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**DECLARATION OF RESTRICTIVE COVENANTS AND EASEMENTS
FOR COTTAGES AT EAGLE POINT**

(AT MID SOUTH CLUB)

THIS DECLARATION OF RESTRICTIVE COVENANTS AND EASEMENTS (the "Declaration") is made as of the date set forth in the below notary acknowledgment, by MCKEE HOMES LLC, a Delaware limited liability company, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Moore County, North Carolina known as the Cottages at Eagle Point (at Mid South Club) (the "Cottages at Eagle Point"), plats of which have been duly recorded in Plat Cabinet 17, Page 471 and Plat Cabinet 17, Page 535 (together, the "Plat") of the Moore County, NC Registry [Note: the defined term "Cottages at Eagle Point" is intended to refer to all property shown on the Plat and any future annexed phases; and

WHEREAS, Declarant desires that Cottages at Eagle Point be uniform in its development and the restrictions applicable thereto; and

NOW THEREFORE, Declarant declares that the real property described above shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, assessments, affirmative obligations, and liens hereinafter set forth which are for the purpose of protecting the value and desirability of, and which shall run with, the real property described above and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

(a) "Association" shall mean and refer to Cottages at Eagle Point Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns. The articles of incorporation of the Association are attached hereto as Exhibit A, and the bylaws (the "Bylaws") of the Association are attached hereto as Exhibit B.

(b) "Common Area" shall mean and refer to all of those platted areas labelled as such on the Plat, if any, along with the commonly-shared private roadway(s) and any improved storm pond(s) and other improvements located thereon, as applicable; and along with all commonly-shared subdivision signage, fixtures, equipment, landscaping, and improvements located in Cottages at Eagle Point, as applicable. All Common Area shall be subject to the easements and other rights described herein. The term "Common Area" shall also include any common personal property and equipment acquired by the Association for the common benefit of the Owners. All Common Area, including the private roadway(s) and storm pond(s) and related improvements located thereon, are to be devoted to and intended for the common use and enjoyment of the Members and/ or persons occupying dwelling places, subject to the terms set forth in this Declaration.

(c) "Common Expenses" shall mean and include:

- (1) All sums lawfully assessed by the Association against its Members;
- (2) Expenses of administration, maintenance, repair, or replacement of the Common Area;
- (3) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws;
- (4) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase or as the Association may deem appropriate to purchase;
- (5) Any other expenses determined by the board of directors or approved by the Members to be common expenses of the Association;
- (6) Other expenses that are deemed to be Common Expenses elsewhere in this Declaration.

(d) "Lot" shall mean and refer to any of the numbered plots of land shown on the Plat, as such Plat may be further amended or modified.

(e) "Member" when used in the context of discussing the Association shall mean and refer to the Declarant (during the Period of Declarant Control) and all those Owners who are Members of the Association as provided in this Declaration.

(f) "Owner" shall mean and refer to the Owner as shown by the records in the Moore County, NC Registry, whether it be one or more persons, firms, associations, corporations, or other legal entities, including the Declarant, of fee title to any Lot located at Cottages at Eagle Point; but notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

(g) "Period of Declarant Control" means the period commencing on the date hereof and continuing until the earlier of (i) the date Declarant no longer owns a Lot in Cottages at Eagle Point or any property within a two (2) mile radius thereof (to additionally include contract options on such property in favor of Declarant); or (ii) when Declarant relinquishes such control in favor of the Association via a recordable document executed by Declarant and recorded in the local Registry.

(h) "Property" shall mean and refer to Cottages at Eagle Point, which shall include all platted land shown on the Plat. The "Property" shall also include any future sections of Cottages at Eagle Point as the same may be developed from time to time, if any, except that such future sections of Cottages at Eagle Point shall become subject to these covenants only from and after the recording of the plat or plats for said future section(s) and the recording of a supplemental declaration which incorporates by reference this Declaration and which expressly makes the new section(s) subject to these covenants, or portions of same. The supplemental declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of Declarant, but such modification shall have no effect on all platted land shown on the Plat.

ARTICLE IA

SUBJECT TO MASTER COVENANTS FOR MID SOUTH CLUB; REQUIREMENT TO PURCHASE MEMBERSHIP IN MID SOUTH GOLF CLUB

The Cottages at Eagle Point is part of the larger master planned community known as the Mid South Club ("Mid South Club"). As such, notwithstanding anything to the contrary in this Declaration, the Property is expressly subject to (i) the terms of that certain Amendment and Restatement of the Declaration of Covenants and Restrictions recorded in Book 2135, Page 1, as amended (as amended to incorporate the Cottages at Eagle Point by that certain Supplement recorded in Book 4688, Page 386 (the "Supplement")); and (ii) the terms of that certain Road Maintenance Agreement recorded in Book 4420, Page 275, all aforesaid Registry (together, the "Master Covenants").

It is additionally noted that the purchaser of any Lot upon which a dwelling has been built within Cottages at Eagle Point must purchase and maintain membership in the Mid South golf club, as required by the above-referenced Supplement.

ARTICLE II SPECIAL DECLARANT RIGHTS

Declarant reserves the following special declarant rights for the entire Property, including any future sections of Cottages at Eagle Point during the Period of Declarant Control:

- (a) To complete any and all improvements indicated on the Plat and related engineering/architectural plans;
- (b) To exercise any development right reserved in this Declaration;
- (c) To construct and maintain any sales office, signs advertising the Property or any property which may be added thereto, management office or model on any of the Lots shown on the Plat;

(d) To create easements through the Common Area and/ or Lots for the purpose of making drainage and utility improvements, as reasonably necessary, now or in the future;

(e) To alter the size of any Lot, combine or merge two or more Lots, to subdivide Lots or to turn other Property into Common Area;

(f) To annex any additional property developed in conformity with the plan of development, regardless of whether now owned or acquired in the future and whether or not presently contiguous;

(g) To use the existing roads and utility easements in favor of all future annexations;

(h) To extend streets and utilities through any platted Lot owned by Declarant and/ or any builder affiliate;

(i) To unilaterally amend this Declaration as set forth in Article XI, Section 2;

(j) To assign the Declarant's rights to a successor in interest;

(k) To alter the size of the Common Area, and to recombine a portion of same with any Lot (to include the right, during the Period of Declarant Control, to execute a deed on behalf of the Association, to convey any portion of the Common Area to Declarant and/ or any third party, subject to any approvals as may be necessary by the local government planning department or other municipal agency having jurisdiction over the Property);

(l) To reserve and convey easement rights through the Common Area for the benefit of any contiguous residential subdivision or development that is not annexed into the Cottages at Eagle Point; however, it is understood and agreed that the residents of any such contiguous residential subdivision or development shall be required to pay their pro rata share of the maintenance and repair of the Common Area.

ARTICLE III EASEMENTS

Section 1. Declarant reserves the right to subject the Property to a contract with public utility providers for the installation of overhead and/or underground electric or other utilities and/or for the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to such public utility provider by the owner of each improved Lot. Declarant and its successors in title may devote any Lot or portion thereof, not already sold, for any construction and uses which it, in its sole discretion, deems necessary in order to provide the subdivision with utilities. Declarant also reserves the right to subject the Property to further easements with public utility providers for water, sewer, gas, cable, and all other necessary utilities for the benefit of the subdivision.

Section 2. Declarant reserves the right to subject the Property to easements for the installation and maintenance of drainage facilities, as reasonably necessary. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may interfere with, or which may change, the direction or flow of drainage, or which may obstruct or retard the flow of water.

Section 3. Subject to the provisions of this Declaration, any additional rules and regulations of the Association, every Member and every tenant and guest of such Member shall be vested with an easement of

enjoyment in, over, and upon the Common Areas, and such easement shall be appurtenant to and shall pass with the title of every Lot. Said easement shall include a vehicular and pedestrian right of ingress, egress, and regress over all private roadways that comprise a portion of the Common Areas. In addition, every owner of a lot in the larger Mid South Club, and every tenant and guest of such owner, shall be vested with an easement of enjoyment in, over and upon the private roadway(s) that comprise a portion of the Common Areas within Cottages at Eagle Point, to include a vehicular and pedestrian right of ingress, egress, and regress thereover.

Section 4. The Declarant covenants for itself, its successors or assigns, that, upon the completion of the streets and infrastructure development within the Subdivision, it shall convey any platted Common Areas to the Association within a reasonable period of time; however, the above notwithstanding, the Declarant shall convey the private roadway(s) that comprise a portion of the Common Areas within Cottages at Eagle Point to the master owner association (the "Master Association") for the larger Mid South Club, on the condition the Master Association accepts such conveyance. The Common Areas shall be conveyed to the Association (or Master Association, as the case may be) subject to: (i) all easements, restrictions, covenants, and conditions of record as of the date of such conveyance, including the terms of this Declaration; and (ii) any existing mortgages or other liens; provided, however, that in no event shall the Association (or Master Association, as the case may be) be obligated to assume any indebtedness related thereto.

Section 5. The Association (or Master Association, as the case may be) shall have the right to place reasonable restrictions upon the use of the Association's (or Master Association's, as the case may be) roadways, including but not limited to the types and sizes of vehicles permitted to use said streets, the maximum and minimum speeds of vehicles using said streets, all necessary traffic and parking regulations, and maximum noise levels of vehicles using said streets.

Section 6. Shared Structures

Each, if any, wall, gate, fence, or similar structure built as a part of the original construction on the Lots that serves or separates any two adjoining Lots shall constitute a party structure. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

ARTICLE IV USE RESTRICTIONS - LOTS

Section 1. All Lots shall be used for residential purposes only and shall not be used for any business or commercial purposes; provided, however, that Declarant reserves the right to use any Lot and any improvements thereon owned by Declarant (or an approved builder) as a model home with sales office. Group homes are prohibited.

Section 2. All Lots shall be residential lots, and no structure shall be erected, altered, placed or permitted to remain on any of said Lots except one detached single family dwelling of not more than two and one-half stories in height, a private garage for not more than three cars and other out-buildings in the rear of the dwelling house which may be incidental to normal residential use in subdivisions of similar category. Any such outbuildings shall be constructed in the same manner and with the same materials as the single family dwelling located on the Lot. No mobile homes or modular/ manufactured houses may be placed on any of the Lots.

Section 3. No dwelling shall be erected or allowed to remain on any of the Lots which shall contain a

heated-area living space of less than sixteen hundred and fifty (1,650) square feet or more than thirty-five hundred (3,500) square feet of which at least thirteen hundred (1,300) square feet must be on the ground floor.

Notwithstanding the above, smaller dwellings containing heated-area living space of not less than fifteen hundred (1,500) square feet shall be permitted on up to ten percent (10%) of the Lots within Cottages at Eagle Point, as long as they are not constructed on adjacent Lots. Heated-area living space shall mean the ordinary living space in a house which is designed and constructed so as to be capable of being heated for regular living use in cold weather. In the computation of floor space, furnace room areas, garages, carports, and porches shall not be counted. No residence or other building, and no fence, wall, utility yard, driveway, swimming pool or other structure or improvement, regardless of size or purposes, whether attached to or detached from the main residence, shall be commenced, placed, erected or allowed to remain on any building Lot, nor shall any addition to or exterior change or alteration thereto be made, unless and until building plans and specifications covering the same, showing the nature, kind, shape, height, size, materials, floor plans, exterior color schemes with paint samples, location and orientation on the building Lot and approximate square footage, construction schedule, and such other information as the Declarant shall require, including, if so required, plans for the grading and landscaping of the building Lot showing any changes proposed to be made in the elevation of surface contours of the land, have been submitted to and approved in writing by the Declarant and until a copy of all such plans and specifications, as finally approved by the Declarant have been lodged permanently with the Declarant. The Declarant shall have the absolute and exclusive right to refuse to approve any such building plans and specifications and Lot-grading and landscaping plans which are not suitable or desirable in its opinion for any reason, including purely aesthetic reasons connected with future development plans of the Declarant of said land or contiguous lands. In passing upon such building plans and specifications and Lot-grading and landscaping plans, the Declarant may take into consideration the suitability and desirability of the proposed construction and of the materials of which the same are proposed to be built to the building Lot upon which it proposes to erect the same, the quality of the proposed workmanship and materials, the harmony of external design with the surrounding neighborhood and existing structures therein, and the effect and appearance of such construction as viewed from neighboring properties. In the event the Declarant fails to approve or disapprove such building plans and specifications within thirty (30) days after the same have been submitted to it as required above, the approval of the Declarant shall be conclusively presumed and the provisions of this paragraph shall be deemed to have been complied with. However, no residence or other building, structure or improvements which violates any of the covenants and restrictions herein contained or which is not in harmony with the surrounding neighborhood and the existing structures therein shall be erected or allowed to remain on any part of a Lot. All driveways shall be constructed of concrete.

The Declarant approval requirements of this Section 3 shall automatically expire upon the expiration or termination of the Declarant Control Period; and at such time, the architectural review board ("ARB") of the Master Association shall have all such approval authority going forward, as set forth in the Master Covenants.

Section 4. All structures on any of said Lots shall comply with the setbacks as required by applicable municipal or government ordinance, as the case may be.

Section 5. Television satellite or dish antennas having a diameter in excess of twenty-two inches (22") are prohibited. All allowable satellite dishes or antennae are to be placed or installed at the rear of the house or the rear corner of the Lot, so that they are not easily visible from the street.

Section 6. No sign or signs other than a "For Sale" or "For Rent" sign shall be displayed on any Lot, except as specifically allowed by NCGS 47F-3-121 of the Planned Community Act.

Section 7. No automobile or motor vehicle may be dismantled or stored on said property; and no mechanically defective automobile, motor vehicle, mechanical machine, or machinery, shall be placed or

allowed to remain on said property for over fourteen (14) days. Notwithstanding the above, these restrictions shall not apply if such vehicle is kept in an enclosed garage and out of sight from the street. Commercial vehicles, camper trailers, recreation vehicles, trailers, and/or boats shall be stored at the rear of the residence on a concrete pad and enclosed by a privacy fence.

Section 8. No trailer, tent, shack, garage, barn, shed, or similar type outbuilding shall be placed, erected or allowed to remain on any Lot without the written consent of Declarant, its successors or assigns. Nor shall any structure of a temporary character be used as a residence temporarily, permanently or otherwise.

Section 8. It is understood and agreed that these restrictions are made for the mutual benefit of the grantors and grantees and any and all subsequent grantees, and all such parties shall be deemed to have a vested interest in these restrictions and the right to enforce same.

Section 10. The invalidation of any one or more or any part of any one or more of the covenants and conditions set forth herein shall not affect or invalidate the remaining covenants or portions thereof.

Section 11. No animals, livestock, or poultry of any kind, except common pets, shall be raised, bred, or kept on any part of a Lot; however, dogs, cats or other household pets may be kept, provided that they are not kept, bred or maintained for commercial purpose, and provided they are not allowed to run loose in the neighborhood. There shall be a maximum of three (3) dogs and three (3) cats allowed per Lot.

Section 12. Each Lot Owner covenants and agrees that he/ she will control the noise level emanating from any activities on the Lot at a reasonable level. The Lot Owner shall not allow the noise level to become a nuisance or to otherwise interfere with adjoining Lot Owners' reasonable use of their Lots.

Section 13. No fencing shall be placed, erected or allowed to remain on any Lot, except for black aluminum fencing, which may not exceed four feet (4') in height. Wood, vinyl and chain link fencing is expressly prohibited.

Section 14. No swimming pools shall be allowed on any Lot.

Section 15. Upon the written request of any Lot Owner, the Declarant shall have the authority to grant a reasonable variance from any particular use restriction set forth in this Article IV during the Period of Declarant Control, subject to the Master Covenants. Once the Period of Declarant Control has terminated, then the Association (through its board of directors) shall have the authority to grant any such reasonable variances, upon written request, but subject to the Master Covenants; however, with respect to items set forth in Article IV, Section 3, the ARB shall have all the approval (and variance) authority going forward, as set forth in the Master Covenants. During the Period of Declarant Control, the Declarant's decision to grant any variance shall be based upon the particular hardship of the Lot Owner and the variance's minimal effect on other Lot Owners and the overall aesthetic appearance of the Subdivision. Any variance shall be set forth in writing and shall be recorded in the Moore County Registry, indexed in the name of the Cottages at Eagle Point' subdivision, the Association, and in the name of the affected Lot Owner(s).

Section 16. Each Lot Owner covenants and agrees that he/ she will keep his/ her Lot in good condition and repair; and the dwelling, improvements, and landscaping located thereon shall be kept in presentable condition at all times. If any Lot Owner fails to abide by this covenant, then the Association shall be vested with a self-help right to perform such maintenance on behalf of such Lot Owner and shall charge the expense thereof to the Lot Owner, which shall become an additional assessment against any such Lot, enforceable in accordance with Article IX of this Declaration. The Association shall provide written notice to any Lot Owner

who is in violation of this covenant, and the Lot Owner shall have a period fourteen (14) days to cure such violation (as of the Lot Owner's receipt of such written notice), after which the Association shall have the right to elect its self-help remedy and perform the work on the Lot Owner's behalf; and the Association shall have a license to enter upon the Owner's Lot for such limited purpose; however, notwithstanding the above, it is understood and agreed that if the Lot is in foreclosure (as evidenced by any foreclosure filing with the local Clerk of Court's office), then the requirement that the Association provide such written notice the Lot Owner along with such cure right shall be automatically waived; and the Association shall be immediately vested with the right to perform the work and assess the Lot (without such advance notice or cure right being necessary).

Notwithstanding anything to the contrary herein or elsewhere in the Declaration, the Association reserves the right to assume responsibility for some or all yard and landscaping maintenance for the Lots, so as to allow Cottages at Eagle Point to be a low maintenance community; and the expense thereof shall be included in the Association budget and reimbursed by the Owners as a Common Expense. The Association shall not be responsible for yard and landscape maintenance on any Lot where the Owner has erected a fence that encloses all or a portion of the Lot, unless otherwise agreed by the Association; and an Owner shall not be entitled to any discount upon required assessment payments due the Association if the Owner's Lot is enclosed by a fence. An easement right is hereby reserved in favor of the Association across the Lots in order to provide such yard and landscape maintenance.

ARTICLE V USE RESTRICTIONS - COMMON AREA

Notwithstanding anything to the contrary herein, no Owner may build or erect any structure or improvement upon or within the Common Area. No basketball goals may be erected or placed in the street right of way. No Owner may alter the grade or contours of any berm located within the Common Area. No Owner may plant or modify in any fashion the land, trees, shrubberies, and other landscaping within the Common Area except as may be required to comply with stormwater management regulations set forth below. It is the intention of the Declarant that the Association (and/ or the Master Association) shall be solely responsible for the maintenance, upkeep and repair of any retention pond(s) within the Common Area.

ARTICLE VI ASSOCIATION'S STORMWATER MANAGEMENT OBLIGATIONS; HOLD HARMLESS; RELEASE OF LIABILITY OF DECLARANT

Section 1. Once the Declarant has constructed any required storm pond on any portion of the Common Area, if any, and conveyed such Common Area to the Association (or Master Association), as evidenced by a recorded warranty deed, then, for good and valuable consideration, the Association (or Master Association) shall become fully responsible for maintaining such storm pond and complying with all government requirements and/ or best management practices related thereto; and after a one (1) year period has elapsed since the completion of construction of any such storm pond (during which time the Declarant shall warrant the construction of such storm pond), the Declarant shall thereafter be fully released of all liability thereunder, except as otherwise specifically set forth in this Article VI.

Section 2. For good and valuable consideration, if any required storm pond is conveyed to the Association, then the Association (but only if any such storm pond is conveyed to the Association) and all Owners, jointly and severally, agree to save, defend, keep harmless, and indemnify Declarant, its successors and assigns, of and from all loss, damage, costs, charge, liability or expense, including court costs, attorneys' fees, and other costs and expenses incident to any suit, investigation, claim, demand or proceeding, which are

threatened against or suffered, sustained, incurred or required to be paid by Declarant as a result of the Association's failure to comply with the requirements set forth in this Article VI. In addition, for good and valuable consideration, the Association and all Owners, jointly and severally, release Declarant, its successors and assigns, from any and all liability in any way related to such storm ponds and/or the Common Area, except as otherwise specifically set forth elsewhere in this Declaration. The provisions set forth in this Article VI may not be altered or rescinded without the express written consent of the Declarant.

ARTICLE VII MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Every Owner shall be a Member of the Association. The Declarant acting through its designated officers, employees and agents shall be a Member of the Association. In the case of multiple ownership of any Lot, each Owner shall be a Member, subject to such limitations and fees established by the Declarant.

Section 2. The Association shall have one type of regular voting membership. Each Member shall be entitled to one (1) vote for each Lot which he/ she owns. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot. If a residence is constructed on more than one Lot, the Owner shall have one vote for the residence, but shall have no additional vote for each other Lot comprising a part of the total consolidated home or building site so long as such Lot remains a part of the consolidated site.

Section 3. The Association shall be initially governed by a board of directors consisting of up to three (3) persons, with the number in subsequent years to be determined as provided for in the By-Laws of the Association. The Declarant shall have the right to appoint and remove all three (3) persons on the board, or any lesser number in its discretion, and to appoint and remove all officers of the Association during the Period of Declarant Control.

Section 4. Each Member shall be entitled to as many votes as equals the number of votes he/ she is ordinarily entitled to multiplied by the number of directors to be elected, but may not cast all of such votes for any one (1) director and must distribute them among the number to be voted for, and all votes must be cast in whole numbers and not fractions thereof. It is the intent of this Section to prohibit cumulative voting.

ARTICLE VIII PROPERTY RIGHTS IN THE COMMON AREA

Subject to the provisions of this Declaration, the rules and regulations of the Association (or the Master Association, as the case may be), and any fees or charges established by the Association (or the Master Association, as the case may be), every Member and every tenant and guest of such Member shall have a right of easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title of every Lot. This appurtenant easement cannot be separated from or conveyed separately from fee simple title to the Lot. The privilege granted to guests and tenants of Members to use and enjoy the Common Area is subject to the following:

(a) the right of the Association (or the Master Association, as the case may be), in accordance with its Bylaws or otherwise, to borrow money for the purpose of improving and/or maintaining the Common Area and providing services authorized herein and in aid thereof to mortgage said properties; and

(b) the special Declarant rights reserved herein.

ARTICLE IX
COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges which are Common Expenses; (2) special assessments for extraordinary maintenance and capital improvements; (3) to the appropriate governmental taxing authority, a pro rata share of assessments for public improvement to the Common Area if the Association shall default in payment thereof; and (4) payments that are owing by each Owner of any Lot to the Master Association, if the Association determines in its discretion that it is expedient to collect such payments on behalf of the Master Association. The annual and special assessments, together with interest and costs, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his/ her successors in title unless expressly assumed by them.

The Association shall also have the authority, through the board of directors to establish, fix and levy a special assessment on any Lot to secure the liability of the Owner thereof to the Association arising from breach by such Owner of any of the provisions of this Declaration which breach shall require the expenditure of time and money or both, by the Association to repair or remedy.

Each Owner covenants, for himself, his/ her heirs, successors and assigns, to pay each assessment levied by the Association on the Lot described in such conveyance to him/ her within ten (10) days of the due date as established by the board, and further covenants that if said assessment shall not be paid within thirty (30) days of the due date, the payment of such assessment shall be in default and the amount thereof become a lien upon said Owner's Lot as provided herein and shall continue to be such lien until fully paid.

Section 2. Except as otherwise noted in this Declaration, the assessments levied by the Association shall be used exclusively for the paying of Common Expenses and for the use and enjoyment of the Common Area, together with reasonable and prudent reserves, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Area, the providing for limited access to the property, the procurement and maintenance of insurance as deemed appropriate by the board or as required by statute, the employment of counsel, accountants and other professionals for the Association when necessary, and such other needs as may arise.

Section 3. The annual assessment for Common Expenses shall be determined on an annual basis in accordance with the Association budget. Any builder shall be exempt from the annual assessment until the first (1st) anniversary of the builder's purchase of any Lot (after which date such builder shall be responsible for payment of the annual assessment on a pro rata basis, until such time as the builder has sold the Lot to a homebuyer). The Association, acting by and through its board of directors, shall have the fiduciary discretion to adjust the annual assessment for Common Expenses on any annual (or more frequent) basis, as reasonably necessary; and shall have the authority to determine when such assessments shall be due and payable. Notwithstanding anything to the contrary herein, it is understood and agreed that the Declarant and/ or any building companies having common ownership with Declarant, shall be fully exempt from any and all assessment and/ or start-up fee requirements as set forth herein.

Section 4. Any assessment not paid within thirty (30) days after the due date shall be delinquent, in default and shall bear interest from the due date at the rate of eighteen (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, costs, late payment charges and reasonable attorneys' fees, or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his/ her Lot. The lien herein granted unto the Association shall be enforceable (and may be foreclosed) in accordance with Chapter 47F (or any other pertinent chapter) of the North Carolina General Statutes.

Section 5. Upon the first sale of each Lot in Cottages at Eagle Point after the issuance of a certificate of occupancy for the residential dwelling constructed thereof, a working capital contribution of two (2) months of regular assessments shall be collected from the purchaser at the close of such sale to help capitalize the Association. The working capital contribution shall be a specific assessment against the Lot and shall be in addition to, and not in lieu, of the base assessment. Notwithstanding anything to the contrary herein, it is the intent of this paragraph that the working capital contribution provided for herein shall only be paid by the first Owner of a Lot, other than the Declarant or any builder, after a residential dwelling constructed thereon has been issued a certificate of occupancy by the appropriate governmental entity, and such fee shall not be binding or enforceable at law or equity against any subsequent Owner or mortgagee.

Section 6. During the Period of Declarant Control, Declarant shall: (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association (but specifically not including an allocation for capital reserves), and the sum of all base and special assessments collected by the Association in any fiscal year; or (b) cause the Association to borrow such amount from a commercial lending institution at the then prevailing rates for similar loans. No mortgage secured by the Common Area or any of the improvements maintained by the Association shall be given in connection with any such loan. Notwithstanding anything to the contrary herein, the Declarant and its affiliates may contribute assessments due from them in services or materials or a combination of services and materials (i.e. in kind contributions), rather than in money.

Section 7. The lien of the assessments provided for herein shall be subordinate to the lien of any institutional mortgage lender and the lien for ad valorem taxes on any Lot. The sale or transfer of any Lot shall not affect any assessment lien, and such lien shall run with title to any Lot against to which any such lien has attached. However, the sale or transfer of any Lot pursuant to a mortgage foreclosure or a tax foreclosure, or any proceeding in lieu thereof, shall extinguish the lien for such assessments as to payments which became due prior to such sale or transfer, but shall not abate the personal obligation of the prior Owner. No sale or transfer shall relieve such Lot from liability for any assessments becoming due after such sale or transfer, or from the lien thereof.

ARTICLE X INSURANCE REQUIREMENTS; COMMON AREA

The Association shall keep liability (and casualty insurance, as appropriate) on the portion(s) of the Common Area in the Cottages at Eagle Point subdivision which it shall own and/ or control, in accordance with the minimum requirements of NCGS 47F-3-113 of the Planned Community Act, or other pertinent provision, as such may be amended. The board of directors of the Association shall have the right to purchase more insurance than the minimum so required, including additional coverage types or endorsements, in its fiduciary discretion.

ARTICLE XI
GENERAL PROVISIONS

Section 1. The Declarant (during the Period of Declarant Control), or any Owner, or the Association (acting through its board) shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Declarant or by any Owner or by the Association (acting through its board) to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. This Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns. This Declaration may be amended by a written recorded instrument signed by Owners of Lots to which at least sixty-seven percent (67%) of the votes in the Association have been allocated; however, during the Period of Declarant Control, the Owners may not amend the Declaration without the written consent of Declarant, as evidenced by the Declarant joining as a signatory to any such amendment. In addition, Declarant shall have the right to unilaterally amend this Declaration in a reasonable matter (taking into account the general the plan of development and not deviating therefrom), by a written recorded instrument during the Period of Declarant Control. Notwithstanding anything in the contrary in this Section 2 to the contrary, it is agreed that any amendments to this Declaration may not be in conflict with the Master Covenants.

Section 3. In the event of any conflict between the provisions of this Declaration and any applicable provisions of the local town (and/ or county) ordinance, the provisions of the town (and/ or county) ordinance shall control.

Section 4. Any town and/or county ad valorem taxes on the Common Area, if any, as well as town and/or county assessments for public and private capital improvements on the Common Area, if any, shall be the responsibility of and paid by the Association from the common expense assessment as described elsewhere herein.

Upon default by the Association (or the Master Association, as the case may be) in the payment of any ad valorem taxes levied against Common Area or assessments for public or private capital improvements, which continues for a period of six (6) months, then each Lot Owner shall become personally obligated to pay the tax or assessment to the assessing governmental authority, with each Owner's portion of such taxes or assessments to be determined by on a pro rata basis, based on the total number of Lots, as may be equitably appropriate. If not paid by the Owner within thirty (30) days, said sum shall become a continuing lien upon any such Owner's Lot, and the taxing or assessing governmental authority may either bring an action at law against the Owner personally obligated to pay the same, or elect to foreclose the lien.

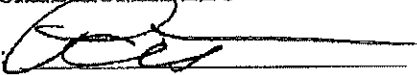
Section 5. Subject to the terms contained in this Declaration which may lawfully deviate from the default terms contained in the North Carolina Planned Community Act (NCGS 47F et seq) (the "Act"), the Declarant hereby intends that the Cottages at Eagle Point subdivision be expressly subject to the terms of the Act, as such may be amended.

[Remainder of This Page Intentionally Left Blank;
Signature Page Attached Hereto]

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed by its authorized Member/ Manager as of the date set forth in the below notary acknowledgment.

DECLARANT:

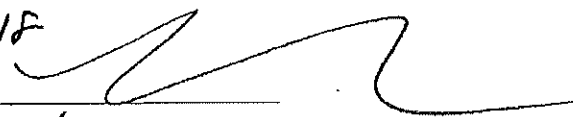
MCKEE HOMES LLC

By 
Patrick J. McKee
Member/ Manager

STATE OF NORTH CAROLINA

COUNTY OF CUMBERLAND

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document for the purpose stated therein and in the capacity indicated: Patrick J. McKee, in capacity as Member/ Manager of McKee Homes LLC, a Delaware limited liability company.

Date: 6-21-2018
Official Signature of Notary: 

Notary's Printed Name: Leonard H. Reaves

My commission expires: _____ [Affix Notary Seal or Stamp]

My Commission Expires August 25, 2019

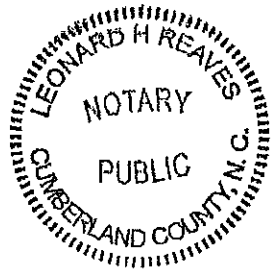
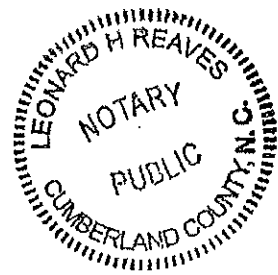


EXHIBIT A

[Attached Articles of Incorporation of Association]

[See pages that follow]