.3.2      The Board of Directors, or an adjudicatory panel established by the Board of Directors, may levy a reasonable fine or penalty against an Owner for any violation of the terms of this Declaration, said fine to be in accordance with the Planned Community Act. Such fine or penalty shall be treated as an Assessment in accordance with this Article V and a payment thereof may be secured by a lien against the Lot of the Owner in violation. Said Assessment lien may be enforced by foreclosure.

5.3.3      Annual Assessments for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the total number of Lots located within the Subdivision, as such may be expanded, except the total number of Lots within the Subdivision shall not include any Lots owned by Declarant (which shall not be assessed in accordance with this Article V).

Section 5.4      Billing. The Association shall inform each Lot Owner of the amount of the annual Assessment and when said payment is due. The Assessment shall be paid annually or as otherwise instructed by the Association.

Section 5.5      Common Surplus. If the annual Assessments collected in any given year are in excess of the actual Common Expenses for that year, the Board may, in its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment of the annual Assessment for the following year; or (c) apply the Common Surplus to a reserve fund.

Section 5.6      Assessment Certificate. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for Assessments, a certificate in writing signed by an Officer or other authorized agent of the Association, setting forth the status of said Assessments (i.e. – whether the Assessments are paid current, and if not current, the total amount due, including fines and late fees). Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be levied by the Association for each certificate.



Section 5.7      Books and Records of the Association. The Association shall keep a complete and accurate accounting of its financial records. The Association shall make available to all Lot Owners, and the holders of all first mortgages on Lots, a current and complete copy of the books, records and financial statements of the Association, upon reasonable request during normal business hours. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and shall be deemed to be held for the use, benefit, and account of the Association and all of the Lot Owners. All books and records must be kept in accordance with good accounting procedures.

Section 5.8      Non-Payment of Assessment. Any Assessment levied pursuant to this Declaration, which is not paid on the date when due, shall be considered delinquent, and shall, together with such interest and other costs as permitted in Section 5.13 or elsewhere in this Declaration, thereupon become a continuing lien upon the Lot of any Owner failing to make payment.

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at the reasonable rate of the "prime rate" (as published in the Wall Street Journal) plus four percent (prime rate plus 4%) per year or at such other reasonable rate set by Association, not to exceed the maximum amount allowed by law; and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot. In either event, the interest, costs and reasonable attorneys' fees shall be added to the amount of each Assessment. No Owner may waive or otherwise escape liability for the Assessments by non-use (or waiver of use of) the Common Areas, or by abandonment of his or her Lot.

Section 5.9      Priority of Association Lien. The lien provided for in this Article VI shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes, and assessments and liens of bona fide first mortgages which have been filed of record before a claim of this lien hereunder has been docketed in the office of the Clerk of Superior Court in Cumberland County, and may be foreclosed in the same manner as a mortgage on real property under power of sale in an action brought by the Association in accordance with the Planned Community Act. The Association is entitled to recover its reasonable attorneys' fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

Section 5.10      Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Lot, for which an Assessment lien has been filed by the Association, has been improperly charged against his or her Lot, may file an appropriate legal action.

Section 5.11      Purchaser at Foreclosure Sale Subject to Declaration, Bylaws, Rules and Regulations of the Association. Any purchaser of a Lot at a foreclosure sale shall automatically become a Member of the Association and shall be subject to all the provisions of this Declaration and the Constituent Documents.

Section 5.12      Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the holder of a first mortgage or first deed of trust of record, or other purchaser

of a Lot, acquires title to the Lot as a result of foreclosure of the first mortgage first deed of trust or by deed in lieu of foreclosure, such acquirer of title, his, her or its successors and assigns, shall not be liable for the share of the Common Expenses or other Assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to the Lot by such acquirer, other than Assessments for which a claim of lien has been docketed with the Cumberland County Clerk of Superior Court prior to the recordation of the lien being foreclosed. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Lots, including that of such acquirer, his, her or its successors or assigns. This provision shall not relieve the party acquiring title or any subsequent Owner of the subject Lot from paying future Assessments.

Section 5.13      Late Charge. The Association may impose a late charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within ten (10) days after such Assessments are due and payable and who fails to exercise his rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be the greater of (a) twenty and 00/100 Dollars (\$20.00), or (b) twenty percent (20%) of the delinquent amount, or such other amount as may be determined by the Association from time to time.

Section 5.14      Miscellaneous.

5.14.1      The Association may change the interest rate due on delinquent Assessments (including any late charges), except that the rate cannot be changed more often than once every six (6) months. As of its effective date, the new interest rate will apply to all Assessments then delinquent.

5.14.2      The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise notice sent by Association to the Lot is sufficient for any notice requirement under this Declaration.

5.14.3      The lien under this Article V arises automatically, and no notice of lien need be recorded to make the lien effective.

5.14.4      The Assessment lien includes all collection costs, including demand letters, preparation of documents, reasonable attorneys' fees, court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment.

5.14.5      Any Assessment otherwise payable in installments shall become immediately due and payable in full without notice upon default in the payment of any installment. The acceleration shall be at the discretion of the Board.

5.14.6      The Association shall have the right in its discretion to contract with a professional property management agency for purposes of keeping its books and managing its affairs on behalf of the Subdivision.

## ARTICLE VI

### **EASEMENTS**

Section 6.1      Easement over Common Areas. Appurtenant to each Lot is an easement with respect to Common Areas as described in Article III. The Developer also reserves the same easement rights for itself, its successor and assigns.

Section 6.2      Use of Easement. Any use of the rights and easements granted and reserved in Article III or this Article VI shall be reasonable. If any damage, destruction, or disturbance occurs to any Common Areas as a result of the use of any easement or right, the Common Areas shall be restored by, or at the direction of, the Association, promptly and in a reasonable manner, at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction or disturbance. Before beginning work, Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense.

Section 6.3      Reservation of Construction Easement by Declarant. The Declarant reserves the non-exclusive right and easement to temporarily go in and upon the Subdivision in order to complete the development of the Subdivision and the construction of the improvements to be located therein, and to develop other neighboring land. This easement right is to be construed broadly in favor of the Declarant, including providing Declarant with the right to temporarily store construction materials, equipment and/or dirt.

Section 6.4      Easements to Run with Land. All easements and rights described in Article III, this Article VI, and elsewhere in this Declaration, are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Subdivision, or any part or portion of it.

## ARTICLE VII

### **INSURANCE**

Section 7.1      Liability Insurance. The Association shall maintain liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of, or in connection with, the use, ownership, or maintenance of the Common Areas.

Section 7.2      Fidelity Insurance. The Association may choose to acquire fidelity coverage against dishonest acts on the part of its officers and/or Members who are responsible for the handling of funds collected and held for the benefit of the Lot Owners. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than the insured's total annual Assessments, plus all accumulated reserves and all other funds held by the Association either in

its own name or for the benefit of the Lot Owners. Such fidelity insurance coverage shall not be required, but may be purchased in the reasonable discretion of the Association.

Section 7.3      Fire and Extended Coverage. The Association may choose to acquire fire and extended coverage with respect to any improvements located within the Common Areas. Such coverage shall not be required, but may be purchased in the reasonable discretion of the Association.

Section 7.4      Insurance Premiums. All premiums upon any insurance policies purchased by the Association shall be Common Expenses.

Section 7.5      Insurance Proceeds. Proceeds of all insurance policies owned by the Association shall be received by the Association for the use of the Lot Owners and their mortgagees as their interests may appear; provided, however, the proceeds of any insurance received by the Association because of property damage shall be applied to repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

Section 7.6      Power of Attorney. Each Lot Owner shall be deemed to appoint the Association as his or her true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of any insurance policy obtained by the Association. Without limitation on the generality of the foregoing, the Association as said attorney-in-fact shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, the Lot Owners and their respective mortgagees as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Lot Owners and the Subdivision as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters.

Section 7.7      Responsibility of Lot Owner to Purchase Insurance. The Association shall not be responsible for procurement or maintenance of any insurance covering any Lot or Dwelling Unit, or the contents of any Lot or Dwelling Unit, nor the liability of any Lot Owner for injuries not caused by or connected with the Association's operation, maintenance or use of the Common Areas, or other property located in the Subdivision. Each Lot Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of, or occurring on or within, his or her Lot or Dwelling Unit. In addition, each Lot Owner shall maintain fire and extended coverage insurance on his or her Dwelling Unit, and the contents of his or her Dwelling Unit.

## ARTICLE VIII

### ASSOCIATION

Section 8.1      Association. The responsibility for the administration and governance of the Subdivision shall be vested in the Association. The Association shall have full power and responsibility with respect to all matters concerning the Subdivision that are addressed by this Declaration, including, but not limited to, the power to levy Assessments against Lot Owners, the

power to enforce all provisions of this Declaration, the Bylaws and any other documents or instruments relating to the Subdivision. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in *Section 47F-3-102* of the Planned Community Act.

Section 8.2      Board of Directors. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors.

Section 8.3      Limitations on Association's Duties.

8.3.1      It is acknowledged that the Association has not constructed any improvements, including any Dwelling Units. The Association does not warrant, in any way or for any purpose, the improvements in the Subdivision. Construction defects are not the responsibility of the Association.

8.3.2      The Association shall have a reasonable time, after sufficient notice has been provided, in which to make any repair or address any problem in which it may have responsibility to address or rectify under this Declaration.

8.3.3      In case of ambiguity or omission, the Board of Directors shall have the authority to interpret meaning and intent of the Declaration and the Constituent Documents, and the Board of Director's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as Declarant owns any Lot within the Subdivision; and such prior interpretation may not be enforced against the Declarant, its successors or assigns.

## ARTICLE IX

### **HARMONY, ARCHITECTURAL CONTROLS**

Section 9.1      Architectural Control Committee. Except for original construction performed by or on behalf of Declarant, or as otherwise in these covenants provided, no building, fence, sidewalk, driveway, mailbox, other structure, improvement, or anything attached to any improvement visible from the outside of any such structure or improvement (including, without limitation, storm doors, windows, or window coverings) shall be erected, placed, altered, or maintained on any Lot, nor shall any exterior addition to or change (including any change in color) or alteration therein be made, until the proposed building plans, specifications, exterior color and finish, plot plans (showing the proposed location of such building or structure, drives and parking areas), general contractor and all subcontractors, and construction schedule shall have been submitted to and approved in writing by the Board of Directors of the Association, or by any architectural control committee appointed by said Board of Directors. Refusal of approval of plans, location or specification by said Board of Directors or architectural control committee may be based upon any reasonable grounds, including, without limitation, lack of harmony of external design, color, location or relation to surrounding structures and topography and purely aesthetic considerations which, in the discretion of said Board of Directors or architectural control committee, shall be deemed sufficient. After approval by the Board of Directors or

architectural control committee is given, no alterations may be made in such approved plans except by and with their prior written consent. One copy of all plans, specifications and related data shall be furnished the Board of Directors or architectural control committee for its records.

Section 9.2      Subdividing. No Lot shall be subdivided, or its boundary lines changed, except with the prior written consent of the Board of Directors; however, the Declarant hereby expressly reserves to itself, its successors or assigns, the right to subdivide or alter the boundary lines of any Lot that is still owned by Declarant, its successor or assigns.

Section 9.3      Site Improvements.

9.3.1      Building Setback Guidelines and Requirements. The building line of any Dwelling Unit or any building appurtenant thereto constructed on any Lot shall comply with the minimum setback requirements of the Cumberland County zoning ordinance.

9.3.2      Changes in Elevation. No changes in elevation of the land shall be made on any Lot without the written approval of the Board of Directors.

9.3.3      Adequate Drainage Requirement. It shall be the obligation of the Lot Owner to provide for adequate drainage on his or her Lot when any construction is commenced such that Owners adjacent to said Lot shall not be subjected to additional stormwater runoff.

9.3.4      Structural Improvements.

- (a)      Residential Use. No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than a detached single family residence; however, a free-standing garage or small accessory building is permitted, provided the use of such garage or accessory building does not overcrowd the site, and provided, further, that such garage or accessory building is not used for activities normally conducted as a business. Any such garage or accessory building may not be constructed prior to the construction of the Dwelling Unit and must be approved by the Board of Directors.
- (b)      Building Materials. All structures constructed or placed on any Lot shall be built of substantially new materials. Any garage or accessory building shall be constructed of the same material as the main dwelling, unless approval is provided by the Board of Directors.
- (c)      Square Footage of Enclosed Dwelling Area. Every dwelling constructed on any Lot shall contain at least 1500 heated square feet, exclusive of patios, attached or unattached garages, terraces, decks, roofed and unroofed porches and accessory buildings.
- (d)      Fuel Tanks and Similar Storage Receptacles. All fuel tanks and similar storage receptacles must be hidden from view so as not to be visible from the street.

- (e) Clotheslines. Clotheslines shall be located so as not to be visible from the street.
- (f) Fences and Walls. No fence shall be constructed or located on any Lot closer to the front Lot line than the rear of the Dwelling Unit, unless approval is provided by the Board of Directors. No chain link or chicken wire fencing is permitted on any Lot. Split rail fencing, picket fencing and privacy fencing are acceptable, as long as any such fencing is constructed of wood, vinyl or wrought iron. In no event may any fencing exceed a height of six feet (6').

## ARTICLE X

### USE RESTRICTIONS

Section 10.1 Use and Occupancy. The following covenants, conditions, and restrictions, as to use and occupancy, shall run with the land and shall be binding upon each Lot Owner, his or her heirs, successors and assigns, Tenants and guests.

Section 10.2 Purpose of Subdivision. Except as otherwise provided in this Declaration, each Lot shall be used only for single-family residential purposes. Except for the construction, sales and management activities (including, without limitation, the right of Declarant to maintain one or more model Dwelling Units, or sales offices) of the Declarant or as otherwise provided herein, no business, trade, industry, occupation or profession of any kind, whether for profit or not for profit, may be conducted, maintained, or permitted within the Subdivision. To the extent permitted by law, an Owner may use a portion of his or her Dwelling Unit for an office, provided that the activities conducted therein shall not interfere with the quiet enjoyment or comfort of any other owner or occupant; and provided further that such activities do not increase the normal flow of traffic or individuals in and out of the Subdivision, or in and out of said Owner's Lot.

Section 10.3 Parking. Except for vehicles being used by persons providing services to the Declarant, the Association, the Lot Owners or otherwise used or authorized to be used at the Subdivision by the Declarant, no part of the Subdivision may be used for the parking of any mobile home, camper, large commercial truck, boat, boat trailer, or any other similar vehicle (collectively, "Special Vehicles"), unless such Special Vehicles are parked in the garage of the Lot Owner who owns such Special Vehicle and the garage door of such Lot Owner is completely closed at all times when a Special Vehicle is parked therein. Operative vehicles, other than Special Vehicles, used by a resident of a Lot as a primary source of transportation may be parked in the driveway of such Lot Owner or in any garage space owned by the Owner of such Lot. However, the residents of any one Lot may not collectively park more than four (4) operative vehicles in the Subdivision. Inoperative vehicles may not be parked within the Subdivision, unless these inoperative vehicles are parked in the garage and the garage door is completely closed. No automotive maintenance and/or repairs may be performed on the Subdivision, except if performed inside the garage of a Lot Owner. Vehicles, whether owned by a Lot Owner or not, parked in violation of any part of this Declaration, may be immobilized or towed at the request of the Association and stored at the Owner's risk and expense; and the violating Owner of the

vehicle hereby waives any claim against the Association resulting directly or indirectly out of the towing.

Section 10.4      Animals and Pets. No animals of any kind shall be raised, bred, or kept on any Lot or in any Dwelling Unit or in the Common Areas, except that three (3) dogs, three (3) cats, or a combination thereof, or three (3) other household pets may be kept in a Dwelling Unit, provided that they are not kept, bred or maintained for any commercial purposes. Dangerous dogs are not permitted in the Subdivision; and dobermans, pit bulls, chows and rottweiler breeds of dogs are expressly prohibited. Dogs, cats or other household pets must be kept within the confines of the Owner's Dwelling Unit or Lot except when on a leash. No pet may be "staked", housed, tied up or otherwise left in any part of the Common Areas. A Lot Owner shall be responsible for cleaning up after his household pet within the Subdivision. The Association shall have the right to levy fines against persons who do not clean up after their pets. Additionally, the right of an occupant to maintain an animal in a Dwelling Unit shall be subject to termination if the Board in its full and complete discretion, determines that maintenance of the animal constitutes a danger or nuisance or creates a detrimental effect on the Subdivision or occupants. Any doghouse or other shed constructed or placed upon a Lot must be located in the middle of said Lot along the rear property line (and not located in the corner or other more visible portions of any Lot). No doghouse or other structure used or intended for the housing or keeping of animals may be constructed, placed or maintained on any part of the Common Areas.

Section 10.5      Nuisances. No noxious or offensive activity shall be carried on upon any Lot or in the Common Areas, either willfully or negligently, which may be or become an annoyance or nuisance to the other Lot Owners or occupants.

Section 10.6      Trash Disposal. Lot Owners shall keep trash containers hidden from view from the street at all times, except on the days which trash is collected by the local waste removal authorities. Any trash containers placed outside by the Lot Owners in the location designated for collection by the local waste removal authorities shall only remain in such location for a period not to exceed twenty-four (24) hours.

Section 10.7      Mobile Homes and Temporary Structures. No mobile home or other structure of a temporary character shall be placed or stored upon any Lot at any time; provided, however, that this prohibition shall not apply to any temporary shelter placed upon a Lot by any general contractor during the construction of any Dwelling Unit, as long as any such temporary shelter is promptly removed from the Lot after completion of construction.

Section 10.8      Exterior Antennae and Satellite Dishes. Exterior radio, television and other antennae and satellite dishes shall be installed to the rear of any Dwelling Unit and not visible from the street; however, if it is impracticable to locate any such antennae or satellite dishes to the rear of any Dwelling Unit due to poor reception, then any such antennae or satellite dishes may be located elsewhere on a Lot on the express condition that such antennae or satellite dishes are adequately shielded from view from the street(s) upon which the Dwelling Unit has frontage.

Section 10.9      Signs. No permanent signs of any character shall be displayed upon any part of a Lot, except a sign bearing the name of the Owner and/or property name and



address, unless otherwise approved by the Board of Directors. Temporary signs, such as builder signs, realty signs, "for sale" signs, and the like, are permissible. Under no circumstances may signs be nailed to trees. All signs must be clean, neat, and maintained in good repair. The Declarant or the Association may erect informational signs.

Section 10.10      Activities Creating a Nuisance. No Owner shall do or permit to be done any act upon his or her Lot, or within any Common Areas, which is a nuisance to any other Lot Owner or resident. Discharging of firearms, guns or pistols of any kind shall not be permitted. Likewise, the burning of yard waste or other any other debris shall not be permitted.

Section 10.11      Nondiscrimination. No Owner shall discriminate upon the basis of sex, race, age, color, creed or national origin in the sale, lease or rental of any Lot.

Section 10.12.      Sheds. Any shed that is constructed or placed upon any Lot (that does not violate the terms of Section 10.7 above) must be located in the middle of said Lot along the rear boundary line (and not located in the corner or more visible portions of any Lot). Any shed shall be constructed of essentially new materials that match the home exterior, unless advance approval is obtained from the Board of Directors.

## ARTICLE XI

### ENFORCEMENT

#### Section 11.1      Enforcement.

11.1.1      The Association or any Lot Owner may enforce these covenants, conditions and restrictions. Enforcement of these covenants, conditions and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate (the "Violating Party") any covenant, condition or restriction, either to restrain or enjoin violation or to recover damages, and against the land to enforce any lien created by these covenants. In addition to all other amounts due on account of said violation or attempted violation, the Violating Party shall be liable to the parties enforcing the covenants and/or restrictions of this Declaration (the "Enforcing Parties") for all reasonable attorney's fees and court costs incurred by the Enforcing Parties. Failure or forbearance by the Association or any Owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

11.1.2      In addition to all other remedies of the Association, the Association shall have the right to assess a maximum fine of \$100.00 per day (or such higher amount as may be allowed by law) per violation against any Owner who violates any provision of this Declaration or other rules of the Association after such Owner has been given notice of the violation and an opportunity to be heard with respect to the violation in accordance with such policies and procedures as may be adopted from time to time by the Board of Directors.

11.1.3      In addition to the above rights, the Association may also enter upon a Lot to remedy any violation (i) after having given such owner at least ten (10) days prior notice, or (ii) without giving notice in the event of an emergency.

Section 11.2      Severability. Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 11.3      Restrictions Run With Land. The easements or other permanent rights or interests are herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors, and assigns.

Section 11.4      Amendment. The Declarant may amend this Declaration at any time during the Development Period without consent of any Lot Owners, as long as such amendment is reasonably consistent with the design, scheme and purposes of this Declaration. The Association may amend this Declaration at any time, as long as reasonably consistent with the design, scheme and purposes of this Declaration, by the affirmative vote or written agreement of the Owners to whom not less than seventy-five percent (75%) of all of the votes in the Association are allocated; however, if any such proposed amendment occurs prior to the expiration of the Development Period, then the Declarant must consent to the proposed amendment for it to be effective and enforceable. Any approved amendment must be in writing and duly filed in the Cumberland County Registry. Except with respect to an amendment enacted by the Declarant during the Development Period, no such agreement to amend this Declaration, in whole or in part, shall be effective unless written notice of the proposed amendment is sent to every Member at least thirty (30) days in advance of any action taken. Also, any amendment with respect to the rules governing the Open Space Acreage must fully conform with the conditional use district zoning ordinance of Cumberland County in order to be valid.

Section 11.5      Reservation of Special Declarant Rights. Declarant reserves the right to maintain its sales and management offices, model units, construction trailers, storage or staging areas, and advertising signs, if any, upon Lots owned by Declarant, or owned by builders to whom the lots were sold by the Declarant (specifically for the purpose of constructing home dwellings for resale), until the expiration of the Development Period. Declarant also reserves the right to exercise all other "Special Declarant Rights" as defined in the Planned Community Act. Without limiting the foregoing, and notwithstanding anything herein to the contrary, during the Development Period, Declarant shall have the right to annex additional Lots or Common Areas into the Subdivision by filing a supplement to this Declaration in the Cumberland County Registry, together with an amendment to the Plat, if applicable. Such additional Lots or Common Areas need not be contiguous to the Property. Declarant shall have the right to assign all or a portion of any rights or easements reserved herein by a written assignment thereof, said written assignment to be recorded in the Cumberland County Registry. Notwithstanding the use restriction of Section 10.2, Declarant expressly reserves the right to use any Lot(s) owned by it as a means of ingress and egress to any contiguous land that may be developed at a future date by Declarant.

Section 11.6      Binding Determination. In the event of any dispute or disagreement with or between any Owner(s) relating to, or of any other disputes, disagreements or questions regarding, the interpretation or application of the provisions of this Declaration or the Articles or

Bylaws of the Association, the determination thereof (i) by Declarant for so long as Declarant retains control of the Association; and (ii) thereafter by the Board of Directors of the Association shall be final and binding on each and all such Owners; providing that any determination which directly or indirectly affects Declarant shall require Declarant's prior consent to become binding upon Declarant.

Section 11.7      Captions and Titles. All captions, titles or headings in this Declaration are for the purpose of reference and convenience only and are not deemed to limit, modify or otherwise affect any of the provisions hereof, or to be used in determining the intent or context thereof.

Section 11.8      Notices. Except as otherwise provided in this Declaration, any notice to any Owner under this Declaration shall be in writing, shall be effective on the earlier of (i) the date when received by such Owner, or (ii) the date which is three (3) days after mailing (postage prepaid) to the last address of such Owner set forth in the books of the Association. The address of an Owner shall be at his Lot (or any of them if more than one) unless otherwise specified in writing to the Association.

Section 11.9      Governing Law. This Declaration shall be governed by the laws of the State of North Carolina, and any suit to enforce any provision hereof, or to obtain any remedy with respect hereto, shall be brought in state court in Cumberland County, North Carolina.

## ARTICLE XII

### **MORTGAGEE'S RIGHTS**

Section 12.1      Notice of Rights of Mortgagee of a Lot. As used herein, the term "Mortgagee" shall mean the holder of a first lien mortgage or deed of trust on a Lot who provides notice to the Association of its name and address with a request to receive any notices and other rights provided to "Mortgagees" under this Article XII. A Mortgagee shall be entitled to receive written notification of any default, not cured within sixty (60) days after its occurrence, by the Owner of the Lot with respect to any obligation of the Owner under the Declaration. Any Mortgagee can make the request for notification.

Section 12.2      Rights of Mortgagee. Unless at least seventy five percent (75%) of the Mortgagees (based upon one vote for each first mortgage or deed of trust owned), and a vote of seventy-five percent (75%) of the votes allocated to the Members entitled to vote hereunder, the Association shall not:

12.2.1      by an act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Subdivision or Common Areas or improvements located thereon which are owned directly or indirectly by the Association for the benefit of the Lots (the granting of easements for public utilities or for other purposes consistent with the intended use of the Subdivision, or the conveyance of Common Area to a local governmental authority for public park purposes or the conveyance or dedication of Roadways shall not be deemed a transfer within the meaning of this clause);

12.2.2 change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

12.2.3 by act or omission change, waive or abandon any scheme of regulation or enforcement thereof pertaining to the architectural design or exterior appearance of the Dwelling Units, the exterior maintenance of the Dwelling Units, the maintenance of common fences or driveways or the upkeep of lawns and plantings in the Subdivision; or

12.2.4 use hazard insurance proceeds for losses to any Common Areas for other than the repair, replacement or reconstruction of such Common Areas.

Section 12.3 Right to Examine Books and Records. Mortgagees, their successors or assigns, shall have the right to examine the books and records of the Association.

Section 12.4 Taxes and Insurance. Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against any Lot and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such Lot, and first mortgagees making such payments shall be owed immediate reimbursement therefor from the Lot Owner.

Section 12.5 Insurance Proceeds and Condemnation Awards. No provision of this Declaration or any other document or instrument affecting the title to the Property, Common Areas, any Lot, or the organization or operation of the Association, shall give an Owner or any other party priority over any rights of first mortgagees of Lots within the Subdivision pursuant to their mortgages in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of Common Areas.

### ARTICLE XIII

#### **CONFLICTING PROVISIONS**

Section 13.1 Conflicting Provisions. To the extent that the provisions of this Declaration conflict with the applicable provisions of the Cumberland County zoning ordinance, then the conflicting provisions of the Cumberland County zoning ordinance shall control. To the extent that the provisions of this Declaration conflict with the Planned Community Act (or, to the extent that any conflicting provisions of the Cumberland County zoning ordinance conflict with the Planned Community Act), then the Planned Community Act shall control.

**[The Remainder of This Page Intentionally Left Blank]**

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed as of the day and year first above written.

MCRENT, LLC,  
a North Carolina limited liability company

BY: J. Malcolm McFadyen  
Manager

STATE OF NORTH CAROLINA

COUNTY OF CUMBERLAND

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he signed the foregoing document for the purpose stated therein and in the capacity indicated:

J. MALCOLM MCFADYEN as the Manager of McRent, LLC, a North Carolina limited liability company.

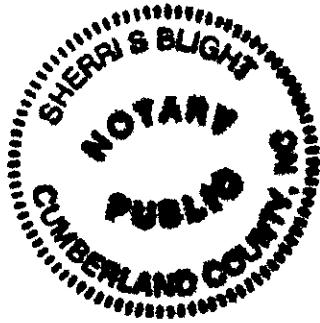
Date: MAY 9, 2007

Official Signature of Notary: Sherris S Blight

Notary's Printed Name: SHERRI S BLIGHT

My commission expires: FEB 7 2011

[Affix Notary Seal or Stamp]



**EXHIBIT A**

(Legal Description)

BEING all of Lots 1 through 71, inclusive, as shown on plat entitled "Sand Hill Preserve", said plat having been duly recorded in Plat Book 120, Pages 78 through 79, Cumberland County Registry (the "Plat").