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REGISTER OF DEEDS  
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**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**  
**FOR**  
**THE COTTAGES AT NORTH RAMSEY**

**Recording References:**

Plat recorded at Plat Book \_\_\_\_\_, Page \_\_\_\_\_, Cumberland County, North Carolina records.

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EXHIBITS:

- Exhibit "A"     Legal Description of Property  
Exhibit "B"     Legal Description of Additional Property

**STATE OF NORTH CAROLINA**

**COUNTY OF CUMBERLAND**

**DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS**  
**FOR**  
**THE COTTAGES AT NORTH RAMSEY**

This Declaration of Covenants, Conditions and Restrictions for The Cottages at North Ramsey (hereinafter Declaration) is made on this \_\_\_\_\_ day of \_\_\_\_\_, 2008 by North Ramsey Partners, LLC, a North Carolina limited liability company (hereinafter "Declarant").

**WITNESSETH:**

**WHEREAS**, Declarant, is the sole owner in fee simple of the real property and improvements thereon located in Cumberland County, North Carolina, being more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (hereinafter the "Property"). Declarant intends by this Declaration to impose upon the Property mutually beneficial covenants, conditions, restrictions and easements under a general plan of improvement and development for the benefit of future owners of property within the residential community to be known as The Cottages at North Ramsey. Declarant desires to provide a flexible and reasonable procedure for the overall development of the Property and to establish a method for the administration, maintenance, preservation, use and enjoyment of the Property submitted to this Declaration; and

**WHEREAS**, Declarant desires to submit said Property to the provisions of this Declaration; and

**WHEREAS**, Declarant desires to reserve the right and option to submit to the provisions of this Declaration at a later date all or any portion of certain real property located in Cumberland County, North Carolina, being more particularly described on Exhibit "B" attached hereto and incorporated herein by this reference.

**NOW, THEREFORE**, Declarant hereby declare that all of the Property, and any additional property which may be subjected to this Declaration in accordance with its terms, shall be held, sold and conveyed subject to the covenants, conditions, restrictions and easements hereinafter set forth, which are for the purpose of protecting and preserving the value and desirability of the Property, and which shall run with the Property submitted to this Declaration and which shall be binding on all parties having any right, title or interest in and to such Property, their heirs, successors, successors in title and assigns and which shall inure to the benefit of each such party.

1. **DEFINITIONS**

The following words, when used in this Declaration or in any amendment to this Declaration shall have the following meanings:

(a) **"Additional Property"** shall mean any property as may be adjacent to or contiguous with property which is subject to this Declaration, which may be added to The Cottages at North Ramsey in accordance with the terms of Section 9 of this Declaration. Property shall be deemed to be adjacent to or contiguous with Property which is subject to this Declaration if it physically connects to

such property, at any point, or if it is separated only by a road, public or private, or water course, including any river, creek or lake.

(b) “Articles of Incorporation” shall mean and refer to the Articles of Incorporation of the Association; as such document may be amended from time to time.

(c) “Association” shall mean and refer to The Cottages at North Ramsey Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns. The Articles of Incorporation of the corporation have been filed and the corporation formed prior to the sale of any Lot in the Community.

(d) “Board of Directors” or “Board” shall mean and refer to the Board of Directors of the Association, which is the governing body of the Association.

(e) “Buildout” shall mean and refer to the date upon which the first of the following events occur: (i) the date on which there has been a Townhome constructed on each Lot contemplated to be in the Community and each Lot in the Community has been conveyed to a Person for residential occupancy; or (ii) a date established by the Declarant, in its sole discretion as indicated by a written instrument filed of record with the Register of Deeds of Cumberland County, North Carolina.

(f) “Bylaws” shall mean and refer to the Bylaws of the Association as the same now exist or as may hereafter be amended.

(g) “Certificate of Occupancy” shall mean and refer to any required certification issued by the appropriate government authorities as a prerequisite to occupancy of any Townhome on any portion of the Property.

(h) “Common Area” shall mean and refer to all real and personal property now or hereafter owned by the Association for the common use and enjoyment of the Owners or otherwise made available for the exclusive use and enjoyment of the Owners. Nothing herein shall be construed so as to create any obligation for Declarant to convey any property or improvements to the Association.

(i) “Common Expenses” shall mean and refer to the actual and estimated expenses of operating the Association and the Community, including, but not limited to, reasonable capital reserves and any taxes on the Common Area, all as may be imposed hereunder or found to be necessary or appropriate by the Board pursuant to this Declaration, the Bylaws and the Articles of Incorporation.

(j) “Community” or “Property” shall mean and refer to the residential development by Declarant on the Property known as The Cottages at North Ramsey and on such additions thereto as may be made by Declarant.

(k) “Community-Wide Standard” shall mean and refer to the standard generally prevailing in the Community for conduct, maintenance, architectural and design standards and other matters as determined by the Declarant, for so long as the Class “B” Member continues to exist, and thereafter as determined by the Board. Such determination by the Board must, however, be consistent with the Community-Wide Standard originally established by the Declarant.

(l) “Conversion Date” shall have the meaning ascribed to it in Paragraph (c)(ii) of Section 4 of this Declaration.

(m) “Declarant” shall mean North Ramsey Partners, LLC, a North Carolina limited

liability company, and its successors, successors in title and assigns, provided the instrument of conveyance to any such successor in title or assign must specifically designate such successor in title or assign as the Declarant hereunder. Upon the designation of such successor Declarant, unless otherwise provided in any conveyance by the former Declarant, all rights of the former Declarant in and to such status as Declarant hereunder shall cease, it being understood that as to all of the Property there shall only be one Person entitled to exercise the rights and powers of the Declarant hereunder at any time.

(n) “Declaration” shall mean and refer to this document as such shall be amended from time to time in accordance with this Declaration.

(o) “Design Review Board” or “DRB” shall mean and refer to that certain Board as empowered in accordance with Section 12 hereof.

(p) “First Mortgage” shall mean and refer to a first priority Mortgage.

(q) “First Mortgagee” shall mean and refer to the holder of a First Mortgage.

(r) “Impervious Surface” shall mean and refer to a man-made structure or surface which prevents the infiltration of storm water into the ground below the structure or surface. Examples are buildings, roads, driveways, parking lots, decks, swimming pools or patios.

(s) “Improvements” shall mean and refer to any Townhome, driveways, parking areas, fences, walls, recreational equipment, playhouses, play equipment, pools, steps, landscaping, lighting, signage, excavation, ditches, diversions, berms or any other thing or device that alters the flow of any water and all other structures, improvements or landscaping materials of every kind and type placed, erected, constructed, maintained or permitted on a Lot or on a Lot’s Limited Common Area.

(t) “Land-Disturbing Activity” means and shall refer to any grading, scraping, excavating, or filling of land; clearing of vegetation; and any construction, rebuilding, or alteration of a structure. Land-disturbing Activity shall not include activities such as ordinary maintenance and landscaping operation, individual home gardens, yard and grounds upkeep, repairs, and additions or minor modifications to a single-family residence.

(u) “Limited Common Area” shall mean and refer to a portion of the Common Area reserved for the exclusive use of one or more, but less than all, of the Lots and is identified as Limited Common Area on the recorded plats for the Community.

(v) “Lot” shall mean and refer to a platted portion of the Property, other than the Common Area, intended for single family residential use, created in accordance with Section 2(c) hereof.

(w) “Majority” shall mean and refer to those eligible votes totaling more than fifty percent (50%) of the total eligible number.

(x) “Member” shall mean and refer to a Person that is a member of the Association as provided in this Declaration.

(y) “Mortgage” shall mean and refer to a deed to secure debt, deed of trust, mortgage or other similar instrument used for the purpose of conveying or encumbering real property as security for the payment of an obligation.

(z) “Mortgagee” shall mean and refer to the holder of a Mortgage.



(aa) "Owner" shall mean and refer to the record Owner of any Lot which is part of the Property within the Community, but excluding (i) any Person holding an interest merely as security for the performance or satisfaction of any obligation; (ii) contract purchasers; and (iii) any governmental authority which holds title as a result of a dedication by Declarant.

(bb) "Person" shall mean and refer to a natural person, corporation, partnership, limited liability company, association, trust or other legal entity, or any combination thereof.

(cc) "Property" shall mean and refer to that certain real property described in **Exhibit "A"** attached hereto and made a part hereof by this reference and shall further refer to such Additional Property or part thereof when and if such is annexed by amendment or Supplemental Declaration to this Declaration. Property shall also include such real property as might be owned in fee simple by the Association.

(dd) "Townhome" shall mean and refer to any building, structure, or improvement on any Lot intended for use and occupancy as a residence and all appurtenances thereto including, but not limited to, all garages, porches, balconies, accessory structures, decks, overhangs, foundations, extensions and projections therefrom.

(ee) "Rules and Regulations" shall mean the current Rules and Regulations of the Association as may be supplemented, amended and repealed from time to time by the Board of Directors.

## 2. DEVELOPMENT

(a) Development of Property. All of the Property and any right, title or interest therein shall be owned, held, leased, sold and conveyed by Declarant, any record Owner and any subsequent Owner of all or any part thereof, subject to this Declaration and the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration. All Lots within the Property (i) shall be and are hereby restricted exclusively to townhome residential use, (ii) shall be developed and built upon only for townhome dwelling purposes, and (iii) shall be subject to the terms set forth in this Declaration. Until Buildout, Declarant shall have the right, but not the obligation, to make improvements and changes to all Common Area and to all Lots owned by Declarant, including, without limitation, installation of any Improvements in and to the Common Area, changes in the location or boundaries of any Lots owned by Declarant or of the Common Area, and installation of any water, sewer and other utility and drainage systems and facilities.

(b) Development of Additional Property. Declarant hereby reserves the right, option and privilege (but not the obligation) to be exercised in its sole discretion, to submit and develop Townhomes and, from time to time, to submit Additional Property to the provisions of this Declaration. This option, right and privilege may be exercised only by Declarant in accordance with the terms, conditions and limitations set forth in Section 9 below.

(c) Designation of Lots. Declarant shall have the unilateral right and power to subdivide and/or reconfigure all or any portion of the Property owned by Declarant into Lots, without the joinder or consent of any other Person. The Declarant shall exercise such right and power from time to time by causing an appropriate plat or plats to be prepared for the Lot or Lots which Declarant desires to designate as such and by filing such plat or plats for public record in the Office of the Register of Deeds of Cumberland County, North Carolina.

(d) Zoning. Declarant shall have the right and power, from time to time, to change

the zoning of any portion of the Property as the owner thereof or, if not the owner, with the written consent of the owner thereof, in such manner as Declarant deems appropriate for the overall development of the Property. No Owner other than Declarant shall apply for any change in zoning, including variances, of any portion of the Property owned by such Owner unless such zoning changes are approved in writing by Declarant prior to the Conversion Date or by the Board after the Conversion Date. Any such zoning change shall not affect the use restrictions contained in this Declaration which shall control over any uses permitted by such zoning changes; provided, however, nothing contained in this Declaration shall give or be deemed to give either to Declarant or any Owner the right or power to use any portion of the Property in a manner which would violate applicable zoning ordinances, rules or regulations.

3. PROPERTY RIGHTS

(a) General. Each Lot shall, for all purposes, constitute real property which shall be owned in fee simple and which, subject to the provisions of this Declaration may be conveyed, transferred and encumbered the same as other real property. The ownership of each Lot shall include, and there shall pass with title to each such Lot as an appurtenance thereto, whether or nor separately described, all rights of a Member in the Association and all of the right and interest of use in and to the Common Area as set forth herein. The Declarant, the Association and their respective employees, agents, successors and assigns shall have the right at all reasonable times to enter upon all parts of each easement area transferred pursuant to this Section 3 for any of the purposes for which such easement area is reserved, without being deemed to have committed a trespass or wrongful act solely by reason of such entry and the carrying out of such purposes, provided the same are done in accordance with the provisions of this Declaration.

(b) Easement of Enjoyment. Each Owner shall have a right and easement of ingress and egress and use and enjoyment in, to and over the Common Area, including for access, ingress, and egress from and to public streets and walkways and easements and for enjoyment of any parking areas, subject to the terms of this Declaration. Such right and easement may be exercised by each Owner and their respective family, licensees, guests and invitees, subject to the Rules and Regulations as may be adopted by the Board from time to time. An Owner may assign to a tenant of his Lot all rights of access to and use of the Common Area so that such tenant, his family and guests shall be entitled to access to and use of the Common Area on the same basis as the assignor and his family and guests. The foregoing right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following easements, reservations, rights and provisions, which are expressly reserved hereby:

(i) the right of the Board to charge reasonable admission and other fees for the use of any portion of the Common Area; to limit the number of guests who may use the Common Area; to allow Persons who are not Members of the Association to use the Common Area on a regular or temporary basis and to charge or not charge a user fee therefore; and to provide for the exclusive use and enjoyment of specific portions of the Common Area at certain designated times by an Owner, his family, tenants, guests, licensees and invitees;

(ii) the right of the Association to suspend the voting rights of an Owner and the right to use the Common Area for any period during which (i) any assessment which is hereby provided for remains unpaid and (ii) any infraction of the terms of the Declaration, the Bylaws, or the Rules and Regulations remains uncorrected or uncured and for an additional period thereafter not to exceed sixty (60) days;

(iii) the right of the Association to borrow money (A) for the purpose of improving the Common Area or any portion thereof, (B) for acquiring additional Common Area, (C) for constructing, repairing, maintaining or improving any facilities located or to be located within the

Common Area, or (D) for providing the services authorized herein, and, subject to the provisions herein, to give as security for the payment of any such loan a Mortgage against the Common Area; provided, however, that the lien and encumbrance of any such Mortgage given by the Association shall be subject and subordinate to any and all rights, interests, options, licenses, easements and privileges herein reserved or established for the benefit of Declarant and provided, further, that after the Conversion Date, no more than Ten Thousand and No/100 Dollars (\$10,000.00) may be borrowed by the Association unless such indebtedness has been approved by Members representing a Majority of the total Association vote and Declarant, until Buildout;

(iv) the right of the Association to grant and accept easements as provided herein and to dedicate or transfer all or any portion of the Common Area to Cumberland County, North Carolina or to any other public agency or authority, public service district, public or private utility, or other Person provided that any such transfer must be approved by the Members representing a Majority of the total Association vote and by the Declarant until Buildout; provided, however, Declarant shall have the unilateral right, prior to Buildout, to dedicate, transfer or grant property, permits, licenses or easements for utilities, roads and other purposes reasonably necessary or useful for the proper development, maintenance or operation of the Property;

(v) the right of the Declarant or, after Buildout, the Association with the approval of Members representing a Majority of the total Association vote, to alter, change, redefine or redescribe the use of any portion of the Common Area;

(vi) the rights and easements reserved herein for the benefit of the Declarant and the Association; and

(c) Reserved Easements. Declarant hereby reserves, in addition to the other easements in this Declaration, the perpetual, alienable and transferable easement and right, for the benefit of the Declarant and its successors and assigns, to enter and travel upon over and across the Community, including the Common Area, for the purpose of completion and repair of Improvements within the Property and/or Additional Property including construction, alteration, maintenance or repair of Improvements and Townhomes on Lots, and for all reasonable purposes to further assist and enhance the marketing and construction and sale of the Property, Lots or Townhomes, together with the easement in and to the Community, inclusive of the Common Area and Lots, for the maintenance of signs, sales offices, construction offices, business offices, and such other facilities the Declarant, in its sole opinion, may deem required, convenient, necessary or incidental to the completion, improvement and/or marketing and sale of Lots, Townhomes or the Community until Buildout. Any damage to any Lot, Townhome or any portion of the Community occurring during the use of the foregoing easement or rights shall be repaired by the Person who caused such damage.

(d) Easement for Association. There is hereby reserved for the benefit of the Association, its officers, board members, agents and employees, including, but not limited to any manager employed by the Association and any employees of any such manager, the general right and easement to enter upon any Lot or portion thereof in the performance of its respective duties. Except in the event of emergencies, this right and easement is to be exercised only during normal business hours and, whenever practical, only upon advance notice and with the permission of the owner of the Lot directly affected thereby.

(e) Easement for Maintenance. Declarant hereby expressly reserves a perpetual easement for the benefit of Declarant or the Association across such portions of the Community, determined in the sole discretion of the Declarant and the Association, as are necessary to allow for the maintenance required by this Declaration. Such maintenance shall be performed with a minimum of

interference to the quiet enjoyment to Owners' property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

(f) Alterations to Lots and Common Area. There is hereby reserved in Declarant the right to alter, modify or realign the boundaries or configuration of the Common Area or any Lot owned by Declarant including, but not limited to, the right to alter the size, shape, slope and terrain of such Lots and the Common Area. Any such alteration shall be shown by an amendment to the plat depicting such Lot or Common Area which is recorded in the appropriate land records.

(g) Easement of Encroachment. If any portion of the improvements constructed on the Common Area encroaches upon any Lot, or if any Improvement constructed upon a Lot encroaches upon the Common Area, or if any Improvement constructed upon a Lot encroaches upon any other Lot, as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the Improvement on any Lot or the improvement on the Common Area, a valid easement for the encroachment (and for the maintenance of the same) shall exist so long as the encroachment exists; provided, however, if any Improvement on any Lot or any improvement on the Common Area is knowingly and willfully constructed, reconstructed or repaired so as to encroach, respectively, on the Common Area or a Lot to an extent greater than five (5) feet, no such easement shall exist.

(h) Construction and Sale Period Easement. Notwithstanding any provisions contained in the Declaration, the Bylaws, Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's unilateral right to subject property to this Declaration terminates, Declarant reserves an easement across the Community for Declarant to maintain and carry on development activities, upon such portion of the Community as Declarant may reasonably deem necessary. This reserved easement shall include an easement for such facilities and activities which, in the sole opinion of Declarant, may be required, convenient, or incidental to the development, construction, and sales activities related to property within or near the Community. This easement shall include, without limitation:

(i) The right of access, ingress and egress for vehicular and pedestrian traffic and construction activities over, under, on, or in any portion of the Community as well as any Lot in the Community;

(ii) The right to tie into any portion of the Community with driveways, parking areas and walkways;

(iii) The right to tie into or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain and repair any device which provides utility or similar services;

(iv) The right (but not the obligation) to construct recreational facilities on Common Area;

(v) The right to carry on sales and promotional activities in the Community;

(vi) The right to place direction and marketing signs on any portion of the Community, including any Lot or Common Area;

(vii) The right to construct and operate business offices, signs, construction trailers, model residences and sales offices incidental to the construction, development and sales activities; and

(viii) Declarant may use a Lot owned by Declarant as model residences and sales offices, and may also use recreational facilities available for use by the Community as a sales office or for marketing purposes without charge.

Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, and reasonable steps shall be taken to protect such property from damage. Any damage shall be repaired by the Person causing the damage at its sole expense. This Section shall not be amended without the Declarant's express written consent until the Declarant's rights hereunder have terminated as provided in this Declaration.

(i) Easements for Utilities, Etc. There is hereby reserved to the Declarant and, after the Conversion Date, to the Association upon approval by Members representing a Majority of the total Association vote, and with the written consent of the Declarant until Buildout, to grant blanket easements upon, across, over and under all of the Property, including Lots, for access, ingress, egress, installation, replacement, repairing and maintaining of master television antenna or cable systems, security and similar systems, walkways, slopes and all utilities, including, but not limited to, water, sewer, telephone, gas, electrical, storm sewers, and drainage systems; provided this easement shall not unreasonably impair the ability of any Owner to construct or install Townhomes on any Lot or to cause physical, nonrepairable damage to any Townhome as might exist on any such Lot. To the extent possible, all utility lines and facilities serving the Community and located therein shall be located underground. By virtue of any such easement, it shall be expressly permissible for the holder of the easement, with respect to the portion of the Property so encumbered, (i) to erect and maintain pipes, lines, manholes, pumps and other necessary equipment and facilities, (ii) to Cut and remove any trees, bushes or shrubbery, (iii) to grade, excavate or fill, including the construction of slopes and/or berms or (iv) to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement and use of such utilities and facilities; provided, however, that the holder of any such easement shall take reasonable actions to repair any damages caused during the exercise of any rights granted under such easement.

(j) Easement for Law Enforcement/Fire Protection. Declarant hereby grants to Cumberland County, North Carolina or such other governmental authority or agency as shall have from time to time jurisdiction over the Property with respect to law enforcement and fire protection, the perpetual, alienable and transferable right and easement upon, over and across all of the Community, including all Lots and Common Area, for purposes of performing such duties and activities related to law enforcement and fire protection as shall be required or appropriate from time to time by such governmental authorities under applicable law.

(k) Easement for Walks, Trails, Signs and Perimeter Walls. It is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the perpetual, transferable, and alienable right and easement upon, over and across those strips of land fifteen (15) feet in width located along and adjacent to the exterior boundaries of all Lots (such strips of land to be bounded by the exterior boundaries adjacent to streets and roads and by lines in the interior of such Lots which are fifteen (15) feet from and parallel to such exterior boundaries) for the construction, installation, replacing, maintenance and use of sidewalks, traffic directional signals, sales signs, promotional signs, and related improvements; provided that Declarant shall have no obligation to construct any such improvements. There is further reserved for the benefit of the Declarant, the Association, and their respective successors and assigns, the transferable, alienable and perpetual right and easement upon, over and across those strips of land fifteen (15) feet in width located along those boundaries of all Lots that constitute a part of the perimeter boundary of the Property, such easement to be used for the purpose of constructing, installing, replacing, and maintaining a perimeter wall or fence around the perimeter

boundary of the Property, provided that neither the Declarant nor the Association shall have any obligation to construct any such perimeter wall or fence.

(l) Easement for Landscape. It is hereby reserved for the benefit of Declarant, the Association, and their respective successors and assigns, the perpetual, transferable and alienable right and easement upon, over and across those strips of lands thirty (30) feet in width located along the exterior boundaries of certain Lots within the Community as are depicted on a plat recorded in the land records of Cumberland County, North Carolina, adjacent to the streets and roads, for the construction, installation, replacement and maintenance of berms and trees, bushes, shrubbery and other landscaping. No fence, wall or other structure may be built within this easement area except by the Declarant, the Association and their respective successors and assigns, provided that neither the Declarant nor the Association shall have any obligation to construct any such fence, wall or other structure.

(m) Easement for Drainage. Declarant hereby reserves a perpetual easement across the Community for the purpose of altering drainage and water across the Community for the purpose of altering drainage and water flow. This right shall include, but is not limited to, altering swales, installing drains, drainage ditches, slopes, pipes, inlets, headwalls, and altering channeling, or piping waterflow across any Lot or any property in the Community. Rights exercised pursuant to this reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

(n) Easement for Entry. In addition to the other rights reserved to Declarant and the Association, the Declarant or the Association shall have the right (but not the obligation) to enter upon any property or Lot within the Community for emergency, security and safety reasons. This right may be exercised by the Declarant or its designee, any officer of the Board and all governmental employees, policemen, firemen, ambulance, personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion, or other hazard or condition in the event an Owner or occupant fails or refuses to cure the condition upon request by the Board.

(o) Easement for Entry Features. There is hereby reserved to Declarant and the Association an easement for ingress, egress, installation, construction, landscaping and maintenance of entry features and similar streetscapes for the Community, over and upon each Lot as more fully described on the recorded subdivision plats for the Community. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around such entry feature and the right to grade the land under and around such entry features.

(p) General Association Easements. There shall be a general easement to the Association, its directors, officers, agents, and employees (including, but not limited to any manager employed by the Association) to enter upon all portions of the Property, or any portion thereof, in the performance of their respective duties. Except in the event of emergencies, this easement is to be exercised only during normal business hours and then, whenever practicable, only upon advance notice to the Owner(s) directly affected thereby. The Association, through its Board of Directors, shall have the right, privilege, power, and authority to grant permits, licenses, easements and restrictions upon, over, across, above, and under the Common Areas for utilities, drainage, access, roads, slopes and other purposes reasonably necessary or useful for the proper maintenance, ongoing development or operation of the Property. In addition, there shall be a general easement in favor of the Association, in, on, over, under and

across all portions of the Property, and expressly including the Lots, for installing, replacing, repairing, and maintaining all utilities, including, but not limited to, gas, water, sanitary sewer, storm sewer, telephone, and electricity, or other community services if and when installed, such as, but not limited to, a master television antenna, cable television system, or security system should the Association determine to have such a system or systems installed. By virtue of this utility easement, the Association shall be expressly permitted to erect and maintain the necessary service and necessary equipment on the Common Areas of the Property, and to affix and maintain wires, conduits, cables, and the like on, above, over, across, under and through the roofs and exterior walls of the improvements in the Property, including the Residential Units. Should any person furnishing any such utility service request a specific easement by separate recordable documents, the Association shall have the right to grant such an easement. There shall be a non-exclusive easement for all police, firemen, ambulance operators, mailmen, deliverymen, garbagemen, and all similar persons, and to the local governmental authorities and the Association, but not the public in general, to enter upon the Lots and the Common Areas in the performance of their duties, subject to reasonable rules and regulations as may be established by the Board from time to time.

(q) Easement for Pest Control. The Association may, but shall not be obligated to, dispense chemicals for the extermination of insects and pests within the Lots and Common Areas. In the event the Association chooses to provide such pest control, the Association and its duly authorized contractors, representatives, and agents shall have an easement to enter Lots for the purpose of dispensing chemicals for the exterminating of insects and pests within the Lots and Common Areas. Owners shall either provide a key to the Residential Unit on a Lot for purpose of such entry or have someone available at such times as are designated by the Board of Directors to allow entry into the Residential Unit for this purpose. The Association shall not be liable for any illness, damage, or injury caused by the dispensing of these chemicals for this purpose.

(r) Utility Easement. To the extent that any utility line, pipe, wire, or conduit serving any Lot or Lots shall be wholly or partially within the boundaries of another Lot or Lots, such other Lot or Lots shall be burdened with and there hereby is reserved and created an easement for the use, maintenance, repair, and replacement of such utility line, pipe, wire, or conduit, such easement to run to the benefit of the Lot or Lots served by the same and to the Association, if necessary.

#### 4. ASSOCIATION MEMBERSHIP AND VOTING RIGHTS

(a) Membership. Subject to the provisions of this Section, every person who is the record owner of a fee or undivided fee interest in any Lot which is subject to this Declaration shall be a Member of and have membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of any such Lot, and ownership of a Lot which is subject to this Declaration shall be the sole qualification for such membership. In the event that fee title to such a Lot is transferred or otherwise conveyed, the membership in the Association which is appurtenant thereto shall automatically pass to such transferee. The foregoing is not intended to include any person who has an interest in a Lot merely as security for the performance of an obligation, and the giving of a Mortgage in a Lot shall not terminate the grantor's membership in the Association.

(b) Multiple Owners. No Owner, whether one or more persons, shall have more than one membership per Lot; provided, however, multiple use rights for multiple Owners of a Lot shall exist subject, however, to the right of the Board to regulate and limit use by multiple Owners. Each Owner, by acceptance of a deed or other conveyance of a Lot, consents and agrees to the dilution of his or her voting interest in the Association by virtue of the submission from time to time of additional Lots as set forth herein. The rights and privileges of membership, including the right to vote, may be exercised by a Member, the Member's spouse or other family member.

(c) Voting. The Association shall have two classes of voting Members, Class "A" and Class "B".

(i) Class "A". Class "A" Members shall be all Owners, with the exception of the Class "B" Member, if any. On any issue brought before the Members, Class "A" Members shall be entitled to cast one vote for each Lot in which they hold the interest required for membership by Section 1, above. When more than one person holds an interest in any Lot, the vote for such Lot shall be exercised as those Owners themselves determine and if one of such multiple Owners exercises the vote without opposition by any other of such multiple Owners at the time such vote is exercised, the vote shall be as so exercised. In the event that more than one of such multiple Owners seeks to exercise the vote, the vote appurtenant to such Lot shall be suspended.

(ii) Class "B". The Class "B" Member shall be the Declarant. Prior to the Conversion Date, the Class "B" Member shall be entitled to cast votes equal to three (3) times the total number of the then existing Class "A" votes. The Class "B" membership shall terminate upon the earlier of the following events (hereinafter the "Conversion Date"):

A. ninety (90) days after the Declarant has sold ninety-five percent (95%) of the approximately eighty-eight (88) Lots as are contemplated to be a part of the Community on the master plan thereof, inclusive of Lots not yet subdivided pursuant to Section 2(c), above, having been conveyed to Owners other than the Declarant;

B. twenty (20) years after the date this Declaration was recorded; or

C. the date on which the Declarant, in its sole discretion, chooses to terminate the Class "B" membership by filing of record with the Register of Deeds of Cumberland County, North Carolina a written notice of such termination.

From and after the Conversion Date, the Class "B" Member shall be deemed to be a Class "A" Member entitled to one (1) vote for each Lot in which it holds the interest required for membership under Section 1, above.

(d) Declarant Control. Notwithstanding any other provision to the contrary in this Declaration, the Articles of Incorporation or Bylaws, Declarant retains the authority and right to appoint and remove any member of the Board of Directors and any officer of the Association until the Conversion Date. Every grantee of any interest in the Property, by acceptance of a deed or other conveyance of such interest, agrees that the Declarant shall have the authority to appoint and remove members of the Board of Directors and officers of the Association in accordance with the foregoing provisions of this Section.

## 5. ASSOCIATION POWERS AND RESPONSIBILITIES IN GENERAL

(a) Common Area. The Association, subject to the rights, easements and privileges set forth in this Declaration, shall be responsible for the management and control of the Common Area and all improvements thereon and shall keep the Common Area in good repair and in a clean and attractive condition. The Association shall maintain, operate and preserve the Common Area for the good and benefit of the Community and the holders of easements herein provided for or contemplated. The Association, through action of its Board of Directors, may acquire, hold and dispose of tangible and intangible real or personal property. The Association may convey and subject to a security interest the Common Area if persons entitled to cast at least eighty percent (80%) of the votes in the Association, or, agree in writing to that action. Notwithstanding the foregoing, after the Conversion Date, the Association shall not, without the prior written consent of Declarant until Buildout, (i) dispose of any real property,



(ii) dispose of any tangible or intangible personal property with a value in excess of One Thousand and No/100 Dollars (\$1,000.00), (iii) borrow money in excess of Ten Thousand and No/100 Dollars (\$10,000.00), or (iv) pledge, mortgage or hypothecate all or any portion of the Common Area.

(b) Lots. The Association, subject to the rights, easements and privileges set forth in this Declaration, shall be responsible for the maintenance of the landscaping of each Lot and the maintenance and repair of the exterior building surface materials of each Townhome in the Community as more specifically provided herein; provided, however, all maintenance of Lots and Townhomes constructed thereon which is not specifically assigned to the Association shall be the responsibility of the Owner.

(c) Services. The Association may pay for the services of any person or entity to manage its affairs or any part thereof and any other personnel as the Association's Board of Directors shall determine to be necessary or desirable for the proper operation of the Community. Such personnel may be furnished or employed directly by the Association or by any person or entity with which it contracts. The Association may obtain and pay for legal, accounting and any other professional services necessary or desirable in connection with the operation of the Community or the enforcement of this Declaration, the Bylaws and Rules and Regulations. The Association may, but shall not be required, to arrange as an Association expense to furnish water service, sewer service, trash collection, security, street lighting, cable television and other common services to each Lot within the Community. All costs and expenses incident to any of the foregoing, including, but not limited to, any capital expense to purchase the necessary equipment for the same, shall be a Common Expense.

(d) Power to Contract. The Association may, acting through its Board of Directors, contract with any other residential or commercial association or neighborhood adjacent to the Community to provide services and/or perform services on behalf of such other association or neighborhood. The Association may, acting through its Board of Directors, contract with any governmental division, department or agency for the provision of services to the Association or its Members.

(e) Rules and Regulations. The Association, acting through its Board of Directors, may promulgate Rules and Regulations governing the use and occupancy of the Property, including the Lots and the Common Area, including the Limited Common Area, and all improvements located thereon, and governing the operation of the Community. The Rules and Regulations shall not, however, diminish, alter or affect the rights of use, easements, permits, privileges or licenses provided to Declarant or its successor and assigns. Copies of all Rules and Regulations and any changes thereto, must be furnished by the Association to all Owners prior to their effective date. The Rules and Regulations shall be binding upon all Owners and their families, tenants, guests, licensees, invitees and agents. The Owner of each Lot shall be responsible for the conduct of his family, tenants, guests, licensees, invitees and agents and shall ensure that all of the foregoing individuals comply with the terms of this Declaration, the Bylaws and Rules and Regulations.

(f) Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration or the Bylaws, Articles of Incorporation or Rules and Regulations of the Association, and every other right and privilege reasonably necessary to be implied from the existence of any such right or privilege or reasonably necessary to effectuate any such right or privilege. To the extent not otherwise required by North Carolina law, this Declaration, the Bylaws or the Articles of Incorporation, the powers granted to the Association shall be exercised by the Board of Directors, acting through the duly elected officers of the Association, without any consent or action on the part of the members.

6. MAINTENANCE

(a) Association's Responsibility for Common Area and Limited Common Area. The Association shall maintain in good repair the Common Area, including (without limitation) maintenance, repair, and the replacement of all landscaping and improvements installed by the Declarant or the Association situated on the Common Area including but not limited to signs and entry features, vegetation, greenspace areas, trash cans and container structures located on the Common Area, operate and maintain street lights (if not maintained and operated by a governmental entity) in the Community, all storm water drainage and detention facilities and easements serving the Community (to the extent such facilities and easements are not maintained by a governmental entity); and all property outside of Lots located within the Community which was installed and maintained by Declarant or subsequently by the Association. The Association shall maintain all landscaping within the Limited Common Areas which was originally installed by the Declarant or the Association and which is not enclosed within a fence. The Association's responsibilities with respect to maintenance of such landscaping shall be limited to cutting of grass, trimming and replacement of trees, shrubs, hedges, bushes, flowers, and other plantings, and clean-up and removal of cuttings, trimmings, and dead plantings, as reasonably necessary or appropriate as determined in the Board's sole discretion. The Association shall also maintain any private streets within the Community, including the surfacing of the streets and maintenance of the shoulders. It is anticipated that no public funds of Cumberland County, North Carolina will be used to build, repair or maintain the private streets within the Community. The Association shall have the right, but not the obligation, to maintain other property not owned by the Association, within the Community, where the Board has determined that such maintenance would benefit the Owners. All maintenance shall be performed consistent with the Community-Wide Standard. The Board of Directors shall maintain a periodic maintenance schedule for all Common Area and private streets within the Community.

In the event that the Association determines that the need for maintenance, repair, or replacement of Common Area or Limited Common Area is caused through the willful or negligent act of an Owner, or the family, guests, lessees, or invitees of any Owner, and is not covered or paid for by insurance, in whole or in part, then the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof shall be an Assessment against such Owner subject to the Association's lien and collection rights provided for foundation in this Declaration. The maintenance shall be performed consistent with the Community-Wide Standard.

(b) Association's Responsibility for Lots. The Association shall maintain in good repair the landscaping and exterior building surface materials of each Townhome in the Community and the fixtures and equipment attached thereto as specifically provided herein. All maintenance of Lots and residences constructed thereon which is not specifically assigned to the Association shall be the responsibility of the Owner.

The Association shall maintain all landscaping originally installed by the Declarant or by the Association. The Association's responsibilities with respect to maintenance of such landscaping shall be limited to cutting of grass, trimming and replacement of trees, shrubs, hedges, bushes, flowers, and other plantings, and clean-up and removal of cuttings, trimmings, and dead plantings, as reasonably necessary or appropriate as determined in the Board's sole discretion. Owners of Lots shall not alter landscaping installed by the Declarant or the Association and shall not interfere with the Association's landscaping activities.

(i) The Association shall be responsible for cleaning, repairing, and repainting the exterior surface material of each Townhome including stucco, wood, trim, brick and siding. Except for windows and doors, the Association shall maintain all exterior building surfaces, sheathing, and shingles within the Community. The Association shall maintain the sidewalks and privacy screens to each Townhome but not the concrete porches, landings, stoops or decks appurtenant to each Townhome which

shall be maintained by the Owner thereof. The Association shall clean, maintain and repair the exterior roofing surface (e.g., shingles, decking, flashing, gutters and other surface roofing materials); provided, all other portions of the roof systems, and any vents, fans, plumbing stacks, and other items attached to the roof and serving a single Townhome shall remain a part of the dwelling and be the maintenance responsibility of the Owner. Except for repainting the exterior surface and trim thereof, doors and windows, including screens and hardware, shall be maintained by the Owner thereof unless the Board determines otherwise.

(ii) The Association shall be responsible for maintaining the foundation of each Townhome, including any subterranean support systems and components, and all other concrete existing on each Lot not expressly stated to be maintained by the Owner.

(iii) Except for keeping said area in a neat, clean and attractive condition, the Association shall maintain deck, patio, or concrete porches or courtyards appurtenant to a Townhome.

(iv) The Association shall have the right, but not the obligation, from time to time as determined by the Board, in its sole discretion, to make reasonable modifications to the arrangements for maintaining landscaping, the exterior of Townhomes, and obtaining and maintaining insurance as required herein.

(v) The maintenance shall be performed consistent with the Community-Wide Standard.

(iv) The Association shall not be liable to any Owner, or any Owner's Occupant, guest, invitee or family member for any damage or injury caused in whole or in part by the Association's failure to discharge its responsibilities under this paragraph or paragraph 6(a) above unless such damage or injury is caused by the willful misconduct or gross negligence of the Association. The Association shall not be liable to any Owner for any loss or damage, by theft or otherwise, of any property of such Owner or his respective guests, invitees, licensees, successors or assigns. No diminution or abatement of assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for the inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance or with any order or directive of any municipal or governmental authority, it being acknowledged by each Owner that the obligation to pay assessments pursuant to this Declaration is a separate and independent covenant on the part of each Owner.

(c) Owner's Responsibility. Except as provided in Sections (a) and (b) above, all other maintenance of each Lot and all Townhomes and other improvements thereon including, without limitation, the items listed below, shall be the responsibility of the Owner thereof, who shall maintain the Lot in a manner consistent with the Community-Wide Standard and this Declaration.

(i) All doors and windows, including frames, sills, hardware and screens.

(ii) All fixtures and equipment including all utility lines, pipes, wires, conduits, systems and air-condition compressors only serving the Lot, whether installed or located within or without the respective Townhome or Lot.

(iii) All landscaping or items installed by the Owner on his Lot or to the exterior of the Townhome thereon (subject to the approval of the Design Review Board). Any additional landscaping planted by an Owner shall be maintained by such Owner and its successors at its expense.

(iv) Each Owner shall keep his or her deck, patio, concrete porch or courtyard, appurtenant to the Townhome, in a neat, clean and attractive condition.

(vi) In the event the Board of Directors determines that (i) any Owner has failed or refused to properly discharge his obligations with regard to the maintenance and repair for which he is responsible hereunder, or (ii) the need for maintenance, repair or replacement which is the responsibility of the Association hereunder is caused by the willful or negligent act of an Owner or his family, tenants, guests, licensees or invitees, the Association, except in the event of an emergency situation, may give the Owner written notice of the Association's intent to provide such maintenance, repair or replacement, at such Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repair or replacement deemed necessary and shall give the Owner ten (10) days within which to complete such maintenance, repair or replacement, or, in the event such maintenance, repair or replacement is not capable of completion within a ten (10) day period, to commence such work within such ten (10) day period and to complete such work within a reasonable time. If an Owner does not comply with the provisions hereof, the Association may provide such maintenance, repair or replacement at the sole cost and expense of the Owner, and all costs and expenses incurred by the Association shall become part of the assessment for which such Owner is personally liable and shall become a lien against such Owners' Lot. Subject to the maintenance responsibilities herein provided, any maintenance or repair performed on or to the Common Area by an Owner or occupant which is the responsibility of the Association hereunder, (including, but not limited to landscaping of the Common Area) shall be performed at the sole expense of such Owner or occupant, and the Owner or occupant shall not be entitled to reimbursement from the Association even if the Association accepts the maintenance or repair.

(d) Limited Common Area. Each Owner shall be responsible for maintaining any improvements and landscaping (subject to the approval of the Design Review Board) which are within such Owner's Limited Common Area and were not originally installed by the Declarant or the Association or which are enclosed within a fence. Each Owner shall cause his or her respective Limited Common Area to be kept in a neat, clean and sanitary condition.

(e) Party Walls. Each wall that is built as part of the original construction which serves as the dividing line between two Lots and/or separates any two adjoining Townhomes shall constitute a party wall. To the extent not inconsistent with the provisions of this paragraph, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply. With respect to the cost of reasonable repair and maintenance of a party wall that is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner, who has used the party wall may restore it. If other Owners use the party wall thereafter, they shall contribute to the restoration cost in equal proportions. However, such contribution will not prejudice the right to call for a larger contribution from the other users under any rule of law regarding liability for negligent or willful acts or omissions. The right of any Owner to contribution from any other Owner under this paragraph shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

7. INSURANCE AND CASUALTY OR LIABILITY LOSSES.

(a) Insurance – Common Area.

(i) General. The Association's Board of Directors shall have the authority to obtain insurance for all insurable improvements on the Common Area against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief. This insurance shall be in an amount sufficient to cover the full cost of any repair or reconstruction in the event of damage or

destruction from any such hazard. The Board shall also obtain a public liability policy applicable to the Common Area covering the Association, its officers, directors, members and agents. The public liability insurance shall have coverage in the amount of at least One Million and No/100 Dollars (\$1,000,000.00) per occurrence for bodily injury or property damage and Two Million and No/100 Dollars (\$2,000,000.00) of aggregate coverage. The cost of all such insurance coverage shall be a part of the Common Expenses of the Association. Each insurance policy may contain a reasonable deductible, which shall be paid by the Association.

In addition to other insurance required by this Section, the Board shall obtain, as a Common Expense, workers compensation insurance, if and to the extent necessary, and a fidelity policy or bond on officers, directors, employees and other persons handling or responsible for the Association's funds. The amount of all such coverage shall be determined by the Board of Directors, using its best business judgment.

(ii) Disbursement of Proceeds. Proceeds of insurance policies shall be disbursed in payment of any repair or reconstruction covered by such insurance. Any proceeds remaining after defraying such cost of repair and reconstruction, or in the event no repair or reconstruction is made after making such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association.

(iii) Damage and Destruction.

(A) Immediately after the damage or destruction by fire or other casualty of all or any part of the Common Area covered by insurance written in the name or the Association, the Board of Directors shall proceed with the filing and adjustment of all claims arising under such insurance and shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction means repairing and restoring the property to substantially the same condition in which it existed prior to the fire or other casualty.

(B) Any damage or destruction to the Common Area shall be repaired or reconstructed unless the Declarant and after the Conversion Date, at least seventy five percent (75%) of the total vote of the Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If reliable and detailed estimates of the cost of the repair or reconstruction or if the amount of insurance proceeds available as a result of such damage or destruction is not available within such sixty (60) day period, then the period shall be extended until such information shall be made available; provided, however, that such extension shall not exceed beyond sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

(C) In the event that it should be determined that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, the Common Area affected by such damage or destruction shall be restored to its natural state and maintained as an undeveloped portion of the Common Area.

(iv) Insufficient Insurance Proceeds. If the damage or destruction for which the insurance proceeds are paid are not sufficient to defray the cost of the required repair, reconstruction or restoration and if the Board determines that the funds in the capital reserve accounts are not sufficient to cover such insurance deficiency, then the Board of Directors shall, without the necessity of a vote of the Association's Members, levy a special assessment against all Owners, in an equal amount, and such special assessment shall be used to complete the required repair, reconstruction or restoration.

(b) Insurance - Townhomes.

(i) General. The Association shall obtain casualty insurance for all insurable improvements, including the townhomes, as initially constructed on the Lots (with the exception of improvements and betterments made by the respective Owners or occupants) against loss or damage by fire or other hazards, in an amount sufficient to cover the full replacement cost, minus ordinary deductible amounts, of any repair or reconstruction in the event of damage or destruction from any such hazard. All such insurance taken by the Association shall be written in the name of the Association for the use and benefit of the individual Townhome Owners and their respective Mortgagees. Premiums for all insurance carried by the Association are Common Expenses included in the maintenance assessments levied by the Association. Such insurance shall be governed by the provisions hereinafter set forth.

(ii) Additional Insurance. Each Owner may obtain additional insurance at his own expense; provided, however, that no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Association, on behalf of all of the Owners and their Mortgagees, may realize under any insurance policy which the Association may have in force on the Townhomes at any particular time. It shall be the individual responsibility of each Owner at his own expense to provide, as he sees fit, title insurance on his individual Lot, public liability insurance, theft and other insurance covering improvements, betterments and personal property damage and loss.

(iii) Handling of Casualty Insurance Proceeds. Insurance policies covering Townhomes purchased by and in the name of the Association shall provide that proceeds covering property losses shall be paid to the Association. The Association shall receive such proceeds as are paid and delivered to it and hold the same in trust for the benefit of the Owners and their Mortgagees as their interests may appear. Such proceeds, or such portion thereof as may be required for such purpose, shall be disbursed by the Association in payment of repairs or reconstruction as hereinafter provided. Any proceeds remaining after defraying all costs of repairs or reconstruction shall be disbursed to the beneficial Owners, remittances to Owners and their Mortgagees being payable jointly to them. Notwithstanding the foregoing, in the event of a determination that the damage or destruction for which the proceeds are paid shall not be repaired or reconstructed, such proceeds shall be disbursed to such persons as hereinafter provided.

(iv) Damage and Destruction.

(A) Immediately after any damage or destruction by fire or other casualty to a Townhome covered by insurance written in the name of the Association, the Association shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other casualty.

(B) Immediately after damage or destruction by fire or other casualty to any Townhome, the Association shall provide written notice of same to each Mortgagee having an interest therein whose name and address have theretofore been furnished to the Association together with a written request for such notice.

(C) Any damage or destruction to the Townhomes shall be repaired or reconstructed unless the Declarant and after the Conversion Date, Owners of the Townhomes sustaining such damage or destruction, together with at least seventy five percent (75%) of the total vote of the Association, shall decide within sixty (60) days after the casualty not to repair or reconstruct. If reliable and detailed estimates of the cost of the repair or reconstruction or if the amount of insurance

proceeds available as a result of such damage or destruction is not available within such sixty (60) day period, then the period shall be extended until such information shall be made available; provided, however, that such extension shall not exceed beyond sixty (60) additional days. Should a determination be made not to repair or reconstruct the damage or destruction as provided above, then the damaged or destroyed area or areas shall be cleaned up and the insurance proceeds remaining thereafter shall be disbursed by the Association to the beneficial Owners, remittances to Owners and their Mortgagees being payable jointly to them.

(v) Insufficient Insurance Proceeds. If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Association may levy a special assessment against the owners of the Townhomes sustaining such damage or destruction in sufficient amounts to provide funds to pay such excess cost of repair or reconstruction. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction of such damage or destruction. The proceeds from insurance and assessments, if any, received by the Association hereunder when the damage or destruction is to be repaired or reconstructed shall be disbursed as provided for in paragraph this section.

(c) General. All insurance coverage obtained by the Association shall be written in the name of the Association for the benefit of all Owners. All policies shall be written by a company licensed to do business in North Carolina, having at least an A rating as established by A.M. Best Company, Inc. or the most nearly equivalent rating. All casualty insurance policies shall have an inflation guard endorsement and an agreed amount endorsement, if reasonably available. The Board of Directors shall be required to make every reasonable effort to secure insurance policies that provide a waiver of subrogation by the insurer as to any claims against the Board of Directors, the Owners and their respective family, tenants, guests, invitees, licensees, and agents and a waiver of the insurer's right to cancel without first giving thirty (30) days prior written notice of such cancellation to the Association.

## 8. CONDEMNATION

If all or any part of the Common Area shall be taken (or conveyed in lieu of and under the threat of condemnation) by any authority having the power of condemnation or eminent domain, the award made for such taking shall be payable to the Association, for the benefit of all of the Owners. If the taking involves a portion of the Common Area on which improvements have been constructed and the taking occurs prior to the Conversion Date, the Declarant shall have the right, in its sole discretion, to decide whether the Association shall restore or replace such improvements on the remaining Common Area. If the taking involves a portion of the Common Area on which improvements have been constructed and such taking occurs after the Conversion Date, then the Association shall, if possible, restore or replace such improvements so taken on the remaining Common Area unless seventy five percent (75%) of the Members of the Association vote at a meeting duly called not to restore or replace such improvements and, until Buildout, the Declarant likewise agrees not to restore or replace such improvements. If the improvements are to be repaired or restored, the funds received by the Association shall be disbursed in the same manner as funds are disbursed for casualty damage or destruction as provided above. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are funds remaining after any such restoration or replacement is completed, then such awarded funds or remaking funds shall be deposited to the benefit of the Association.

## 9. ANNEXATION OF ADDITIONAL PROPERTY

(a) Unilateral Annexation by Declarant. As the owner thereof or, if not the owner, with the written consent of the owner thereof, Declarant shall have the unilateral right, privilege and

option from time to time until fifteen (15) years after the recording of this Declaration to subject all or a part of the Additional Property to the provisions of this Declaration and the jurisdiction of the Association by filing of record an amendment to this Declaration describing the Additional Property being annexed. Any such annexation shall be effective upon the filing of record of such amendment to the Declaration, unless otherwise provided therein. Any property so annexed into the Community shall thereafter be a part of the Property for all purposes under this Declaration. The Declarant may unilaterally amend this Declaration to reflect the different character of any Additional Property so annexed. The rights reserved unto Declarant to subject Additional Property to this Declaration shall not impose any obligation upon Declarant to subject any Additional Property to this Declaration or to the jurisdiction of the Association.

(b) Other Annexation. Subject to the consent of the owner thereof and, until Buildout has occurred, with the consent of the Declarant, upon the affirmative vote or written consent of Members representing at least sixty-seven percent (67%), the Association may annex real property to the provisions of this Declaration to become a part of the Common Area and the jurisdiction of the Association by filing of record an amendment to the Declaration describing the property being annexed. Any such amendment to the Declaration shall be signed by the president and the secretary of the Association, and any such annexation shall be effective upon the filing of record of such amendment to the Declaration, unless otherwise provided therein.

(c) Withdrawal of Property. So long as the Conversion Date has not yet occurred, Declarant reserves the right to amend this Declaration, unilaterally at any time, without prior notice and without the consent or joinder of any Person, for the purpose of removing certain portions of the Property then owed by the Declarant or its affiliates or the Association from the provisions of this Declaration to the extent originally included in error or as a result of any changes whatsoever in the plans for the Community desired to be effected by the Declarant.

#### 10. ASSESSMENTS

(a) Purpose of Assessment. The assessments provided for herein shall be used for the general purpose of promoting the recreation, health, safety, welfare, common benefit and enjoyment of the Owners and occupants of Lots in the Property, including the maintenance of real and personal property, all as may be specifically authorized from time to time hereunder and by the Board of Directors.

(b) Creation of Lien and Personal Obligation for Assessments. Each Owner of a 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, in accordance with the provisions hereof, from and after the commencement date established in Section 8, below, (a) general assessments; (b) special assessments established as herein provided; and (c) specific assessments against any particular Lot established pursuant to the terms of this Declaration. All such assessments, together with late charges, simple interest at the rate of eighteen percent (18%) per annum, costs of collection and reasonable attorney's fees actually incurred in an amount not less than fifteen percent (15%) of the assessments and interest due and owing, shall be a charge on and a continuing lien against each Lot against which each assessment is made. Each such assessment, together with the late fees, interests, court costs and attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment became due and his grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, any First Mortgagee who obtains title to a Lot pursuant to the remedies provided in a First Mortgage will not be liable for any unpaid assessments which accrued prior to the acquisition of title to the Lot by the Mortgagee. Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors which may include, without limitation, acceleration of the annual assessment for Owners who are delinquent in the payment of such assessments. Unless otherwise provided by the Board, assessments shall be paid in annual installments.



(c) Computation of General Assessments. It shall be the duty of the Board to prepare a budget covering the estimated cost of operating the Association during the coming year. The budget may include a capital reserve contribution in accordance with a capital budget that may be separately prepared by the Board. Upon determining the total amount of income required to be allocated through levy of general assessments, the Board shall establish the general assessment at an equal rate per Lot, to be levied against all Lots subject to assessment under this Declaration. The general assessment shall, at a minimum, be in an amount adequate to defray costs of ordinary maintenance of the Common Area and private streets within the Community. The Board shall cause a copy of the budget and the general assessment to be levied therefrom to be mailed to each Member at least thirty (30) days prior to the date on which the budget will become effective. The budget and the assessment shall become effective unless disapproved at a meeting of the Members held within the first sixty (60) days of the then current fiscal year by a Majority of the Members of the Association eligible to vote. Notwithstanding the foregoing, in the event that the membership disapproves the proposed budget or the Board fails for any reason to so determine the budget for the succeeding year, then and until such time as a budget shall have been determined, the budget and assessments in effect for the current year shall continue for the succeeding year.

(d) Special Assessments. In addition to other assessments authorized herein, the Board may in its discretion levy special assessments in any year for the purpose of paying the costs of unexpected maintenance, repairs or replacement of the Common Area or the cost of other unanticipated expenses, needs or obligations of the Association incurred or projected to be incurred in the performance of its obligations in this Declaration. No membership vote shall be necessary prior to the imposition of a special assessment; provided, that until the Conversion Date has occurred, no special assessment may be adopted without the consent of the Declarant.

(e) Specific Assessments. The Board shall have the power to specifically assess pursuant to this Section, as it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future. The Board may specifically assess Lots for the following Association expenses, which shall include, by way of example and not limitation, the cost of the maintenance of any private road, except for expenses incurred for the maintenance and repair of items which are the maintenance responsibility of the Association as provided herein:

(i) any Common Expense benefiting less than all of the Lots shall be specifically assessed equitably among the Lots so benefited, as determined by the Board of Directors;

(ii) any Common Expenses occasioned by the conduct of less than all of the Owners or their family, guests, tenants, licensees, or invitees, including, but not limited to any assessment levied pursuant to Section 6(b)(ii), shall be specially assessed against the Owner of such Lots whose conduct, or the conduct of such Owners' family, guests, tenants, licensees, or invitees, occasioned any such Common Expenses; or

(iii) any Common Expenses significantly disproportionately benefiting all of the Lots shall be assessed equitably among all of the Lots in the Community as determined by the Board of Directors.

(f) Lien for Assessments. All assessments assessed against any Lot pursuant to this Declaration that are unpaid for a period of thirty (30) days or longer, together with late charges, interests, costs and attorney's fees as provided herein, shall constitute a lien in favor of the Association when a

claim of lien is filed of record in the office of the Clerk of Superior Court of Cumberland County. Such lien shall be superior to all other liens and encumbrances except for: (i) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the lot) recorded before the docketing of the claim of lien for assessments in the office of the Clerk of Superior Court for Cumberland County and (ii) real estate taxes and other governmental assessments and charges against the lot.

(g) Nonpayment of Assessments. Any assessment levied pursuant to this Declaration which is not paid within ten (10) days after it is due shall be delinquent and shall also include a late charge established by the Board of Directors, accrue simple interest at the rate of eighteen percent (18%) per annum, and include all costs of collection, including reasonable attorney's fees in an amount not less than fifteen percent (15%) of the principal and interest due. Not less than ten (10) days after notice is sent by certified mail, return receipt requested, to the delinquent Owner at the address of the Lot, or at such other address designated in writing by such Owner, the lien in favor of the Association may be foreclosed by the Association by suit, judgment and foreclosure in the same manner as other liens for the improvement of real property. The notice shall specify the amount of the assessment then due and payable together with all late charges, interest and costs of collection, including attorney's fees. The Association shall have the power to bid on the Lot at any foreclosure sale and to acquire, hold, lease, encumber and convey such Lot.

Except as stated herein, no Owner may waive or otherwise exempt himself or itself from liability for the assessments provided herein, including, but not limited to, non-use of the Common Areas or abandonment of a Lot. No diminution or abatement of any assessment or setoff shall be claimed or allowed by reason of any failure of the Association or the Board to take some action or perform some function required to be taken or performed by the Association or the Board hereunder, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken to comply with any law, ordinance or with any order or directive of any governmental authority, it being acknowledged that the obligation to pay assessments is a separate and independent covenant on the part of each Owner.

(h) Commencement of Assessments. All assessments shall commence as to all Lots on the thirtieth (30th) calendar day after the subdivision of the Lot pursuant to Section 2(c) of this Declaration; provided that the Declarant shall not have any assessment levied against a Lot owned by it pursuant to this Declaration unless and until a Townhome is constructed on a Lot owned by the Declarant and such Townhome is occupied for residential purposes on a full time basis. Until the Conversion Date, the Declarant may pay in cash or in kind the difference between the amount of general assessment assessed on all Lots each fiscal year and the amount of actual expenditures required to operate the Association during each fiscal year, exclusive of any capital reserve contributions.

(i) Budget Deficits During Declarant Control. For so long as the Declarant has the authority to appoint the directors and officers of the Association, Declarant may (but shall not be required to):

(i) Advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association and the sum of the annual, special, and specific assessments collected by the Association in any fiscal year. Such advances shall, upon request of Declarant, be evidenced by promissory notes from the Association in favor of the Declarant. The failure of Declarant to obtain a promissory note shall not invalidate the debt; or

(ii) Cause the Association to borrow money from a third party at the then prevailing rates for such a loan in the local area of the Community. Declarant, in its sole discretion, may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the

Common Property or any of the improvements maintained by the Association shall be given in connection with such loan; or

(iii) Acquire property for, or provide services to, the Association or the Common Property. Declarant shall designate the value of the property or the services provided and such amounts, at the request of the Declarant, may be evidenced by a promissory note. Failure to obtain a promissory note shall not invalidate the obligation referred to in this Section.

(j) Capital Reserve Budget and Contribution. After the Conversion Date, the Board of Directors shall annually prepare a capital reserve budget which shall take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital reserve contribution, if any, in an amount sufficient to permit meeting the projected capital needs of the Association as shown on the capital reserve budget, with respect both to amount and timing by equal annual assessments over the period of the budget. The annual capital reserve contribution required, if any, shall be fixed by the Board and included within the budget and assessment as provided in this Section. A copy of the capital reserve budget shall be distributed to each member in the same manner as the operating budget.

(k) No Setoff or Deduction. No Owner may waive or otherwise exempt himself from liability for the assessments provided for in this Declaration. No setoff, diminution, or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action, alleged failure of the Association to perform the maintenance responsibilities required under Section 6 herein, for inconvenience or discomfort arising from the making of repairs or improvements which are responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority. The obligation to pay assessments is a separate and independent covenant on the part of each Owner and is not subject to setoff.

(l) Application of Payments. All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

(m) Fiscal Year. The fiscal year of the Association shall begin on January 1<sup>st</sup> of each year and shall end on December 31<sup>st</sup> of the same year.

(n) Capital Contribution. In addition to all of the sums due hereunder, upon acquisition of record title to a Lot by each Owner other than Declarant, such Owner agrees at the closing of the acquisition of record title to such Lot to pay a non-refundable contribution to the capital of the Association in an amount equal to two (2) month's share of the current year's general assessment on the Lot. The foregoing sum shall be collectible in the same manner as assessments if it is not paid. Such sums shall be deposited into the reserve account of the Association and used to help defray the cost of capital repairs and maintenance of the Common Area and Lots as required of the Association by this Declaration.

(o) Ad Valorem Taxes. Upon default by the Association in the payment of any ad valorem taxes levied against the Common Area or assessments for public improvements, which continues for a period of six (6) months, each Owner of a Lot in the Community shall become personally obligated to pay to the tax assessing governmental authority a portion of such taxes or assessments in an amount determined by dividing the total taxes and/or assessments due by the total number of Lots in the Community. If not paid by Owner within thirty (30) days, said sum shall become a continuing lien and 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.

11. ARCHITECTURAL STANDARDS

(a) Creation of Design Review Board. The Declarant shall establish and maintain a Design Review Board ("DRB") consisting of at least three (3) and no more than five (5) members. Until the Conversion Date, Declarant shall have the exclusive right to appoint all members of the DRB and all members of the DRB may be removed by Declarant with or without cause. After the Conversion Date, the Board shall have the exclusive right and authority at any time, and from time to time, to appoint and remove members of the DRB with or without cause.

Each Owner acknowledges that the members of the Board of Directors will change from time to time and that interpretation, application and enforcement of the architectural standards may vary accordingly. Each Owner further acknowledges that the Board may adopt different architectural standards for different parts of the Community based on street visibility, location of the proposed modification in the building and other variable factors. The approval of the Board of Directors of any proposals, plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the Board of Directors shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

(b) Function of DRB. The DRB shall have exclusive jurisdiction over all construction on any portion of the Property. No Improvements shall be erected, constructed, placed, altered, remodeled, maintained or permitted to remain on any portion of the Property, including on any Lot, until plans and specifications, in such form and detail as the DRB may deem necessary, shall have been submitted to the DRB and approved by it in writing, unless such Improvement is developed, constructed or altered by Declarant or affiliates of Declarant, in which case the Declarant must approve such Improvement. The DRB may charge a non-refundable reasonable fee to cover the administrative expense of its review and comment and may also charge a refundable deposit in order to ensure that all aspects of the approval by the DRB are adhered to or to correct any and all damages to any other portion of the Property caused by Owner as a result of such construction, such fees to be payable to the DRB. Additionally, the DRB shall have the authority to select and employ professional consultants to assist it in discharging its duties and the cost of such consultants shall be paid by the Owner of any Lot for which plans and specifications have been submitted for approval prior to such plans and specifications being considered for approval by the DRB. The DRB shall have the right to adopt reasonable regulations, standards and procedures with respect to construction, additions or alterations as to any portion of the Property and the same shall be enforceable as if set forth herein. The DRB shall make its regulations, standards and procedures available to Owners, builders and developers who seek to engage in development, improvement or construction upon all or any portion of the Property and shall conduct its operations in accordance therewith.

The provision of this Section 11 shall not apply to the initial construction of any improvement by Declarant or to any exterior changes, alteration, or additions or any construction, erection, placing or posting of any sign, object, light or thing on the exterior of any buildings or on any Common Area by the Declarant.

(c) Plans and Specifications.

The DRB shall have the right to approve or disapprove any submitted plans or specifications that are not in compliance with this Declaration, if they are incomplete or if the DRB reasonably determines that such plans and specifications are not consistent with the Community-Wide Standard considering among other things, the following: (i) architectural character and nature, shape, color, size, material, location and kind of all proposed Improvements, taking in consideration the aesthetic

quality of any Townhome with respect to height, form, proportion, volume, siting and exterior materials; (ii) adequacy of lot dimensions for proposed Improvements, (iii) conformity and harmony of exterior design with neighboring Lots and Improvements; (iv) relation of topography, grade and finished ground elevations to that of neighboring Lots and Improvements; (v) screening of mechanical and other installations; (vi) functional appropriateness with respect to vehicle handling, siting of buildings (both in relationship to one another and in relationship to buildings, existing or proposed, located on other Lots), drainage, utility service systems and lighting; (vii) extent and quality of landscaped areas; or (viii) compliance with the Community-Wide Standard.

Prior to the commencement of construction of improvements on any Lot, the Owner of such Lot shall submit detailed information in writing regarding the proposed Improvements, including site plans and two (2) full sets of final construction drawings and specifications (which shall be sealed and certified by a duly licensed architect or engineer if so required by the DRB (hereinafter the "Plans")), showing or stating all aspects of the proposed Improvements, including, but not limited to, the following: (i) location of all structures, street rights-of-way and setback lines; (ii) location of all walks, driveways and curb lines; (iii) all landscaping, including location, height, spread, type and number trees and shrubs and location and type of all ground cover and material, and existing trees and limits of clearing and grading; (iv) location, height, intensity and fixture type of all exterior lighting; (v) location, size and type of all fencing; (vi) architectural floor plans, elevation, wall sections and details of the Townhome; (vii) building material and color information, including samples if requested; and (viii) size and square footage and height of the Townhomes and all other Improvements.

Should the DRB fail either to approve or disapprove the Plans within sixty (60) days after submission in accordance with the terms of this Declaration, it shall be conclusively presumed that the DRB has disapproved the Plans. Disapproval of any Plans with regard to a Lot shall not be deemed to be a waiver of the DRB's right, in its discretion, to approve similar plans and specifications, or any features or elements included therein, for any other Lot.

If construction has not commenced within one (1) year from the date the Plans are approved, then the approval given pursuant to this Section shall be deemed to be automatically revoked by the DRB, unless the DRB extends the time for commencing construction. In any event, all work covered by such approval shall be completed within nine (9) months of the commencement thereof, except for such period of time as completion is rendered impossible or would result in great hardship due to strikes, fires, national emergencies, critical material shortages or other intervening forces beyond the control of the Owner, unless the DRB extends the time for completion.

The provisions hereof shall not be applicable to any of the Additional Property; provided, however, such shall be applicable to those portions of the Additional Property annexed to this Declaration.

(d) Release of Liability. Each Owner hereby releases the Declarant, the Association, the Board of Directors, and the DRB, from any and all liability for (i) any defects in any plans and specifications submitted, revised or approved pursuant to the terms of this Declaration, (ii) any loss or damage to any Person arising out of the approval or disapproval of any such plans and specifications, (iii) any loss or damage arising from the noncompliance with such plans and specifications or any governmental ordinance or regulation, or (iv) any defects in construction undertaken pursuant to such plans and specifications, regardless of whether such claim arises by reason of mistake in judgment, negligence or nonfeasance by the DRB.

(e) Compliance with Law. All Improvements, including Townhomes, constructed, erected, placed, altered, remodeled, maintained or permitted on any Lot shall comply with any and all

applicable federal, state, county and municipal zoning and building restrictions, including, but not limited to, grading, clearing, construction of impervious surfaces, building and other construction rules and regulations.

(f) Inspection. The DRB, or its designee, shall have the right during reasonable business hours to enter upon and inspect any Lot or improvement under construction to determine whether the approved Plans are being followed or adhered to. If the DRB shall determine that such Plans have not been approved or that the Plans are not being followed or adhered to, the DRB may in its discretion require the Lot, Property or Improvement to be restored to its former condition by and at the expense of the Owner of such Lot. Upon the failure or refusal of such Owner to perform the required restoration, the DRB, or its authorized agents or employees may, after ten (10) days notice to said Owner, enter upon the Lot (or Townhome) and perform such restoration as the DRB, in the exercise of its sole discretion, may deem necessary or advisable. Such Owner shall be personally liable to the DRB for all direct and indirect costs (including court costs, reasonable attorneys' fees and costs of repair for any damage to the Property incurred as a result of the Owner's failure to abide by the provisions herein) as may be reasonably incurred by the DRB in the performance of such restoration or repair and the liability for such costs shall be enforceable by the DRB on behalf of the DRB by appropriate proceedings in law or in equity. The Owner's liability for such costs shall also be a permanent charge or lien upon the Lot or Townhome of such Owner, enforceable as provided herein. The rights and remedies established in this Section 7 are in addition to those provided and inherent to the Association.

(g) Interior Alterations. No Owner shall make any alterations or improvements to the interior of a Townhome on his Lot, remove any portion thereof, make any additions thereto, or do any thing that would change the exterior appearance of such Improvements without first submitting plans and specifications therefore and obtaining the written consent of the DRB pursuant to this Section. Any other interior alteration of any improvement may be made by the Owner without first obtaining the approval of the DRB.

## 12. USE RESTRICTIONS

(a) General. This Section sets out certain use restrictions which must be complied with by all Owners and their respective families, tenants, guests, licensees and invitees. In addition, the Board may from time to time, without the consent of the Owners, adopt, modify or delete Rules and Regulations applicable to the Community as permitted under this Declaration.

(b) Residential Use. Except for development, sale and marketing activities carried on by the Declarant or affiliates of Declarant in connection with the Lots and Townhomes, each Lot shall be used for residential purposes only. No trade or business of any kind may be conducted in or from a Lot, except for business use ancillary to a primary residential use so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from the exterior of the Townhome; (b) the business activity does not regularly involve Persons coming onto the Lots who do not reside in the Community or door-to-door solicitation of Owners of Lots; (c) the business activity conforms to all zoning requirements for the Lot; and (d) the business activities are consistent with the resident character of the Community and does not constitute a nuisance, a hazardous or offensive use, or threaten the security or safety of other Owners of Lots, as may be determined in the sole discretion of the Board of Directors.

(c) Single-Family. A Townhome shall not be constructed for more, nor occupied by more, than one (1) family.

(d) Gardens. No gardens of any type may be planted or maintained in the front or

side yard of any Lot.

(e) Play Equipment. Playhouses, treehouses, basketball goals, trampolines, hammocks, play structures and other recreational equipment are generally prohibited unless specifically approved by the DRB in accordance with Section 12 of this Declaration.

(f) Temporary Structures. No structures of a temporary character, trailer, tent, shack, carport, garage, barn, or other outbuilding, structure or facility shall be used as a residence or sleeping quarters on any portion of the Community at any time, either temporarily or permanently; provided, however, that the Declarant shall be permitted to maintain one or more temporary structures within the Community for use in connection with the construction of improvements and/or the marketing and sale of Lots within the Community.

(g) Signs. Except as may be required by legal proceedings or as may be permitted by the Rules and Regulations, no "For Sale" or "For Rent" signs or other signs or advertising posters of any kind shall be maintained or permitted on any portion of the Community without the prior express written permission of the Board of Directors of the Association, subject to such rules and regulations which may be adopted to govern the same. Notwithstanding the above, the Association may permit specific signs to be located on bulletin boards placed on the Common Area by the Association. Any such sign must be in compliance with the Rules and Regulations. The Board of Directors shall establish standards for any permitted signs and posters within the Community, and there shall be no deviation from such standards without the prior written consent of the Board of Directors. Notwithstanding the foregoing, the provisions of this Section shall not apply to any signs maintained within the Community by Declarant, its agents, representatives, or assigns; or to a "For Sale" or "For Rent" sign posted by a Mortgagee who becomes the Owner of a Lot as purchaser at a judicial or foreclosure sale conducted with respect to a First Mortgage or secondary purchase money Mortgage or as transferee pursuant to any proceeding in lieu thereof, subject to reasonable Rules and Regulations established by the Board of Directors with respect to such "For Sale" or "For Rent" signs.

(h) Nuisance. No rubbish or debris of any kind shall be dumped, placed or permitted to accumulate upon any portion of the Community, except in containers specifically designated for such purpose, nor shall any odors be permitted so as to render any portion of the Community unsanitary, unsightly, offensive or detrimental to persons using or occupying other portions of the Community. No obnoxious or offensive activity shall be carried on, within or upon the Community, nor shall anything be done thereon which may become an annoyance to other Owners. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed within the Community. Any siren or device for security purposes shall contain a device which causes it to automatically shut off within a reasonable time after sounding. Stereo equipment and similar devices shall be operated so as not to be audible from any other Lot or the Common Area. The display or shooting of fireworks or firecrackers is expressly forbidden. Any Lot Owner, or his family, servants, agents, invitees or guests, who shall dump or place any trash or debris upon any portion of the Community, except in the containers described above, shall be liable to the Association for the actual cost of the removal thereof or the sum of Fifty Dollars (\$50.00), whichever is greater, and the same shall be added to and become part of that portion of any assessment next coming due to which the Lot Owner is subject

(i) Prohibited Activities. Obnoxious or offensive activity shall not be carried on upon any Lot or in any part of the Common Area. Each Lot Owner, his family, visitors, invitees, guests, servants and agents, shall refrain from any act or use of his Lot or the Common Area which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the occupants of the Lots, or which could result in the cancellation of or increase in the premiums for insurance on any Lots or any portion of the Common Area, or

which could be in violation of any law or governmental code or regulation. The pursuit of hobbies or other activities, including, without limitation, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any portion of the Community.

(j) Animals and Pets. No animals, pets, livestock, swine, birds or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats and other usual household pets may be kept by an Owner on his respective Lot and within their respective Townhome provided they are not kept, bred or maintained for any commercial purpose and do not endanger the health of or unreasonably disturb Owners of Lots within the Community. The Board of Directors shall have the right to adopt reasonable Rules and Regulations governing animals and pets kept by Owners of Lots in the Community, including the right certain size, weight or type. No structure for the care, housing or confinement of any pet or animal shall be constructed or maintained on any part of the Common Area except the Limited Common Area, and any such structures maintained on a Lot or Limited Common Area must be approved by the DRB pursuant to Section 12 of this Declaration. Pets and animals shall be on a leash at all times when walked or exercised in any portion of the Community, except on the Owner's Lot or the Owner's Limited Common Area. No pet or animal shall be permitted to leave its excrement on any portion of the Common Area or Limited Common Area or on any Lot not owned by the Owner of the animal or pet and the Owner of such animal or pet shall immediately remove such excrement. In the event an animal or pet is deemed by the Board of Directors to be a nuisance or to be kept in violation of this Declaration, the Board of Directors shall have the right to require the Owner of such animal or pet to remove such animal or pet from the Community. The animal control authority shall be permitted to enter the Community to patrol and remove all pets and animals which are in violation of such animal control regulations or this Declaration. All animals and pets shall be registered, licensed and inoculated as required by law.

(k) Garbage Cans, Wood Piles, Etc. All garbage cans, wood piles, and related equipment and other similar items shall be located or screened so as to be concealed from view from the streets in front of each Lot. All rubbish, trash and garbage shall be regularly removed from each Lot and shall not be allowed to accumulate thereon. Trash, garbage or other rubbish shall be kept in sanitary containers with covers or lids, which sanitary containers shall be removed from the front of each Lot promptly after pickup by the local garbage service. Exterior clotheslines are expressly prohibited on any Lot. The Declarant expressly reserves the right to allow builders to dump, bury and/or burn construction debris and trees on any Lot as needed for efficient construction; otherwise, no dumping or burning of debris or trees is permitted on any Lot.

(l) Lighting. Except for decorative lights during the holiday season, all exterior lighting on each Lot must be submitted and approved by the DRB in accordance with Section 12 above. The Board of Directors shall have the right to adopt reasonable Rules and Regulations concerning seasonal decorative lights.

(m) Sight Distance at Intersections. All Lots located at any street intersection shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, shrub, or landscape planting shall be placed or permitted to remain at any corner of a Lot located at any street intersection where, in the opinion of the Board of Directors, the condition would create a traffic or sight problem for vehicles or persons entering or traveling upon these streets.

(n) Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed, installed or maintained upon any Lot unless approved by the DRB in accordance with Section 12, above.



(o) Above-Ground Pools. Above-ground swimming pools are strictly prohibited and may not be erected, placed or maintained upon any Lot within the Community.

(p) Parking. All boats, buses, recreational vehicles, commercial vehicles, motorcycles, mopeds, all terrain vehicles, scooters, mini bikes, go carts, motor homes, mobile homes, trailers and campers kept or maintained in the Community for periods longer than twenty-four (24) hours must be kept in an enclosed garage. All automobiles, vans and trucks shall be parked within enclosed garages to the extent that garage space is available and, if not, such automobiles, vans and trucks shall be parked on the driveways of Lots, and not in the Common Area. Driveways must be surfaced with concrete, asphalt or unpaved but covered with stones or pebbles or such other material as approved by the DRB. Garages shall not be used for storage or in any manner so that they become unavailable for parking automobiles and other transportation vehicles and devices therein. No automobile, van or truck may be parked along any street for a period longer than twenty-four (24) hours. After such twenty-four (24) hour period, such automobile, van or truck shall be considered a nuisance and may be removed from the Community by the Board of Directors at the expense of the Owner. Any boat, bus, recreational vehicle, motorcycle, moped, all terrain vehicle, scooter, mini bike, go cart, motor home, mobile home, trailer or camper parked on any Lot in violation of this Declaration for periods longer than twenty-four (24) hours shall be considered a nuisance and may be removed from the Community by the Board of Directors at such Owner's expense.

Automobiles and other transportation vehicles or devices which are either dismantled, partially dismantled, inoperative, discarded or which do not have a valid license plates attached thereto must be stored within an enclosed garage. No Owner or occupant of any Lot shall repair or restore any automobile or other transportation vehicle or device of any kind upon a Lot, except within an enclosed garage or only to the extent necessary to enable its movement in the event of an emergency repair. No used motor vehicle parts shall be stored, kept or maintained on the Property.

(q) Antennas or Similar Equipment. No antenna, receiver, satellite dish, equipment serving as an antenna or satellite dish, or other similar device or equipment shall be attached, placed upon or installed on any Lot, Resident Unit, or any other portion of the Property, unless installed by the Association, the Declarant or in accordance with this Declaration and the Rules and regulations. Direct Broadcast Satellite (DBS) dishes measuring greater than one (1) meter in diameter are strictly prohibited as are any antennas which extend more than twelve (12) feet above any roofline. DBS dishes measuring less than one meter in diameter and antennas extending less than twelve (12) feet above roof lines are permitted, subject to the Rules and Regulations and provided the plans and specifications therefor are submitted to and approved by the DRB. No radio or television signals nor any other form of electromagnetic radiation or other signal shall be permitted to originate from any Lot which may unreasonably interfere with the reception of television or radio signals within the Community.

(r) Firearms. The use of firearms within the Community is strictly prohibited. The term firearms include pellet guns and other firearms of all types, regardless of size, power or gauge.

(s) Traffic Regulations. All vehicular traffic on all streets and paved areas within the Community shall be subject to the laws of the State of North Carolina and Cumberland County, North Carolina concerning operation of motor vehicles in public streets and paved areas. The Association is hereby authorized to promulgate, administer and enforce Rules and Regulations governing vehicular and pedestrian traffic, including reasonable safety measures and speed limits, within the Community. The Association shall be entitled to enforce such Rules and Regulations by establishing such enforcement procedures as it deems appropriate, including levying of fines for any violations thereof. All vehicles of any kind and nature which are operated on the streets or paved area within the Community shall be

operated in a careful, prudent, safe and quiet manner and with due consideration for the rights of all Owners and occupants of Lots.

(t) Leasing. Townhomes may be leased for residential purposes only. All leases shall have a minimum term of one (1) year, unless the prior written approval is given by the Board of Directors. All leases shall require that the tenant acknowledge receipt of a copy of the Declaration, the Bylaws and Rules and Regulations of the Association and shall also obligate such tenant to comply with those documents. Owners are responsible for the actions and conduct of their tenants and the tenants' family, guests, licensees and invitees. Lots may be rented only in their entirety; no fraction or portion may be rented. All leases and lessees are subject to the provisions of this Declaration, the Bylaws and the Rules and Regulations of the Association. Any lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration, the Bylaws and the Rules and Regulations and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing and shall be in compliance with such Rules and Regulations as may be adopted by the Board of Directors.

(u) Drainage. Natural drainage of streets, Townhomes, Lots or driveways of Lots shall not be impaired by any Owner. No Owner shall obstruct or rechannel the drainage flow of water after location and installation of catch basins, berms, drainage areas, drainage swales, storm sewer or storm drain systems.

(v) Unsightly or Unkempt Conditions. It shall be the responsibility of each Owner to prevent any unclean, unhealthy, unsightly or unkempt condition from existing on or within his Lot and Townhome. Any item such as outside patio furniture or other articles that can be viewed from the streets within the Community, Common Area, or other Lots shall be maintained in a neat and attractive condition as determined by the Board. The pursuit of hobbies or other activities, including, but not limited, assembly, disassembly and repair of motor vehicles or other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions shall not be pursued or undertaken on any part of the Community other than in an enclosed garage.

(w) Fences. No fence may be installed or constructed on any Lot or Limited Common Area without the prior written approval of the DRB in accordance with Section 11, above.

(x) Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation shall be permitted in the Community except within a Townhome. Exterior sculptures, fountains, flags and similar items must be approved by the DRB in accordance with Section 11, above.

(y) Tree Removal. No trees shall be removed within the Community without the prior written consent of the DRB, except for diseased or dead trees, trees requiring removal to promote the growth of other trees or for safety reasons.

(z) Utility Transformers and Stand Pipes. All utility transformers and stand pipes shall be landscaped so that they accomplish minimal visibility from the street or any adjacent Lot.

(aa) Mailbox. Only one (1) mailbox may be located on each Lot, which mailbox and its support shall be of the design installed by the Declarant (unless a new uniform design is approved by the Board of Directors) and each mailbox shall be placed and maintained to compliment the Lot to which it is appurtenant.

(bb) Governmental Regulations. All governmental building codes, health regulations, zoning restrictions and the like applicable to the Condominium Property shall be observed. In the event of

any conflict between any provision of any such governmental code, regulation or restriction and any provision of this Declaration, the more restrictive provision shall apply.

13. MORTGAGEE PROVISIONS

The following provisions are for the benefit of the holders of First Mortgages on Lots in the Community. To the extent applicable, necessary or proper, the provisions of this Section shall apply to both this Declaration and to the Bylaws.

(a) Notice of Action. An institutional holder, insurer or guarantor of a First Mortgage who provides a written request to the Association (such request to state the name and address of such holder, insurer or guarantor and identify specifically the Lot encumbered by the First Mortgage, thereby becoming an eligible holder) will be entitled to timely written notice of: (a) any condemnation loss or casualty loss which affects a material portion of the Community or which affects a portion of the Lot on which there is a First Mortgage held, insured or guaranteed by such eligible holder; (b) any delinquency in the payment of assessments or charges owed by an Owner of a Lot, subject to the First Mortgage of the eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, the Association may, without request from such eligible holder, provide notice of such delinquency to such First Mortgagee; (c) any lapse, cancellation or material modification of any insurance policy maintained by the Association; or (d) any proposed action which would require the consent of a specified percentage of eligible holders.

(b) No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or any other Person a priority over any rights of the First Mortgagee on a Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

(c) Notices to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

(d) Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days after the date of the Association's request.

14. ASSOCIATION'S OBLIGATION TO PROVIDE DOCUMENTATION. The Association shall be required to make available to Lot Owners, lenders and the holders, insurers and guarantors of the First Mortgage on any Cottage, current copies of the Declaration, Bylaws and other Rules and Regulations governing the Property, and other books, records and financial statements of the Association. The Association shall also be required to make available to prospective purchasers current copies of the Declaration, Bylaws, and Rules and Regulations governing the Property, and the most recent annual audited financial statement, if such is prepared. Available shall mean, at a minimum, available for inspection upon request during normal business hours or under other reasonable circumstances.

15. GENERAL PROVISIONS

(a) Enforcement. Every Owner and every occupant of any Lot, and their respective families, guests, invitees, licensees, successors and assigns, shall comply with this Declaration, the Bylaws and the Rules and Regulations of the Association, as they now exist and may be amended from

time to time. Except as otherwise provided herein, the Association shall send written notice of any violation to the violating Owner, who shall have ten (10) days from the date of the notice (in the event of an emergency, as determined by the Board of Directors, only reasonable notice is required) to correct and cure the violation and comply with this Declaration, the Bylaws or the Rules and Regulations. Any lack of such compliance shall entitle the Board of Directors to impose and assess fines and other sanctions against the Owner of the Lot, which shall be collected as provided herein for the collection of assessments. Furthermore, any lack of such compliance shall authorize the Board of Directors to temporarily suspend voting rights and the rights of use of the Common Areas; provided, however, no such suspension shall deny an Owner or any occupant of a Lot access to the Lot owned or occupied. Additionally, any lack of such compliance shall authorize the Board of Directors to institute legal action against the Owner and occupant of a Lot to recover damages as a result of such party's action or for injunctive relief, or both, which action shall be maintainable by the Board of Directors on behalf of the Association or, in a proper case, by any aggrieved Owner. Failure by the Board of Directors or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board of Directors shall have the right to record in the appropriate land records a notice of violation of the Declaration, the Bylaws, or the Rules and Regulations, and assess the cost of the recording and removing of such notice against the Owner responsible for the violation of such documents.

(b) Self-Help. In addition to any other remedies provided for herein, the Board or its duly authorized agent shall have the power to enter upon any portion of the Property including Lots, Limited Common Area and Townhomes, to abate or remove, using such force as may be reasonably necessary, any Improvement, Townhome, thing or condition which violates this Declaration, the Bylaws, or the Rules and Regulations. The Board shall give the violating Owner ten (10) days written notice of its intent to exercise self-help (except in the event of an emergency, as determined by the Board of Directors in which event only reasonable notice is required). All costs of self-help, including reasonable attorney's fees actually incurred, shall be assessed against the violating Owner and shall be collected as proved for herein for the collection of assessments.

(c) Duration. The provisions of this Declaration shall run with and bind the Property and shall be and remain in effect for a period of twenty (20) years after the date that the Declaration is recorded, after which time this Declaration shall be automatically extended for successive periods of twenty (20) years, unless such extension is disapproved in writing by Members representing greater than eighty percent (80%) of the total Association vote. If an extension is disapproved, a written instrument reflecting termination of the Community must be recorded in accordance with N.C.G.S. s. 47F-2-218. Every purchaser or grantee of any interest in the Property subject to this Declaration, by acceptance of a deed or other conveyance therefore, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

(d) Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to any portion of the Property subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on any portion of the Property subject to this Declaration; (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on any portion of the Property subject to this Declaration; (e) if such amendment is required by an insurance carrier to enable such insurance carrier to provide coverage on any portion of the Property subject to this Declaration as may be required by Section 7 herein; or (f) if such amendment is required by a

governmental entity or utility provider to ensure that utilities or stormwater drainage facilities may be provided to any portion of the Property subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Owner shall consent thereto in writing. Further, until Buildout, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially and adversely affect the substantive rights of any Owner hereunder, nor shall it adversely affect title to the Lot of any Owner without the consent of the affected Owner.

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of Members representing at least sixty-seven percent (67%) of the total Association vote and, until Buildout, with the consent of the Declarant. A meeting be called (but shall not require to be called) to consider and vote upon any amendment.

Notwithstanding the above, this Declaration may not be modified or amended in any manner which conflicts with the provisions of the Cumberland County, North Carolina Subdivision Regulations.

Amendments to the Declaration shall become effective upon recordation, unless a later effective date is specified therein. Until Buildout, no provision of this Declaration which reserves or grants rights, privileges, easements, or any authority to the Declarant shall be amended without the prior written consent of the Declarant. Any procedural challenge to an amendment must be made within two (2) months of its recordation. In no event shall a change of conditions or circumstances operate to amend any provisions of the Declaration or Bylaws.

(e) Partition. The Common Area shall remain undivided, and no Owner nor any other Person shall bring any action for partition or division of the whole or any part thereof without the written consent of every Owner, the written consent of all holders of Mortgages encumbering the Property, and, until Buildout, the consent of the Declarant. No Lot may be subdivided or partitioned.

(f) Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid. If the application of any provision of this Declaration shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application and, to this end, the provisions of this Declaration are declared to be severable.

(g) Captions. The captions of each Section hereof are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Section to which they refer.

(h) Perpetuities. Pursuant to N.C.G.S. s. 47F-2-103, the rule against perpetuities may not be applied to defeat any provision of this Declaration.

(i) Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five percent (75%) of the Total Association Vote. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of the Declaration (including, without limitation, the foreclosure of liens); (b) the imposition and collection of assessments as provided in this Declaration; (c) proceedings involving challenges to ad valorem taxation; or (d) counterclaims brought by the Association in proceedings against it. This Section shall not be amended during the time period when Declarant owns any property for development or sale in the Community, or has the right to unilaterally annex additional property to the Community unless such amendment is made by the Declarant.

(j) Indemnification. In accordance with Section 55A-8-51, et seq., of the North Carolina Nonprofit Corporation Code, the Association shall indemnify every Person who was or is a party or who is threatened to be made a party to any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the name of the Association), by reason of the fact that such Person is or was serving as a director, officer or Committee Member of the Association, against any and all expenses, including attorney's fees, imposed upon or reasonably incurred in connection with any action, suit or proceeding, if such Person conducted himself in good faith, acted in a manner reasonably believed to be in or not opposed to the best interests of the Association and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Any indemnification hereunder shall be made by the Association only as authorized in a specific case upon a determination that indemnification of the person is proper under the circumstances.

The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be liable as Members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right of indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or coroner officer or director, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is available at reasonable cost, as determined in the sole discretion of the Board.

(k) Books and Records. This Declaration, the Bylaws, the Articles of Incorporation, the Rules and Regulations, design guidelines, membership register, books of account, and minutes of meetings of the Members, of the Board and of committees shall be made available for inspection and copying by any Member of the Association or by his duly appointed representative and, by holders, insurers, or guarantors of any First Mortgage, at their expense, at any reasonable time and for a purpose reasonably related to his or her interest as a Member or holder, insurer, or guarantor of a First Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

The Board shall establish reasonable rules with respect to:

- (i) Notice to be given to the custodian of the records;
- (ii) Hours and days of the week when such an inspection may be made; and
- (iii) Payment of the cost of reproducing copies of documents.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a reasonable number of extra copies of documents at the expense of the Association.

(l) Financial Statements. Financial statements reflecting the accounts of the Association shall be compiled annually in such a manner as the Board may decide; provided, however, after having received the Board's financial statements at the annual meeting, the Members representing a Majority of the total Association vote, and until Buildout, with the consent of the Declarant, may require that financial statements of the Association be audited as an Association expense by a certified public

accountant. Upon written request of an institutional holder of a First Mortgage, such holder, upon payment of the costs associated therewith, shall be entitled to receive financial statements within ninety (90) days of the date of the request.

(m) Notice of Purchase. Upon acquisition of an interest in the Property, the acquiring Owner shall notify the Board in writing of the name of the acquiring Owner and such other information as the Board may reasonably require.

(n) Duty of Owners to Inform the Association of Current Address. Each Owner shall have the affirmative duty and obligation to inform the Association in writing of any change of the Owner's current address. All notices hereunder shall be deemed given if sent to the Cottage address or to such other address as the Owner may designate by written notice to the Association.

(o) Estoppel Certificates. Upon the request of any Member, the Board or its designee shall furnish a written certificate signed by an officer or agent of the Association regarding unpaid assessments levied against that Member's Lot and any violations of the Declaration, Bylaws, or Rules and Regulations, by an Owner or occupant of such Owner's Lot. Such certificate shall bind the Association with respect to the foregoing matters. The Association may require the advance payment of a reasonable processing fee for the issuance of each such certificate.

(p) Agreements. All agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board shall be binding upon all Owners, their heirs, legal representatives, successors, assigns and others having an interest in the Community, except that no such agreements shall be binding as to the Declarant until Buildout without the written consent of the Declarant.

(q) Implied Rights. The Association may exercise any right or privilege given to it expressly by the Declaration, the Bylaws, the Articles of Incorporation, or the Rules and Regulations and every other right or privilege reasonably to be implied from the existence of any such right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

(r) Variances. Notwithstanding anything to the contrary contained herein, until Buildout, the Declarant shall be authorized to grant individual variances from any of the provisions of this Declaration or the Bylaws, except the provisions of Section 10 of this Declaration regarding assessments, if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Community.

(s) Conflict. In the event of a conflict between the provisions of this Declaration and the provisions of North Carolina law, then to the extent that the provisions of North Carolina law cannot be waived by agreement, North Carolina law shall control.

(t) Security. All owners, occupants, guests, licensees, and invitees, as applicable, acknowledge that the Declarant, the association and its board of directors, and the DRB do not represent or warrant that any safety or security measures will be implemented in the community or, if implemented, that such safety or security measures may not be compromised or circumvented, or that any such safety or security measures will in all cases provide the detection or protection for which they are designed. Each owner, occupant, guest, licensee, or invitee, as applicable, acknowledges and understands that the Declarant, the association, the board of directors and DRB are not insurers and that each owner, occupant, guest, licensee, and invitee assumes all risks of personal injury and property damage and further acknowledges that Declarant, the association, the board of directors, and DRB have made no representations or warranties, nor has any owner, occupant, guest, licensee, or Invitee relied upon any

representations or warranties, expressed or implied, including any warranty or merchantability of fitness for any particular purpose relative to any safety or security measures implemented or approved.

(u) Gender and Grammar. The singular whenever used herein shall be construed to mean and include the plural, when applicable, and vice versa, and the use of the masculine or neuter pronoun shall include the feminine, when applicable, and vice versa.

(v) Interpretation. In all cases, the provisions set forth in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of Declarant, or the Board after the Conversion Date, will best evidence the intent of the general plan of the Community. The provisions hereof are to be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective.

**IN WITNESS WHEREOF**, the undersigned has executed this instrument under seal this 30 day of April, 2008.

Signed, sealed and delivered  
in the presence of:

NORTH RAMSEY PARTNERS, LLC, a  
North Carolina limited liability company

Megan Fullin  
Witness

By: Pat McKee (SEAL)  
Pat McKee,  
Managing Member

STATE OF NORTH CAROLINA  
COUNTY OF CUMBERLAND

I, Brian K Tarumoto, a Notary Public for the above County and State do hereby certify that PAT MCKEE personally appeared before me this day and acknowledged that he/she is the Managing Member of **NORTH RAMSEY PARTNERS, LLC**, being authorized to do so, executed the foregoing on behalf of the corporation

Witness my hand and official seal, this 30 day of Apr, 2008.

Brian K Tarumoto  
Notary Public, State of North Carolina

My Commission Expires: 4-17-2011

[Notary Seal]



**EXHIBIT "A"**

**PROPERTY**

**Legal Description of the Property**

NORTH CAROLINA -- CUMBERLAND COUNTY  
CARVERS CREEK TOWNSHIP  
Property of  
NORTH RAMSEY PARTNERS, LLC  
THE COTTAGES AT NORTH RAMSEY  
PHASE 1

The following described tract of land lies on the western side of US Highway 401 North (Ramsey Street), being a portion of the lands of North Ramsey Partners, LLC, as described a deed recorded in Deed Book 7690, Page 835 and as shown on a plat prepared by McKim & Creed, PA and recorded in Plat Book 121, Page 88 of the Cumberland County, North Carolina Registry.

**Beginning** at an existing iron pipe in the western right of way line of US Highway 401 North (Ramsey Street) (100' R/W), said pipe having N.C. Grid Coordinates (N): 513,785.6872 (E): 2,039,719.2736, NAD 83 Datum and being located N 29°55'28" E 965.28 feet from North Carolina Geodetic Survey Monument "FARMS", having N.C. Grid Coordinates (N): 512,949.0922 (E): 2,039,237.7358, NAD 83 Datum, thence leaving said highway margin and running with an agreement line as shown on the aforementioned plat recorded in Plat Book 121, Page 88, N 42°02'49" W, 248.38 feet to an existing concrete monument at the northeast corner of Lot 316 of the Fairfield Farm subdivision, Section 1, Part 1 (Plat Book 93, Page 110), formerly lands of Brolanco Corporation (Deed Book 6763, Page 693); thence with the northern line of said Fairfield Farm, Section 1, Part 1, N 42°03'59" W, 91.74 feet to an iron rod set; thence leaving the line of said Fairfield Farm and with a new line, N 48°46'23" E, 220.97 feet to an iron rod set in the southern right of way margin of Nandina Court (40' wide right of way - private street); thence with said margin, N 41°13'37" W, 62.17 feet to an iron rod set; thence with a new line, crossing said Nandina Court and passing through an iron rod set at a distance of 40 feet, N 48°46'23" E, 259.54 feet to an iron rod set in the southern line of the lands of South River Electric Membership Corporation (Deed Book 5964, Page 322 & Plat Book 108, Page 65); thence with the southern line of said South River Electric Membership Corporation, S 41°14'36" E, 250.90 feet to an existing iron pipe in the western margin of US Highway 401 North; thence with said highway margin, S 31°07'24" W, 499.18 feet to the **Point of Beginning**, containing 3.28 acres, more or less.

EXHIBIT "B"

ADDITIONAL PROPERTY

Legal Description of the Additional Property

NORTH CAROLINA -- CUMBERLAND COUNTY  
CARVERS CREEK TOWNSHIP  
Property of  
NORTH RAMSEY PARTNERS, LLC  
DB.7690, PG.835  
PB.121, PG.88

The following described tract of land lies on the western side of US Highway 401 North (Ramsey Street), being the lands of North Ramsey Partners, LLC, as described a deed recorded in Deed Book 7690, Page 835 and as shown on a plat prepared by McKim & Creed, PA and recorded in Plat Book 121, Page 88 of the Cumberland County, North Carolina Registry.

**Beginning** at an existing iron pipe in the western right of way line of US Highway 401 North (Ramsey Street) (100' R/W), said pipe having N.C. Grid Coordinates (N): 513,785.6872 (E): 2,039,719.2736, NAD 83 Datum and being located N 29°55'28" E 965.28 feet from North Carolina Geodetic Survey Monument "FARMS", having N.C. Grid Coordinates (N): 512,949.0922 (E): 2,039,237.7358, NAD 83 Datum, thence leaving said highway margin and running with an agreement line as shown on the aforementioned plat recorded in Plat Book 121, Page 88, N 42°02'49" W, 248.38 feet to an existing concrete monument at the northeast corner of Lot 316 of the Fairfield Farm subdivision, Section 1, Part 1 (Plat Book 93, Page 110), formerly lands of Brolanco Corporation (Deed Book 6763, Page 693); thence with the northern line of said Fairfield Farm, Section 1, Part 1, N 42°03'59" W, 530.35 feet to an existing iron pipe; thence continuing with the northern line of said Fairfield Farm, Section 1, Part 1, running to and with the northern line of Fairfield Farm, Section 1, Part 2 (Plat Book 99, Page 168), running to and with the northern line of Fairfield Farm, Section 1, Part 3 (Plat Book 107, Page 33), running to and with the northern line of Fairfield Farm, Section 2, Part 1 (Plat Book 108, Page 145), running to and with the northern line of Fairfield Farm, Section 3, (Plat Book 117, Page 21), and running to and with the northern line of the lands of Brolanco Corporation (Deed Book 5977, Page 497), N 41°04'15" W, 3287.98 feet to an existing iron rod at a corner in the northern line of the said land of Brolanco Corporation, said iron rod also being at a corner in the southern line of the lands of Tonya Strickland, Trustee (Deed Book 5821, Page 764), a 100 acre tract of land as shown on a plat recorded in Plat Book 104, Page 4 of the Cumberland County, North Carolina Registry; thence with the southern line of said lands of Tonya Strickland, Trustee on the following five courses, N 19°35'32" E, 66.30 feet to an existing iron rod; thence S 80°10'30" E, 275.41 feet to an existing concrete monument; thence S 53°46'36" E, 465.55 feet to an existing concrete monument; thence S 68°04'03" E, 320.91 feet to an existing concrete monument; thence S 41°14'51" E, 1681.13 feet to an existing iron rod, said iron rod being at the southwest corner of the lands of South River Electric Membership Corporation (Deed Book 5964, Page 322 & Plat Book 108, Page 65); thence with the southern line of said South River Electric Membership Corporation, S 41°14'36" E, 1311.50 feet to an existing iron pipe in the western margin of US Highway 401 North; thence with said highway margin, S 31°07'24" W, 499.18 feet to the **Point of Beginning**, containing 40.33 acres, more or less.

LESS AND EXCEPT:

NORTH CAROLINA -- CUMBERLAND COUNTY  
CARVERS CREEK TOWNSHIP  
Property of  
NORTH RAMSEY PARTNERS, LLC  
THE COTTAGES AT NORTH RAMSEY  
PHASE 1

The following described tract of land lies on the western side of US Highway 401 North (Ramsey Street), being a portion of the lands of North Ramsey Partners, LLC, as described a deed recorded in Deed Book 7690, Page 835 and as shown on a plat prepared by McKim & Creed, PA and recorded in Plat Book 121, Page 88 of the Cumberland County, North Carolina Registry.

**Beginning** at an existing iron pipe in the western right of way line of US Highway 401 North (Ramsey Street) (100' R/W), said pipe having N.C. Grid Coordinates (N): 513,785.6872 (E): 2,039,719.2736, NAD 83 Datum and being located N 29°55'28" E 965.28 feet from North Carolina Geodetic Survey Monument "FARMS", having N.C. Grid Coordinates (N): 512,949.0922 (E): 2,039,237.7358, NAD 83 Datum, thence leaving said highway margin and running with an agreement line as shown on the aforementioned plat recorded in Plat Book 121, Page 88, N 42°02'49" W, 248.38 feet to an existing concrete monument at the northeast corner of Lot 316 of the Fairfield Farm subdivision, Section 1, Part 1 (Plat Book 93, Page 110), formerly lands of Brolanco Corporation (Deed Book 6763, Page 693); thence with the northern line of said Fairfield Farm, Section 1, Part 1, N 42°03'59" W, 91.74 feet to an iron rod set; thence leaving the line of said Fairfield Farm and with a new line, N 48°46'23" E, 220.97 feet to an iron rod set in the southern right of way margin of Nandina Court (40' wide right of way – private street); thence with said margin, N 41°13'37" W, 62.17 feet to an iron rod set; thence with a new line, crossing said Nandina Court and passing through an iron rod set at a distance of 40 feet, N 48°46'23" E, 259.54 feet to an iron rod set in the southern line of the lands of South River Electric Membership Corporation (Deed Book 5964, Page 322 & Plat Book 108, Page 65); thence with the southern line of said South River Electric Membership Corporation, S 41°14'36" E, 250.90 feet to an existing iron pipe in the western margin of US Highway 401 North; thence with said highway margin, S 31°07'24" W, 499.18 feet to the **Point of Beginning**, containing 3.28 acres, more or less.