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**DECLARATION OF RESTRICTIVE COVENANTS AND EASEMENTS
FOR
APPLETON SOUTH AT KINGS GRANT II**

[A Residential Subdivision]

[NOTE: THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS]

THIS DECLARATION OF RESTRICTIVE COVENANTS AND EASEMENTS FOR APPLETON SOUTH AT KINGS GRANT II, a Residential Subdivision (the "Declaration"), is made as of the date set forth in the below notary acknowledgment, by Appleton South, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant".

TOJO Investments, LLC, a North Carolina limited liability company, joins in the execution of this Declaration for the reasons set forth in Article XIV below.

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in Cumberland County, North Carolina, known as Appleton South, a Residential Subdivision ("Appleton South"), a plat of which has been duly recorded in Plat Book 150, Page 162 (the "Plat") of the Cumberland County, North Carolina Registry (except as otherwise set forth in Article XIV below) [Note: the defined term "Appleton South" is intended to refer to all property shown on the Plat and all future annexed phases]; and

WHEREAS, Declarant desires that Appleton South be uniform in its development and the restrictions applicable thereto; and

NOW THEREFORE, Declarant declares that the real property described above shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, assessments, affirmative obligations, and liens hereinafter set forth which are for the

purpose of protecting the value and desirability of, and which shall run with, the real property described above and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

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

(b) "Common Area" shall mean and refer to all of those platted areas labelled as such on the Plat (which shall be deeded to the Association), as well as any other parcels deeded to the Association, along with any improvements shown thereon, or that otherwise are intended to benefit the Appleton South subdivision, if any; and along with any subdivision signage improvements, security gates (and gatekeeper improvements), and mail kiosks located in Appleton South. All Common Area shall be subject to the easements and other rights described herein and/or as shown on the Plat. All Common Area, including the improvements located thereon, are to be devoted to and intended for the common use and enjoyment of the Owners and/ or persons occupying dwelling places. The Association shall be responsible for maintaining and repairing the Common Area.

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

- (1) All sums lawfully assessed by the Association against its Members;
- (2) Expenses of administration, use, maintenance, repair, or replacement of the Common Area, including without limitation, any common signage, lighting, landscaping, security gates (and gatekeeper improvements), and/or mail kiosk areas located within Appleton South;
- (3) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws;
- (4) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase or as the Association may deem appropriate to purchase;
- (5) Any other expenses determined by the board of directors or approved by the Members to be common expenses of the Association;
- (6) Any ongoing monthly continuous fee for the installation and/ or maintenance and/ or charges of underground or aboveground utilities and street (and/ or common) lighting charged by the local utility company, as may be applicable, unless and until such fee is billed directly to the Owners by said utility company.
- (7) Any assessment obligations owing pursuant to the Master Declaration (as defined in Article XII) for the larger Kings Grant II master planned community.

(d) "Kings Grant Association" shall mean and refer to Kings Grant Owners Association II, Inc., a North Carolina non-profit corporation, its successors and assigns. Such is the governing association for the Kings Grant II master planned community, as referenced in Article XII.

(e) "Lot" shall mean and refer to any of the numbered plots of land shown on the Plat, as such Plat may be further amended or modified (other than any numbered plots of land that are deeded to the Association).

(f) "Member" when used in the context of discussing the Association shall mean and refer to the Declarant and its designated officers, employees or agents, and all those Owners who are Members of the Association as provided in this Declaration.

(g) "Owner" shall mean and refer to the Owner as shown by the records in the Register of Deeds of Cumberland County, North Carolina, whether it be one or more persons, firms, associations, corporations, or other legal entities, including the Declarant, of fee title to any Lot depicted on the Plat, but notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgagee or holder of a security deed has acquired title pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or tenant of an Owner.

(h) "Period of Declarant Control" means the period commencing on the date hereof and continuing until the earlier of (i) twelve (12) months after Declarant (or any builder affiliate of Declarant) no longer owns a Lot in Appleton South or any property within a half mile of any Lot which has been annexed into (or which may be annexed into) said subdivision; or (iii) when Declarant relinquishes such control in favor of the Association.

(i) "Property" shall mean and refer to Appleton South, which shall include all platted land shown on the Plat. The "Property" shall also include any future sections of Appleton South as the same may be developed from time to time, if any, except that such future sections of Appleton South shall become subject to these covenants only from and after the recording of the plat or plats for said future section(s) and the recording of a supplemental declaration which incorporates by reference this Declaration and which expressly makes the new section(s) subject to these covenants, or portions of same. The supplemental declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of Declarant (including, but not limited to, the style, size, and/ or type of construction), but such modification shall have no effect on the Property shown on the Plat.

ARTICLE II SPECIAL DECLARANT RIGHTS

Declarant reserves the following special declarant rights for the entire Property, including any future sections of Appleton South, during the Period of Declarant Control:

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

- (d) To create easements through the Common Area and/ or Lots for the purpose of making drainage and utility improvements, as reasonably necessary, now or in the future;
- (e) To alter the size of any Lot, combine or merge two or more Lots, to subdivide Lots or to turn other Property into Common Area;
- (f) To annex any additional property, regardless of whether now owned or acquired in the future and whether or not presently contiguous;
- (g) To use the existing roads, utility easements and Common Area in favor of all future annexations;
- (h) To extend streets and utilities through any platted Lot owned by Declarant and/ or any builder affiliate;
- (k) To alter the size of the Common Area, and to recombine a portion of same with any Lot (to include the right, during the Period of Declarant Control, to execute a deed on behalf of the Association, to re-convey any portion of the Common Area to Declarant and/ or any third party (as long as any such does not negatively impact vehicular access and/ or storm drainage and/ or utilities infrastructure within the subdivision);
- (l) To withdraw any portion of the Property from Appleton South (other than improved Lots which have been sold to third-party buyers, absent said third-party buyers' consent) (as long as any such withdrawal does not negatively impact vehicular access and/ or storm drainage and/ or utilities infrastructure within the subdivision);
- (m) To grant easement rights across Appleton South in favor of any government body, any utility provider for electrical, lighting, water, sewer, gas, and stormwater drainage serving the subdivision, and/ or any neighboring development, as may be applicable; also to grant any other easement rights across the subdivision in favor of any government body, any utility provider, or any neighboring development, as may be reasonably requested;
- (n) To grant easements to any cable service provider or other utility provider so as to serve Appleton South and/ or any neighboring development;
- (o) To convey easement rights across the Common Area for the benefit of Appleton South or for the benefit of any land that is contiguous to Appleton South or that is withdrawn from Appleton South to allow for its maximum development, including, but not limited to, easements for pedestrian and vehicular ingress and egress (to include construction vehicles), utilities, storm water drainage, signage, and temporary construction purposes; however, it is understood and agreed that the beneficiaries of any such easement rights, once conveyed, if any such contiguous development(s) is/ are not annexed into Appleton South, shall be required to contribute their prorated share of any maintenance and repair of any such Common Area that is affected;
- (p) To unilaterally amend this Declaration as set forth in Article XIII, Section 2;
- (q) To assign the Declarant's rights to a successor in interest.

ARTICLE III
UTILITIES AND DRAINAGE EASEMENTS

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

Section 2. Declarant hereby reserves easements for installation and maintenance of drainage ditches throughout Appleton South. Within such drainage ditch areas, once improved and installed by Declarant, no structure, planting, or other material shall be placed or permitted to remain which may interfere with, or which may change, the direction or flow of drainage, or which may obstruct or retard the flow of water. Lot Owners (including builders) shall be responsible for erosion control and shall promptly repair any damage caused to all drainage ditches in Appleton South. The Association (and/ or Declarant, as the case may be) shall have the right to maintain and repair all such drainage ditch areas; and the expense thereof shall be a Common Expense; however, any Lot Owner (including any builder) shall promptly reimburse and indemnify the Association (and/ or Declarant, as the case may be) for any damage said party may cause to any drainage ditch.

ARTICLE IV
USE RESTRICTIONS - LOTS

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

Section 2. All Lots shall be residential lots, and no structure shall be erected, altered, placed or permitted to remain on any of said Lots except one detached single-family dwelling of not more than two and one-half stories in height, a private garage for not more than three cars and other out-buildings in the rear of the dwelling house which may be incidental to normal residential use in subdivisions of similar category. No mobile homes or modular/ manufactured houses may be placed on any of the Lots. Subject to the architectural control provisions set forth in Article VII below, the dwelling house on each Lot shall be constructed with hardie-board siding (with vinyl soffit); shall contain some brick or stone on the front exterior; and shall contain a stem-wall slab or crawl space foundation (with monolithic slabs being prohibited).

Section 3. No dwelling shall be erected or allowed to remain on any of the Lots which shall contain a heated-area living space of less than two thousand, two hundred and fifty (2,250) square feet. Heated-area living space shall mean the ordinary living space in a house which is designed and constructed so as to be capable of being heated for regular living use in cold weather. In the computation of floor space, furnace room areas, garages, carports, and porches shall not be counted.

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

Section 5. No wire or concrete block fences shall be permitted on any Lot. No fence shall be erected closer to any street line than the rear corner, closest to the street, of the single-family residential dwelling located on the Lot. No fence shall exceed six (6) feet in height. For those Lots which are corner Lots, no

such fencing may be placed or erected on an improved corner Lot any closer to the street than the back rear corner of the principal dwelling structure closest to the street and, on vacant Lots, closer to any street than the setback line. For all wooden fences, the finished side must face the exterior of the Lot and the bracing must be face the interior of the Lot. On interior Lots, or on the interior side of any corner Lot, fences must extend to (and be constructed along) the side boundary line. No double fencing between Lots shall be permitted; and each Lot Owner shall have the right and easement to extend his or her fence to the fence erected on the adjacent Lot, which right and easement is hereby reserved and conveyed for the benefit of all such Lots. One (1) tree (which shall be a willow oak, a Princeton elm, a Japanese Zelkova, or a tulip poplar, unless otherwise agreed by the Association) must be planted in the front yard of every Lot (2 inch caliper 8 feet tall at the time of planting); and no Owner shall cut down such tree (or shall trim such tree such that it is no longer aesthetically harmonious with other like trees in Appleton South). If such tree dies or becomes damaged by storm or otherwise, then the Lot Owner shall be responsible for promptly replanting a new tree pursuant to these same requirements. The above notwithstanding, the provisions set forth herein shall remain subject to the architectural control provisions set forth in Article VII below; and the Declarant and/ or the ARC, as the case maybe, may allow for a variance of the above requirements on case-by-case basis.

Section 6. Television satellite or dish antennas having a diameter in excess of twenty-two inches (22") are prohibited. All allowable satellite dishes or antennae are to be placed or installed at the rear of the house or the rear corner of the Lot, so that they are not easily visible from the street. This provision is subject to federal law, as may be applicable.

Section 7. No sign or signs other than a "For Sale" or "For Rent" sign shall be displayed on any Lot. Such prohibition includes, without limitation, any and all political signs.

Section 8. No automobile or motor vehicle may be dismantled or stored on said property; and no mechanically defective automobile, motor vehicle, mechanical machine, or machinery, shall be placed or allowed to remain on said property for over fourteen (14) days. Notwithstanding the above, these restrictions shall not apply if such vehicle is kept in an enclosed garage and out of sight from the street.

Section 9. No trailer, tent, shack, garage, barn or similar type outbuilding shall be placed, erected or allowed to remain on any Lot without the written consent of Declarant, its successors or assigns. Nor shall any structure of a temporary character be used as a residence temporarily, permanently or otherwise.

Section 10. One or more cluster mailboxes shall be utilized in Appleton South in lieu of individual mailboxes; and individual mailboxes are prohibited.

Section 11. No animals, livestock or poultry of any kind, except common household pets (not to include goats or chickens), shall be raised, bred, or kept on any part of a Lot; however, dogs, cats or common household pets may be kept, provided that they are not kept, bred or maintained for commercial purpose, and provided they are not allowed to run loose in the neighborhood. There shall be a maximum of three (3) dogs and cats (or any combination thereof) allowed per Lot. All Owners shall be responsible for promptly cleaning up their own pet litter in Appleton South; and all pets must be on a leash when outside any fenced area of their Owner's Lot.

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

Section 13. No overnight vehicular parking shall be allowed on the streets or in the mail kiosk parking area in Appleton South; and no vehicular parking (at any time of day) shall be allowed on the grassed

areas of any Lot.

Section 14. No motorized dirt bikes or ATVs shall be allowed in Appleton South.

Section 15. Upon the written request of any Lot Owner, the Declarant shall have the authority to grant a reasonable variance from any particular use restriction set forth in this Article IV during the Period of Declarant Control. Once the Period of Declarant Control has terminated, then the Association (through its board of directors) shall have the authority to grant any such reasonable variances, upon written request. The decision to grant any variance shall be based upon the particular hardship of the Lot Owner and the variance's minimal effect on other Lot Owners and the overall aesthetic appearance of the Subdivision. Any variance shall be set forth in writing and shall be recorded in the local Registry, indexed in the name of the Appleton South subdivision, the Association, and in the name of the affected Lot Owner(s).

Section 16. Each Lot Owner covenants and agrees that he/ she will keep his/ her Lot in good condition and repair, with presentable landscaping and trimmed grass at all times. If any Lot Owner fails to abide by this covenant, then the Association shall be vested with a self-help right to perform such maintenance on behalf of such Lot Owner and shall charge the expense thereof to the Lot Owner, which shall become an additional assessment against any such Lot, enforceable in accordance with this Declaration. The Association shall provide written notice to any Lot Owner who is in violation of this covenant, and the Lot Owner shall have a period fourteen (14) days to cure such violation (as of the Lot Owner's receipt of such written notice), after which the Association shall have the right to elect its self-help remedy and perform the work on the Lot Owner's behalf; and the Association shall have a license to enter upon the Owner's Lot for such limited purpose; however, notwithstanding the above, it is understood and agreed that if the Lot is in foreclosure (as evidenced by any foreclosure filing with the local Clerk of Court's office), then the requirement that the Association provide such written notice to the Lot Owner along with such cure right shall be automatically waived; and the Association shall be immediately vested with the right to perform the work and assess the Lot (without such advance notice or cure right being necessary).

Section 17. Lots may be leased only for residential purposes. All leases must be in writing and shall have a minimum term of at least six (6) months. All leases shall require that the tenant acknowledge receipt of a copy of the Declaration, the Bylaws, and rules and regulations of the Association. The lease shall also obligate the tenant to comply with the foregoing, and the lease shall provide that the violation of any provision of this Declaration the Bylaws, or rules and regulations of the Association shall be a breach of said lease, subjecting the tenant to termination of the lease and/ or eviction. The Board may enact additional reasonable rules and regulations regarding the leasing of Lots, including, without limitation, a requirement that leases be registered with the Association and that tenant contact information and vehicle information be provided to the Board. No Lot or residence located thereon may be used for transient housing; for hotel purposes; for *Airbnb*, *Vrbo* or other short-term rental; or as a bed and breakfast.

Section 18. It is understood and agreed that these restrictions are made for the mutual benefit of the grantors and grantees and any and all subsequent grantees, and all such parties shall be deemed to have a vested interest in these restrictions and the right to enforce same.

Section 19. The invalidation of any one or more or any part of any one or more of the covenants and conditions set forth herein shall not affect or invalidate the remaining covenants or portions thereof.

ARTICLE V
USE RESTRICTIONS - COMMON AREA

Notwithstanding anything to the contrary herein, no Owner may build or erect any structure or improvement upon or within the Common Area. No basketball goals may be erected or placed in the street

right of way. No Owner may alter the grade or contours of any berm located within the Common Area. No Owner may plant or modify in any fashion the land, trees, shrubberies, and other landscaping within the Common Area except as may be required to comply with stormwater management regulations set forth below.

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

Section 1. The covenants in this Article VI are intended to ensure ongoing compliance with State Stormwater Management Permit Number # E1 104292022-00022 (the "Stormwater Management Permit") as issued by the Division of Energy, Mineral and Land Resources (the "Division") under the Stormwater Management Regulations.

Section 2. The State of North Carolina is made a beneficiary of these covenants in this Article VI to the extent necessary to maintain compliance with the Stormwater Management Permit.

Section 3. These covenants are to run with the land and be binding on all persons and parties claiming under them.

Section 4. The covenants set forth in this Article VI pertaining to stormwater may not be altered or rescinded without the express written consent of the Division.

Section 5. Alteration of the drainage as shown on the approved plan may not take place without the concurrence of the Division.

Section 6. The maximum allowable built-upon area (the "BUA") per Lot is forty-five hundred (4,500) square feet. This allotted amount includes any BUA constructed within the Lot property boundaries, and that portion of the right-of-way between the front Lot line and the edge of the pavement. BUA includes, but is not limited to, structures, asphalt, concrete, gravel, brick, stone, slate, and coquina, but does not include raised, open wood decking, or the water surface of swimming pools.

Section 7. In the case of a Lot within CAMA's regulated AEC, where the Division of Coastal Management calculates a different maximum allowance BUA for that Lot that is shown herein, the governing maximum BUA for that Lot shall be the most restrictive of the two.

Section 8. Filling in or piping of any vegetative conveyances (ditches, swales, etc) associated with the development, except for average driveway crossings, is strictly prohibited by any persons.

Section 9. Each Lot will maintain a 30- foot wide vegetated buffer between all impervious areas and surface waters (*50 foot for projects located in the 20 coastal counties).

Section 10. All roof drains shall terminate at least 30- feet from the mean high water mark of surface waters (-50 feet for projects located in the 20 coastal counties).

Section 11. Upon the conveyance of the portion of the Common Area that includes any storm pond(s), it shall be the sole responsibility of the Association to comply with all "Developer" obligations and other provisions of the Declaration of Covenants – For Maintenance of Stormwater Structural Controls City of Fayetteville recorded in Book 11881, Page 531, aforesaid Registry (the "Stormwater Agreement"). For good and valuable consideration, the Association and all Owners, jointly and severally, agree to save, defend,

keep harmless, and indemnify Declarant, its successors and assigns, of and from all loss, damage, costs, charge, liability or expense, including court costs, attorneys' fees, and other costs and expenses incident to any suit, investigation, claim, demand or proceeding, which are threatened against or suffered, sustained, incurred or required to be paid by Declarant as a result of the Association's failure to comply with all such provisions of the Stormwater Agreement. In addition, for good and valuable consideration, the Association and all Owners, jointly and severally, release Declarant, its successors and assigns, from any and all liability in any way related to the Stormwater Agreement and/ or the Common Area. The provisions set forth in this Section 11 of this Article may not be altered or rescinded without the express written consent of the Declarant. The above notwithstanding, the Declarant shall be responsible for the initial construction of the storm pond(s), as well as the structural and functional aspects of the storm pond(s) (related to its/ their original construction) for a warranty period of one (1) year after completion. The Association shall be responsible for creating and funding the "escrow account" as required by the City of Fayetteville and contemplated by the Stormwater Agreement; and such escrow requirements shall be a Common Expense.

ARTICLE VII ARCHITECTURAL CONTROL

Section 1. Architectural Approval. No residence or other building, and no fence, wall, utility yard, driveway, swimming pool or other structure or improvement, regardless of size or purposes, whether attached to or detached from the main residence, shall be commenced, placed, erected or allowed to remain on any Lot, nor shall any addition to or exterior change or alteration thereto be made, unless and until building plans and specifications covering the same, showing the nature, kind, shape, height, size, materials, floor plans, exterior color schemes with paint samples, location and orientation on the Lot and approximate square footage, construction schedule, on-site sewage and water facilities, and such other information as the Declarant or the ARC (as hereinafter defined) shall require, including, if so required, plans for the grading and landscaping of the Lot showing any changes proposed to be made in the elevation of surface contours of the land, have been submitted to and approved in writing by the Declarant or by an architectural review committee ("ARC") composed of three or more persons appointed by the Board of Directors of the Association and until a copy of all such plans and specifications, as finally approved by the Declarant have been lodged permanently with the Declarant or the ARC. The Declarant or ARC, as the case may be, shall have the absolute and exclusive right to determine which builders may construct houses on Lots, the style and appearance of the dwellings, including, but not limited to flag staffs, fences, walls, buildings outbuildings, garages, storage sheds, mailboxes, lawn decorations, structures of any type or color thereof, grading, landscaping, patio covers and trellises, plans for off-street parking of vehicles and utility layout, and any other improvements to be built or constructed on any Lot. The Declarant or ARC, as the case may be, shall have the absolute and exclusive right to refuse to approve any such building plans and specifications and lot-grading and landscaping plans which are not suitable or desirable in its opinion for any reason, including purely aesthetic reasons connected with future development plans of the Declarant of said land or contiguous lands. In passing upon such building plans and specifications and lot-grading and landscaping plans, the Declarant or ARC may take into consideration the suitability and desirability of the proposed construction and of the materials of which the same are proposed to be built to the Lot upon which it proposes to erect the same, the quality of the proposed workmanship and materials, the harmony of external design with the surrounding neighborhood and existing structures therein, and the effect and appearance of such construction as viewed from neighboring properties. In the event the Declarant or ARC fails to approve or disapprove such building plans and specifications within thirty (30) days after the same have been submitted to it as required above, the approval of the Declarant or ARC shall be presumed and the provisions of this paragraph shall be deemed to have been complied with.

Section 2. Rules and Regulations. The ARC may from time to time recommend to the Board, and the Board may, in its sole discretion, adopt, promulgate, amend and repeal rules and regulations interpreting and implementing the provisions of this Article, including adoption of detailed architectural guidelines and the

imposition of a fee or charge for review of proposed improvements or modification.

Section 3. Variances. The Board may, by the vote or written consent of a majority of the members thereof, allow reasonable variances as to the covenants, conditions or restrictions contained in this Declaration, on such terms and conditions as it shall require; provided, however, that all such variances shall be in keeping with the general plan for the improvement and development of the Property.

ARTICLE VIII
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

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

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

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

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

ARTICLE IX
PROPERTY RIGHTS IN THE COMMON AREA

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

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

(b) the special Declarant rights reserved herein.

ARTICLE X
COVENANTS FOR MAINTENANCE ASSESSMENTS

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

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

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

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

Section 3. The initial annual assessment for Common Expenses shall be determined in the fiduciary discretion of the Association based on the calendar year budget, such annual assessment for each Lot to commence upon the sale of each Lot upon which a newly constructed residence has been built. Any builder shall be exempt from the annual assessment until the second (2nd) anniversary of the builder's purchase of any Lot (after which date such builder shall be responsible for payment of the annual assessment on a pro rata basis, until such time as the builder has sold the Lot to a homebuyer). In addition, any buyer of a Lot upon which a newly-constructed residence has already been built (or the buyer of a Lot upon which the buyer intends to build its own house) shall be assessed a one time or initial start-up fee to be determined in the discretion of the Association, which shall be collected upon the purchase of each undeveloped Lot. The Association, acting by and through its board of directors, shall have the fiduciary discretion to adjust the initial start-up fee and/or annual assessment for Common Expenses on any annual (or more frequent) basis, as reasonably necessary; and shall have the authority to determine when such assessments shall be due and payable. The Declarant shall have no liability to the Owners or the Association if assessments are not collected during the Period of Declarant Control. Notwithstanding anything to the contrary herein, it is understood and agreed that the Declarant and/ or any building companies having common ownership with

Declarant, shall be fully exempt from any and all assessment and/ or start-up fee requirements as set forth herein.

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

ARTICLE XI
INSURANCE REQUIREMENTS; COMMON AREA

The Association shall keep liability (and casualty insurance, as appropriate) on the Common Area that it owns in the Appleton South subdivision, in accordance with the minimum requirements of NCGS 47F-3-113 of the Planned Community Act, or other pertinent provision, as such may be amended. The Board of Directors of the Association shall have the right to purchase more insurance than the minimum so required, including additional coverage types or endorsements, in its fiduciary discretion.

ARTICLE XII
SUBJECT TO MASTER DECLARATION
FOR KINGS GRANT II

The Subdivision is a sub-section of the larger Kings Grant II master planned community. As such, notwithstanding anything to the contrary herein, the Property (and all Lots therein) shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the terms, provisions, covenants and conditions of that certain Declaration of Covenants for Kings Grant II recorded in Book 6473, Page 372 of the local Registry, as amended (as amended, the "Master Declaration").

As such, the terms of this Declaration are expressly made subject to the terms of the Master Declaration, including but not limited to, declarant rights, easement rights, assessment obligations, lien rights, and other rights and obligations reserved therein. The Kings Grant Association shall have authority to bill the Association and/ or the individual Owners for assessment obligations, based upon convenience or other determining factors. All Common Area in the Subdivision shall be considered "Common Properties", as defined in the Master Declaration, with respect to easement rights thereover. If there is any inconsistency between the terms of this Declaration and the terms of the Master Declaration, then the terms of the Master Declaration shall control (to the extent the Master Declaration terms are more restrictive than the terms of this Declaration, or to the extent that the Master Declaration creates easements or other rights in favor of SRW Builders, LLC, as declarant under the Master Declaration (see Book 7761, Page 761) (the "Kings Grant Declarant") and/ or larger Kings Grant II master community. The Kings Grant Association and the Kings Grant Declarant are intended third party beneficiaries of this Article XII.

ARTICLE XIII
GENERAL PROVISIONS

Section 1. So long as Declarant, or any Owner, or the Association is the owner of a Lot or the Common Area shown on the Plat, Declarant, or any Owner, and/ or the Association (acting through its board) shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants,

reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Declarant or by any Owner or by the Association (acting through its board) to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. This Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns. This Declaration may be amended by a written recorded instrument signed by Owners of Lots to which at least sixty-six percent (66%) of the votes in the Association have been allocated; however, during the Period of Declarant Control, the Owners may not amend the Declaration without the written consent of Declarant, as evidenced by the Declarant joining as a signatory to any such amendment. In addition, Declarant shall have the right to unilaterally amend this Declaration (taking into account the general plan of development and not materially deviating therefrom), by a written recorded instrument during the Period of Declarant Control.

Section 3. In the event of any conflict between the provisions of this Declaration and any applicable provisions of the City of Fayetteville Ordinance, the provisions of the City of Fayetteville Ordinance shall control (to the extent such City provisions are more restrictive than those set forth in this Declaration).

Section 4. It is understood and agreed that Declarant shall be responsible for all street maintenance and repair within the Appleton South subdivision until such time as (i) Declarant has conveyed said streets to the Association (or the Kings Grant Association, as the case may be) (after which the Association (or the Kings Grant Association, as the case may be) shall be responsible therefor), or (ii) NCDOT (or other governmental agency, as applicable) has formally agreed to accept maintenance responsibility therefor. The Declarant shall have the responsibility to construct all streets shown on the Plats, and to warrant their proper construction for a period of one (1) year.

Section 5. Any city and/or county ad valorem taxes on the Common Area, if any, as well as city and/or county assessments for public and private capital improvements on the Common Area, if any, shall be the responsibility of and paid by the Association from the common expense assessment as described elsewhere herein.

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

Section 7. No party wall or common wall (whereby adjacent Lot Owners would commonly own (and share) a wall along a common Lot boundary line) shall be allowed within the Appleton South subdivision.

Section 8. Subject to the terms contained in this Declaration which may lawfully deviate from the standard provisions contained in the North Carolina Planned Community Act (NCGS 47F et seq) (the "Act"), the Declarant hereby intends that the Appleton South subdivision be expressly subject to the terms of the Act, as such may be amended.

ARTICLE IV
JOINDER BY TOJO INVESTMENTS, LLC

It is acknowledged that TOJO Investments, LLC ("TOJO Investments") owns Lots 30 and 31 of Appleton South, as shown on the Plat ("Lots 30 and 31"), as evidenced by deed recorded in Book 11882, Page 747, aforesaid Registry. TOJO Investments hereby joins in the execution of this Declaration in order to fully subject said Lots 30 and 31 to the terms of this Declaration; and henceforth, said Lots 30 and 31 shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, assessments, affirmative obligations, and liens set forth in this Declaration, which are for the purpose of protecting the value and desirability of, and which shall run with, Lots 30 and 31 and be binding on all parties having any right, title or interest in Lots 30 and 31 or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

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

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

DECLARANT:

APPLETON SOUTH, LLC

By: [Signature]
Manager

STATE OF NORTH CAROLINA

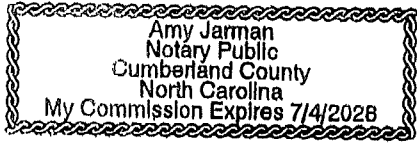
COUNTY OF CUMBERLAND

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document for the purpose stated therein and in the capacity indicated: D. Ralph Huff III in his capacity as Manager of Appleton South, LLC, a North Carolina limited liability company.

Date: 1/5/24

Official Signature of Notary: [Signature]

Notary's Printed Name: Amy Jarman



My commission expires: 7/4/28 [Affix Notary Seal or Stamp]

JOINDER PARTY:

TOJO Investments, LLC

By: *Tyson Chavonne*

Print Name: Tyson Chavonne

Title: Managing Member

STATE OF NORTH CAROLINA

COUNTY OF CUMBERLAND

I certify that the following person personally appeared before me this day, acknowledging to me that he or she signed the foregoing document for the purpose stated therein and in the capacity indicated:
Tyson Chavonne in capacity as Managing Member of TOJO Investments, LLC, a North Carolina limited liability company.

Date: 1.9.24

Official Signature of Notary: *Samantha Wells*

Notary's Printed Name: Samantha wells

My commission expires: 2.3.26 [Affix Notary Seal or Stamp]

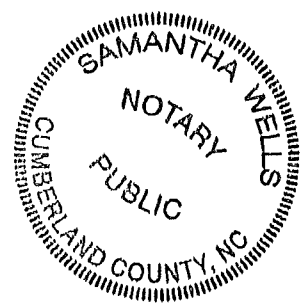


EXHIBIT A

[Attached Articles of Incorporation of Association]

[See pages that follow]

SOSID: 2529408
Date Filed: 11/28/2022 10:24:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C2022 332 00091

State of North Carolina
Department of the Secretary of State

ARTICLES OF INCORPORATION
NONPROFIT CORPORATION

Pursuant to §55A-2-02 of the General Statutes of North Carolina, the undersigned corporation does hereby submit these Articles of Incorporation for the purpose of forming a nonprofit corporation.

1. The name of the nonprofit corporation is: Appleton South Owners Association, Inc.

2. (Check only if applicable.) The corporation is a charitable or religious corporation as defined in NCGS §55A-1-40(4).

3. The name of the initial registered agent is: D. Ralph Huff III

4. The street address and county of the initial registered agent's office of the corporation is:

Number and Street: 2919 Breezewood Ave, Suite 100

City: Fayetteville State: NC Zip Code: 28303 County: Cumberland

The mailing address *if different from the street address* of the initial registered agent's office is:

Number and Street or PO Box: _____

City: _____ State: _____ Zip Code: _____ County: _____

5. The name and address of each incorporator is as follows:

Name	Address
L. Holden Reaves, Esq.	916-A Arsenal Ave, Fayetteville, NC 28305

6. (Check either "a" or "b" below.)

a. The corporation will have members.

b. The corporation will not have members.

7. Attached are provisions regarding the distribution of the corporation's assets upon its dissolution.

8. Any other provisions which the corporation elects to include are attached.

9. The street address and county of the principal office of the corporation is:

Principal Office Telephone Number: (910) 302-3608

Number and Street: 2919 Breezewood Ave, Suite 100

City: Fayetteville State: NC Zip Code: 28303 County: Cumberland

The mailing address *if different from the street address* of the principal office is:

Number and Street or PO Box: _____

City: _____ State: _____ Zip Code: _____ County: _____

10. (Optional): Listing of Officers (See instructions for why this is important)

Name	Address	Title

11. (Optional): Please provide a business e-mail address: _____

The Secretary of State's Office will e-mail the business automatically at the address provided at no charge when a document is filed. The e-mail provided will not be viewable on the website. For more information on why this service is being offered, please see the instructions for this document.

12. These articles will be effective upon filing, unless a future time and/or date is specified: _____

This is the 22 day of November, 2022.

Appleton South Owners Association, Inc.

Incorporator Business Entity Name

By: _____

[Signature]
Signature of Incorporator

L. Holden Reaves, Esq., *Incorporator*

Type or print Incorporator's name and title, if any

NOTES:

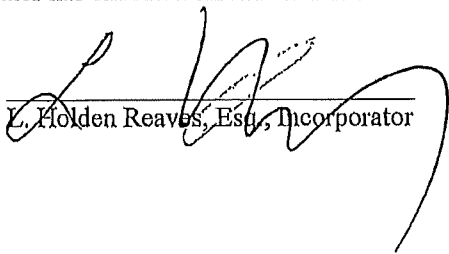
1. Filing fee is \$60. This document must be filed with the Secretary of State.

**Attachment to
Articles of Incorporation of
Appleton South Owners Association, Inc.**

Provision for Dissolution

Upon dissolution of the corporation, other than incident to a merger or consolidation, after all liabilities and obligations of the corporation have been paid, or adequate provision made therefore, then (a) assets held upon special condition shall be disposed of in accordance therewith; and (b) other assets shall be distributed in accordance with the corporation's plan of distribution pursuant to Section 55A-14-03 of the North Carolina General Statutes.

IN WITNESS WHEREOF, the Incorporator has executed this Provision for Dissolution this the 22nd day of November, 2022.



L. Holden Reaves, Esq., Incorporator

EXHIBIT B

**BYLAWS
OF
APPPLETON SOUTH OWNERS ASSOCIATION, INC.**

**ARTICLE I.
BUSINESS ADDRESS**

The initial business address of Appleton South Owners Association, Inc. (the "Association") shall be 2919 Breezewood Ave, Suite 100, Fayetteville, NC 28303. The business address may be changed by the Board of Directors in its discretion.

**ARTICLE II.
MEMBERSHIP IN THE ASSOCIATION**

Every person or entity who is a record owner of a fee or undivided fee interest in any of the Lots in Appleton South subdivision (the "Subdivision"), located in Cumberland County, North Carolina, shall be a member of the Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from such ownership.

**ARTICLE III.
PURPOSES OF THE ASSOCIATION**

The purposes and duties of the Association shall be:

- A. To manage the Subdivision pursuant to the terms and provisions of that certain recorded Declaration of Restrictive Covenants and Easements for Appleton South (to which these bylaws are attached) (the "Declaration"); these bylaws (the "Bylaws"); any rules and regulations promulgated by the Association or its Board of Directors (the "Rules and Regulations"); and otherwise in general accordance with the North Carolina Planned Community Act as codified in Chapter 47F of the North Carolina General Statutes;
- B. To enforce the provisions of these Bylaws, the Declaration, and any Rules and Regulations promulgated by the Association or its Board of Directors;
- C. To promote and protect the enjoyment and beneficial use and ownership of all of the Lots within the Subdivision (the "Lots").

No part of the net earnings of the Association shall inure to the benefit of its members, the members of its Board of Directors or its officers, or to any other person, except that the Association shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the above stated purposes.

ARTICLE IV.
ASSESSMENTS

The Association shall make and collect assessments against the Lots as stated in the Declaration and as authorized by Chapter 47F of the North Carolina General Statutes.

ARTICLE V.
MEETINGS OF MEMBERS

Section 1. Place of Meetings. All meetings of members shall be held at such place in Cumberland County, North Carolina or other convenient location, as shall be designated on the notice of the meeting or agreed upon by a majority of the members entitled to vote thereat.

Section 2. Annual Meetings. The annual meeting of the members shall be held during the same month each year as determined by the Board of Directors, for the following purposes:

1. to ratify or reject the summary of the proposed budget submitted by the Board of Directors pursuant to Article VI below;
2. to elect the Board of Directors of the Association (subject to the provisions of the Declaration) for the coming fiscal year; and
3. to transact any other business that may come before the membership, including but not limited to the adoption, modification and/or repeal of any Rules and Regulations governing the Subdivision.

Section 3. Substitute Annual Meeting. If the annual meeting shall not be held on the day designated by these Bylaws, a substitute annual meeting may be called in accordance with the provisions of Section 4 of this Article V. A meeting so called shall be designated and treated for all purposes as the annual meeting.

Section 4. Special Meetings. Special meetings of the members may be called at any time by the President or the Board of Directors of the Association, or upon the written request of not less than ten percent (10%) of the members.

Section 5. Notice of Meetings. Written notice of the meeting shall be delivered not less than ten (10) nor more than sixty (60) days (unless otherwise provided in the Declaration) before the date of any members' meeting, either personally, by mail, or by electronic mail over the internet, by or at the direction of the President, the Secretary, or other person calling the meeting, to each member of record. The notice shall state the time and place of the meeting and shall also state the items on the agenda, including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes and any proposal to remove an officer/director. If mailed, such shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his/her address as it appears on the record of members of the Association, with postage thereon prepaid. If sent by electronic mail over the internet, such shall be deemed to be delivered when sent by electronic email to an electronic mailing address designated in writing by the Lot owner. It shall be the responsibility of the individual members to keep the Secretary informed of their current addresses. In the absence of instructions from an individual member as to his/her address, the Secretary shall be entitled to rely on the most recent records of the Cumberland County Tax Collector to determine the addresses of the owner(s) of a Lot. The notice of meeting must state the time and place of the meeting and all items on the agenda for the meeting.

When a meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. When a meeting is adjourned for less than thirty (30) days in any one adjournment, it is not necessary to give any notice of the adjourned meeting other than by announcement at the meeting at which the adjournment is taken.

Section 6. Voting Rights. On matters of the Association's business submitted to vote of the membership, there shall be one (1) vote per Lot, regardless of the number of owners of a Lot. At any annual meeting, substitute annual meeting, or special meeting of members, forty percent (40%) of the Lots (represented either in person or by proxy) shall constitute a quorum for the purposes of submitting any matter to a vote. Except as otherwise provided by the Declaration, Chapter 47F of the North Carolina General Statutes, or these Bylaws, all matters submitted to a vote at any meeting held in accordance with these Bylaws shall be decided by a simple majority of the total votes cast. In the event that business cannot be conducted at any meeting because a quorum is not present, the provisions of Chapter 47F-3-109 (or other pertinent provision of the Planned Community Act) shall control with respect to imposing a lesser quorum requirement for the rescheduled meeting after adjournment of the original meeting due to lack of a quorum.

Section 7. Voting by Proxy. Votes may be cast either in person or by one (1) or more agents authorized by a dated, written proxy executed by the member or his/her attorney-in-fact. A proxy terminates one (1) year after its date, unless it specifies a shorter term. Any form of proxy which is sufficient in law may be used, but the form as shown on Exhibit A-1 attached hereto shall be deemed sufficient.

Section 8. Voting List. At least ten (10) days before each meeting of members, the Secretary of the Association shall prepare an alphabetical list of the members entitled to vote at such meeting or any adjournment thereof, with the address of each, which list shall be kept on file with the book of records of the Association. This list shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any members during the whole time of the meeting.

Section 9. Waiver of Notice. Any member may waive notice of any meeting. The attendance by a member at a meeting shall constitute a waiver of notice of such meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE VI. BOARD OF DIRECTORS

Section 1. Purpose, Number and Term of Office. The business and affairs of the Association shall be managed by a Board of Directors of at least three (3) individuals, who shall be entitled to act on behalf of the Association. The Board of Directors shall be appointed by Appleton South, LLC (the "Declarant") until such time as the Period of Declarant Control (as defined in the Declaration) expires or terminates (and it is noted that during the Period of Declarant Control only, the total number of the Board of Directors may be less than three (3), to be determined in the Declarant's discretion). At the first meeting of the membership of the Association following the termination of the Period of Declarant Control, the members of the Board of Directors shall be elected by the membership of the Association and those persons who receive the highest number of votes at a meeting at which a quorum is present shall be elected. Each member of the Board of Directors shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the election of his/her successor. All Directors elected by the membership of the Association must be Lot owners.

Section 2. Powers and Duties. The Board of Directors shall have the power and the duty to act on behalf of the Association in all instances, except that the Board may not amend the Declaration, terminate the Subdivision, elect members of the Board (except to fill any vacancy in its membership for the unexpired portion of a term) or determine the qualifications, powers, duties or terms of office of members of the Board. In addition the Board of Directors shall have the following specific powers, duties and responsibilities:

A. The Board will keep a complete record of all of its acts and all affairs of the Association and make the same reasonably available for examination by any member, his/her agents or mortgagees.

B. The Board will adopt a proposed budget for the Association to be approved or rejected by the membership of the Association at its annual meeting. The proposed budget shall be adopted at a meeting of the Board to be held prior to the annual meeting of the membership of the Association. A summary of the proposed budget, including the amount of any proposed assessments against the Lots shall be mailed to the membership not more than fourteen (14) nor less than thirty (30) days after the adoption of the proposed budget. The proposed budget shall

be deemed ratified by the Lot owners unless at the annual meeting more than fifty percent (50%) of the Lot owners vote to reject it. At the annual meeting, there shall be no requirement that a quorum be present for purposes of approving the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the membership ratifies a budget subsequently proposed by the Board of Directors.

C. The Board may fine any Lot in accordance with the provisions of the Declaration for any single violation of the Declaration, these Bylaws or any Rules and Regulations promulgated by the Board. In such event, the Board shall provide the Lot owner fined an opportunity to be heard before an adjudicatory panel to be appointed by the Board pursuant to Article X below. Multiple fines may be assessed against any Lot owner for multiple violations. Any such fines shall be deemed assessments against the Lot of such owner, and shall be collectable as provided in the Declaration.

D. The Board may contract a management agent to perform and execute such duties, functions and responsibilities of the Board as the Board may deem appropriate; however, no such contract shall relieve the Board from its fiduciary duty to the Association.

Notwithstanding any other provision herein, the Board of Directors is authorized, on behalf of the Association, to submit any dispute with or claim against the owner(s) of any Lot(s) to voluntary arbitration pursuant to any arbitration program then in effect in the General Court of Justice of Cumberland County, North Carolina.

Section 3. Removal of Directors. Notwithstanding any provision in the Declaration or in these Bylaws to the contrary, the Lot owners, by a majority vote of all persons present and entitled to vote at any meeting of the Lot owners at which a quorum is present, may remove any member of the Board of Directors with or without cause, other than a member of the Board of Directors appointed by the Declarant.

Section 4. Vacancies. In the event of the death, disability, resignation or removal of a director, his/her successor shall be selected and appointed by the remaining members of the Board of Directors to serve until the next meeting of the membership of the Association; or until a successor is appointed by the Declarant if such vacancy is the result of the death, disability, resignation or removal of an initial director or a director who was appointed by the Declarant.

ARTICLE VII. MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Called Meetings. Meetings of the Board of Directors may be called by or at the request of the President or any two (2) directors.

Section 2. Notice of Meeting. The person or persons calling a meeting of the Board of Directors shall, at least ten (10) days before the meeting, give notice thereof by any usual means of communication. Such notice need not specify the purpose for which the meeting is called.

Section 3. Waiver of Notice. Any member of the Board of Directors may waive notice

of any meeting. The attendance by a member of the Board of Directors at a meeting shall constitute a waiver of notice of such meeting, except where a member of the Board of Directors attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 4. Quorum. Fifty-one percent (51%) of the number of the members of the Board of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business at any meeting of the members of the Board of Directors.

Section 5. Manner of Acting. Except as otherwise provided in these Bylaws, the act of the majority of the members of the Board of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 6. Informal Action by Members of the Board of Directors. Action taken by a majority of the members of the Board of Directors without a meeting is nevertheless Board action if written consent to the action in question is signed by a majority of the members of the Board of Directors and filed in the book of records of the Association (and all members are notified), whether done before or after the action so taken.

Section 7. Committees of the Board. The Board of Directors may establish either standing or ad hoc committees of the members to assist it in its work. Such committees shall be chaired by a member of the Board of Directors.

ARTICLE VIII OFFICERS

Section 1. Designation. The officers of the Association shall consist of a President, a Vice President, a Secretary, and a Treasurer, and such other officers as the membership may from time to time elect. The offices of Secretary and Treasurer may be held by the same person; otherwise, no other two (2) offices may be held by the same person.

Section 2. Election and Term. The initial officers of the Association shall be elected by the initial members of the Board of Directors of the Association. Subsequently, the officers of the Association shall be appointed by the Board of Directors. Members of the Board shall be eligible for appointment to serve as officers of the Association. The officers shall be appointed to one-year terms, and each officer shall hold office until his/her death, disability, resignation or removal, or until the expiration of his/her term and the appointment of his/her successor.

Section 3. President. The President shall be the principal executive officer of the Association and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He/she shall, when present, preside at all meetings of the members. He/she shall sign, with the Secretary, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and in general he/she shall perform all

duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time. The President shall execute any amendments to the Declaration approved by the membership of the Association.

Section 4. Vice President. In the absence of the President or in the event of his/her death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him/her by the President or the Board of Directors.

Section 5. Secretary. The Secretary shall: (a) keep minutes of the meetings of members, of the Board of Directors and of all Executive Committees in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Association (if a stamp seal exists), and see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized and mandated; (d) be authorized to certify and oversee the recordation of amendments to the Declaration on behalf of the Association; (e) keep a register of the post office address and/or electronic mail addresses of each member which shall be furnished to the Secretary by such member; and (f) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

Section 6. Treasurer. If the Association is self-managed and chooses not to delegate the handling of Association monies to a professional management company, then there shall be elected a Treasurer of the Association. The Treasurer shall be bonded by a reputable insurance or surety company (if the Board of Directors so decides) and shall: (a) have charge and custody of and be responsible for all funds and securities of the Association; (b) receive and give receipts for moneys due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such depositories as shall be selected in accordance with the provisions of Section 4 of Article IX of these Bylaws; (c) prepare, execute and deliver certificates of Assessments as may be required by the Declaration or by Chapter 47F of the North Carolina General Statutes; and (d) in general perform all of the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him/her by the President or by the Board of Directors.

ARTICLE IX. CONTRACTS; LOANS, CHECKS, AND DEPOSITS

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on the behalf of the Association, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Association and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors.

Such authority may be general or confined to specific instances.

Section 3. Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Association, shall be signed by the President or the Treasurer of the Association; however, it is understood that the Board of Directors may delegate such signing authority to a property management company that has been contractually retained by the Association. Any such property management company shall be bonded by a reputable insurance or surety company.

Section 4. Deposits. All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such depositories as the Board of Directors may select.

ARTICLE X ADJUDICATORY PANEL

Section 1. Appointment of Adjudicatory Panel. The Board of Directors shall, not less than annually, appoint an Adjudicatory Panel of not less than three (3) individuals, all of whom shall be residents of the Subdivision; however, during the Period of Declarant Control, the Declarant may appoint non-resident individuals to said Adjudicatory Panel. Members of the Board shall be eligible to serve as members of the Adjudicatory Panel. Members of the Adjudicatory Panel shall be appointed to one-year terms, and each member shall sit until his/her death, disability, resignation or removal, or until the expiration of his/her term and the appointment of his/her successor.

Section 2. Hearings. In the event that a fine is assessed against a Lot owner by the Board of Directors pursuant to Subsection 2(C) Article VI above, the Adjudicatory Panel shall provide to the Lot owner so fined notice of the violation and an opportunity to be heard regarding the alleged violation and the assessed fine. If within ten (10) days of receipt of the notice the Lot owner requests in writing a hearing, the Adjudicatory Panel shall hear the matter within twenty (20) days of the date of the written request. A majority of the members of the Adjudicatory Panel shall constitute a quorum for the purpose of conducting a hearing. Following such a hearing, the Adjudicatory Panel shall confirm, deny or modify the fine imposed by the Board and shall notify the Lot owner of its decision. The decision of the Adjudicatory Panel with regard to the fine shall be final.

ARTICLE XI. INDEMNIFICATION

Any person who at any time serves or has served as an officer, member of the Board of Directors and/or member of the Adjudicatory Panel of the Association will be indemnified by the Association to the fullest extent permitted by law against (a) reasonable expenses, including attorneys' fees, incurred by him/her in connection with any threatened, pending, or completed civil, criminal, administrative, investigative, or arbitrative action, suit, or proceeding (and any appeal therein), whether or not brought by or on behalf of the Association, seeking to hold him/her liable by reason of the fact that he/she is or was acting in such capacity, and (b)

reasonable payments made by him/her in satisfaction of any judgment, money decree, fine, penalty or settlement for which he/she may have become liable in any such action, suit or proceeding.

Upon request for payment, the President of the Association shall promptly call a special meeting of the Board of Directors to obtain approval to pay the indemnification required by this bylaw. Such approval may be general or confined to specific instances, and shall not be unreasonably withheld. Upon approval by the Board of Directors, the President shall promptly cause the indemnification to be paid to the requesting party.

Any person who at any time after the adoption of this bylaw serves or has served as an officer, member of the Board of Directors and/or member of the Adjudicatory Panel of the Association shall be deemed to be doing or to have done so in reliance upon, and as consideration for, the right of indemnification provided herein. Such right shall inure to the benefit of the legal representatives of any such person and shall not be exclusive of any other rights to which such person may be entitled apart from the provision of this bylaw.

ARTICLE XII SECTION 528 STATUS

The Association shall elect and shall be managed in such fashion as to maintain tax-exempt status under Section 528 of the Internal Revenue Code of 1986. The Association shall not carry on any activities prohibited by an Association electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future United States Internal Revenue law.

ARTICLE XIII AVAILABILITY OF DOCUMENTS

The Association shall keep records of (i) its governing documents; (ii) its actions (board resolutions, minutes of meetings and similar matters); and (iii) its financial condition (receipts and expenditures affecting its finances, operation and administration; budget; financial statements and similar items). Notwithstanding the foregoing, the Association is not required to maintain records in excess of three (3) years, unless otherwise required under applicable law. The Association documents and all books and records kept on behalf of the Association shall be available for examination and copying by a member or such member's authorized agent during normal business hours and upon reasonable notice to the Association and for a reasonable charge, except for privileged or confidential information.

ARTICLE XIV GENERAL PROVISIONS

Section 1. Seal. The corporate seal of the Association shall consist of two concentric circles between which is the name of the Association and in the center of which is inscribed SEAL; and such seal, as impressed or drawn on the margin hereof, is hereby adopted as the corporate seal of the Association.

Section 2. Fiscal Year. The fiscal year of the Association shall be January 1 through December 31, unless otherwise determined by the Board of Directors.

Section 3. Amendments. Following the expiration of the Period of Declarant Control (as defined in the Declaration), the members of the Association may amend these Bylaws by the vote of at least sixty-seven percent (67%) of all existing Lot owners at any meeting of the membership of the Association, in which a quorum is present, properly held and conducted pursuant to Article V above. During the Period of Declarant Control, the Declarant may unilaterally amend these Bylaws in its reasonable discretion, if there is a reasonable need therefor.

Section 4. Conflicts. In the event of any conflict between the terms and provisions of these Bylaws and the terms and provisions of the Declaration, the terms and provisions of the Declaration shall control.

Section 5. References to Statutes. All references herein to any provision of the North Carolina general statutes, or any other applicable laws, shall be construed to include and apply to any subsequent amendments thereto or codified replacements/ substitutions thereof.

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

IN TESTIMONY WHEREOF, the foregoing were adopted as the Bylaws of Appleton South Owners Association, Inc. as of the date set forth below.

DECLARANT:

APPLETON SOUTH, LLC

By: _____

Print Name: D. Ralph Huff III

Title: Manager

Date: 1/5/24

[Executed by Declarant during Period of Declarant Control]

EXHIBIT A-1 Attached to Bylaws

(Form of Proxy)

The undersigned hereby irrevocably constitute and appoint _____ their attorney-in-fact and proxy for the sole purpose of casting the vote allocated to Lot _____, on all matters submitted to vote at that meeting of ***, to be held on _____, 20____. The undersigned hereby ratify and confirm all such votes cast on behalf of said Lot at that meeting, and certify that they are fully authorized to execute this instrument of proxy on behalf of all owners of any fee interest in said Lot.

This the _____ day of _____, .. _____

Member (Lot owner) or His/ Her Attorney-in-Fact