
STATE OF NORTH CAROLINA

COUNTY OF UNION

**DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, CHARGES AND LIENS
FOR THE WEDDINGTON ACRES SUBDIVISION**

**NOTE: THIS DECLARATION CONTAINS A BINDING, IRREVOCABLE AGREEMENT TO
ARBITRATE AND IS SUBJECT TO ARBITRATION PURSUANT TO THE STATE CODE
STATUTE OR UNIFORM ARBITRATION ACT THAT IS APPLICABLE REGARDING
BINDING ARBITRATION.**

**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS
AND THE FLAGS OF THE UNITED STATES OF AMERICA AND NORTH CAROLINA**

STATE OF NORTH CAROLINA)	DECLARATION OF PROTECTIVE
)	COVENANTS, RESTRICTIONS,
COUNTY OF UNION)	EASEMENTS, CHARGES AND
)	LIENS FOR THE WEDDINGTON ACRES
)	SUBDIVISION

THIS DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS, CHARGES AND LIENS FOR THE WEDDINGTON ACRES SUBDIVISION is made this 26th day of June, 2019 by Sunbelt Holdings SE I, LLC, a Nevada limited liability, hereinafter referred to as **"Declarant"** and shall become effective upon its recordation in the Office of the Register of Deeds for Union County, North Carolina (hereinafter **"Declaration"**).

BACKGROUND STATEMENT:

WHEREAS, Declarant is the owner of certain real property located in the County of Union, State of North Carolina, which is more particularly described in **"Exhibit A"** attached hereto and incorporated herein as if repeated verbatim (**"Property"**).

Declarant has or will construct on said real property a residential community consisting of single-family lots (**"Lots"**), together with certain common areas and facilities (**"Common Area"**). This development shall be known as **"Weddington Acres"** or the **"Project"**.

In creating Weddington Acres, Declarant desires to develop a residential community with certain common areas and facilities to be used for the benefit of the owners of Lots within the Project. Declarant desires to maintain design criteria, location and construction specifications, and other controls, to assure the integrity of the community. Each owner of a Lot in Weddington Acres will be required to maintain and construct homes in accordance with the design criteria herein contained.

Declarant desires to provide for the preservation of the values and amenities within the Project and for the maintenance of the common areas and facilities in the Project, and therefore desires to subject the real property described in Exhibit A to the covenants, restrictions, easements, charges and liens described in this Declaration, all for the benefit of Weddington Acres and each owner of any part of Weddington Acres.

Declarant has deemed it desirable to create a nonprofit, incorporated association which will be delegated and assigned powers of maintaining and administering the common areas and facilities of Weddington Acres, of administering and enforcing the covenants and restrictions created in this Declaration, of levying, collecting and disbursing the assessments and charges created in this Declaration, of promulgating rules and regulations for the usage of common areas in accordance with this Declaration, and of taking any steps or performing any acts deemed necessary or appropriate to preserve the values of the Lots and to promote the recreation, health, safety and welfare of the owners of the Lots within the Project. In order to accomplish the foregoing, Declarant is entering into this Declaration.

Declarant has caused to be incorporated under the laws of the State of North Carolina, a not-for-profit corporation to be known as Weddington Acres Homeowners Association, Inc., for the purpose of exercising the aforesaid functions.

STATEMENT OF DECLARATION

NOW THEREFORE, Declarant hereby declares that all of the property described in Exhibit A attached hereto, held, sold, and conveyed subject to the North Carolina Planned Community Act codified in Chapter 47F of the North Carolina General Statutes shall be subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and be binding on all parties having any right, title or interest in the described properties and any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

The following words, when used in this Declaration or any supplement or amendment hereto, shall have the following meanings (unless the context shall prohibit):

1.1 **"Act"** shall mean and refer to the North Carolina Planned Community Act, N.C.G.S. Chapter 47F, et. seq. **"Architectural Control Committee", "Architectural Review Committee", or "ARC"** shall mean and refer to the committee appointed by the Board to oversee the development and enforcement of architectural control standards and restrictions with respect to the Project and to perform certain other functions as described in Article VI of this Declaration.

1.2 **"Architectural and Landscaping Guidelines"** shall have the meaning set forth in Article VI hereof.

1.3 **"Association"** shall mean and refer to Weddington Acres Homeowners Association, Inc., its successors and assigns.

1.4 **"Board", "Board of Directors" or "Executive Board"** shall mean and refer to the executive board of the Association.

1.5 **"Builder"** shall mean and refer to any person or entity owning a Lot primarily for the purpose of constructing a Home thereon for eventual sale to a purchaser, or to any person or entity constructing a Home thereon for an Owner. Declarant reserves the exclusive right to designate certain builders as **"Featured Builders"**. All Featured Builders must be independently owned and operated companies. To qualify as a Featured Builder, a builder must satisfy certain criteria and requirements established by Declarant. The designation of any builder as a Featured Builder and the criteria and requirements established by the Declarant, its successors, or assigns, for a builder to qualify as a Featured Builder, are solely for the Declarant's protection and benefit and are not intended to, and shall not be construed to, benefit any lot owner or any other party whatsoever. Declarant makes no representations, express or implied, to any lot owner or any other party whatsoever with regard to Featured Builders, including, without limitation, a Featured Builder's performance or ability to perform, solvency or financial status, compliance with applicable laws and regulations, use of construction substances and materials and performance pursuant to any other reasonable standard of performance. Neither the Declarant, nor any real estate broker, is responsible in any manner for the performance of the obligations of a Featured Builder chosen by a lot owner, who shall look solely to the builder for enforcement of any claims for nonperformance, breach of warranty or any other matter relating to the construction of the lot owner's home.

Each Owner acknowledges and agrees that Featured Builders are not agents or employees of Declarant, the Association, or their respective agents, or assigns, or employees. The Association,

Declarant, and their respective agents, or assigns, or employees, shall not be held liable to any Persons for any loss, damage, or injury resulting from any decision, action, inaction, negligence, contractual breach, tort, or work performance of any Featured Builder.

1.6 **"Bylaws"** shall mean the bylaws adopted by the Association, as they may be amended from time to time.

1.7 **"Certificate of Occupancy"** shall mean and refer to any required certification issued by the appropriate governmental authorities as a prerequisite to occupancy of any Dwelling on the Property.

1.8 **"Common Area(s)" and/or "Open Space"** shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the owners. The Common Area shall include facilities to be constructed thereon, if any, shown and specifically designated as such on any map of the community, filed by Declarant or by any other means so designated by Declarant. The Common Area shall all be areas not included in the proposed lots. Common Area(s) and/or Open Space will be under control of the Association. Such areas are intended to be devoted to the common use and enjoyment of the members of the Association, as herein defined, and are not dedicated for use by the general public.

1.9 **"Declarant"** shall mean and refer to Sunbelt Holdings SE I, LLC, its successors and assigns.

1.10 **"Declarant Rights"** shall mean all rights contained in NCGS §47F-1-103(11) and (28).

1.11 **"Declaration"** shall mean and refer to this Declaration of Covenants, Conditions and Restrictions, as it may be amended, supplemented or extended from time to time.

1.12 **"Entire Parcel"** shall mean and refer to the real property described on Exhibit A attached hereto.

1.13 **"Guidelines"** shall mean and refer to the Architectural and Landscape Guidelines described in Article IX.

1.14 **"Dwelling", "House" or "Home"** shall mean and refer to the primary residential dwelling improvement constructed upon a Lot, which improvement is owned by the Owner of the Lot on which it is constructed, and is subject to the terms and provisions of the Project Documents. **"Single Family"** shall mean and refer to any portion of the community designated as such by the Declarant in which Lots are for single family residential use.

1.15 **"Landscape Easement"** shall mean and refer to easements reserved by the Declarant and/or granted to the Association on any Plat and across the Roadways or certain areas of the Property for the installment and maintenance of landscaping, lighting and related improvements for the benefit of the Project.

1.16 **"Lot"** shall mean and refer to any plot of land shown upon any recorded subdivision map of the Property with the exception of the Common Area. In the event any Lot is increased in size by combination, the same shall nevertheless be and remain a Lot for the purposes of this Declaration.

1.17 **"Member"** shall mean and refer to every individual, corporation, partnership, limited-liability company, association, trustee or other legal entity that is a member of the Association.

1.18 **"Mortgage"** shall mean and refer to a mortgage or deed of trust constituting a first lien on a Lot.

1.19 **“Mortgagee”** shall mean and refer to a lender holding a Mortgage that has notified the Association in writing of its name and address, and that it holds a Mortgage on a Lot. Upon request, each Owner shall provide the name and address of the then current holder of any Mortgage or lien encumbering Owner’s Lot.

1.20 **“Occupant”** shall mean and refer to any person occupying all or any portion of a Lot or any portion of the Property for any period of time.

1.21 **“Owner”** shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot (as defined herein) which is a part of the Property, but excluding Declarant and those parties who have such interest merely as security for the performance of an obligation.

1.22 **“Plat”** shall mean and refer to any plat of the Property or any part of it which is recorded from time to time in the office of the Register of Deeds for Union County

1.23 **“Project”** shall mean and refer to the single-residential development located on the Property, which shall be known as Weddington Acres.

1.24 **“Governing Documents”** or **“Project Documents”** shall mean and refer to this Declaration; the Articles of Incorporation of the Association; the Bylaws; the Architectural Guidelines addressing construction, architecture and design, landscaping and other issues; the Minor Project Application; Schematic Review Application; Design Review Application; Materials Specification (And Variance Request) Application; Request for On-Site Review Form; Contractor Submittal Form; and the rules and regulations governing the use of the Property, as the foregoing may be amended and supplemented from time to time, and all attachments and exhibits thereto.

1.25 **“Property”** shall mean and refer to that certain real property hereinbefore described and set forth in detail in Exhibit "A".

1.26 **“Register of Deeds”** shall mean the Register of Deeds Office for Union County, North Carolina.

1.27 **“Roadways”** shall mean and refer to the roads, streets, entranceways and cul-de-sacs in the Project as shown on the Plats and any other roads, streets, entranceways and cul-de-sacs on the Property which shall be maintained by the Association until accepted for maintenance by the North Carolina Department of Transportation or other governmental entity.

1.28 **“Setback”** shall mean an area along the boundary of a Lot where no other building or other structures, including, without limitation, swimming pools, fences, patios, or decks shall be permitted without the express written permission of Declarant. All setbacks must comply with the Architectural Guidelines. In order to preserve particular view corridors, or to account for unusual topography, natural site features, streetscape or other extenuating circumstances, the Declarant and/or the ARC, reserve in their sole discretion, the right to require alternate setbacks and to determine house and structure locations at the time of the ARC review. **All setbacks or any alteration of setbacks as provided herein shall meet the minimum standards set forth below:**

Front: 50 (fifty) feet.

Side of a Standard Lot: 15 (fifteen) feet.

Side of a Corner Lot: 25 (twenty-five) feet.

Rear: 40 (forty) feet.

1.29 "Street Lights" shall mean and refer to certain street lights which may be constructed or installed (whether leased or owned by the Declarant or Association) upon, along and/or over the rights-of-way of the Roadways, Lots or Common Areas.

ARTICLE II

MAINTENANCE OF PROPERTY AND COMMON AREA

2.1 Owners' Easements of Enjoyment. Every Owner shall have a perpetual right and easement of enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to every Lot, subject to the terms of this Section 2.1. This right and easement shall be for use in common with all other such Owners, their tenants, guests and invitees. The foregoing easement rights include, without limitation, a non-exclusive easement over all Roadways, streets, walkways and parking areas within the Property, for the purpose of vehicular and pedestrian access, ingress and egress to each Lot. The access easements described in the preceding sentence shall survive the expiration or termination of this Declaration, and shall continue as a burden running with the Property unless and until such reasonable access, or ingress/egress is provided by the dedication of a public street, or by the conveyance in fee, or by the grant of a perpetual easement in one or more strips of land adequate for that purpose.

All easements created by this Section 2.1 shall be deemed appurtenant to each Lot, shall inure to the benefit of each Owner and their tenants, family members, guests, invitees and agents, and are granted subject to the provisions of this Declaration including, without limitation, the following conditions and reservations:

- (a) The right of the Declarant and/or Association, in accordance with the provisions of the Act and the Project Documents, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, for the purpose of improving the Common Area;
- (b) The right of the Declarant and/or Association to take such steps as are reasonably necessary to protect the Common Area against foreclosure;
- (c) The rights of the Declarant and/or Association, as provided in the Project Documents and the Act, including without limitation, the right to impose fines, to suspend the voting rights of any Member, and to suspend the rights of any Member to receive services or to use any part of the Common Area (except the right of pedestrian or vehicular access to the Member's Lot), for any period during which any assessment remains unpaid, or as a result of any infraction or violation of the Project Documents;
- (d) The right of the Declarant and/or Association, in accordance with the Act and the Project Documents, to dedicate, transfer or convey, all or any part of the Common Area (with or without consideration) to any governmental body, district, agency or authority, or to any utility company, provided that no such dedication, transfer, or conveyance shall adversely limit the use of the Common Area by Members of the Association;
- (e) The right of Declarant and/or Association, to grant and reserve easements and rights-of-way through, under, over and across the Common Area, for the installation, maintenance and inspection of lines and appurtenances for public or private water, public or private sewer, , drainage and other utilities and services, including without limitation, electricity and gas systems, communications systems, and irrigation or lawn sprinkler systems.

(f) The right of the Association, in accordance with the Act and the Project Documents to grant easements over the Common Area in general.

(g) The right of the Association to limit the number of guests of Members as to the use of the Common Area or any other property of the Association;

(h) The right of the Association to establish reasonable rules and regulations for the use of the Property by Members of their tenants, family members, guests, invitees and agents.

(i) Any and all other provisions of this Declaration and the Project Documents.

(j) Reservation of Special Declarant Rights. Declarant hereby reserves all Special Declarant Rights as defined in Section 47F-1-103(28) of the Act, including, but not limited to the following: the right to complete, repair, maintain, replace and operate improvements on the Property; the right to exercise any development rights; the right to maintain sales offices, management offices, models and signs advertising the Property, including the right to hold special events and install exterior lighting features or displays, and to grant to any builder or builders the right to operate and maintain builder sales offices at any location within the subdivision upon such terms and conditions as the Declarant in its sole discretion may determine; and the right to use easements through the Common Area and through any Lot or Lots for the purpose of making, repairing, maintaining, replacing and operating improvements within the Property. For the avoidance of doubt, Declarant's rights specifically include the right of ingress and egress, over, upon, across and under Setback areas, and easement areas on each Lot as shown on the recorded map of the Property and/or as set forth herein and over, upon, across and under the Common Area for maintenance and/or the erection, maintenance, installation, and use of electrical wires, cables, conduits, sewers, force mains, pumps, water mains, and other suitable equipment for the conveyance and use of electricity, internet, and telephone equipment, as well as gas, sewer, water, or other public convenience or utilities, including an easement for privately owned installation and maintenance of pumps, fountains or other equipment related to said maintenance. Declarant may further cut drain-ways for surface water when such action may appear to the Declarant necessary in order to maintain reasonable standards of health, safety and appearance. Declarant further reserves the right to locate wells, pumping stations, and tanks on the Common Area. It shall not be necessary to obtain the consent of Owners of Lots adjoining any existing utilities or pump stations. Such rights may be exercised by the licensee of Declarant but this reservation shall not be considered an obligation of the Declarant to provide or maintain any such utility service. The Declarant and/or Association shall further have non-exclusive perpetual easements over the following Lots and areas of the Property as shown on the Plats:

(i) A general easement across every Lot as needed for ingress, egress and access to Common Areas to allow the Association to perform its duties as set forth in Section 2.4 above.

(ii) A general construction easement along the front and side of Lots that shall terminate within twenty-four (24) months from the time of completion of the Project and construction of the last Dwelling within the Project, as well as a temporary construction easement of 25 (twenty-five) feet in width along both sides and running parallel to streets and roads, alleys and private lanes, which shall terminate within 24 (twenty four) months after the particular road construction commences. Should it be necessary due to terrain and site conditions, Declarant has at its sole discretion, the right to extend the width of the temporary construction easement.

(iii) A perpetual, alienable, commercial easement and right of ingress and egress over, upon, across and under the Common Area and all streets and roads within the Property for the purpose of providing drainage and utility installation, construction, reconstruction, and maintenance to adjacent property now or hereafter owned by Declarant for the installation and maintenance of any pipes, drain-ways, or other installations necessary for the foregoing and further for the installation, maintenance, repair, replacement and operation of water lines, sewer lines and other utilities which serve or shall serve property presently owned by Declarant. Declarant, its agents, contractors, servants, employees and assignees may enter upon the easement areas for the purposes of maintaining, repairing, replacing and operating such water lines and other utilities and drainage facilities and for the purpose of installing additional utilities and drainage facilities.

(k) Declarant further reserves unto itself, its successors and assigns, a perpetual, alienable easement and right-of-way over, under and across those areas designated as road rights-of-way, Common Areas and/or Open Spaces, utility easements, drainage ditches or swales on the plat of the Property referred to in Exhibit A hereto for the purpose of providing drainage of the Property and lands now or hereafter adjacent to the Property or in the vicinity thereof (whether or not a part of the Property) for the installation, repair and maintenance of pipes and other facilities necessary for such drainage. Declarant, its agents, contractors, servants, employees and assignees may enter upon any of the easement areas so designated on the recorded plat of the Property for the purpose of maintaining, repairing, replacing and operating any of the drainage facilities, pipes, ditches and drainage areas located thereon. The Owners of Lots on which such easements are located shall not interfere in any manner with such easements or any of the facilities located therein or the access thereto. No Owner shall erect any structure or fence within such easement areas without the prior, written consent of Declarant. Each Owner shall keep drainage ditches and swales located on such Owner's Lot, free and unobstructed and in good repair and shall consent to the installation of such culverts upon such Lot as may be reasonably required for proper drainage. Declarant, its agents, employees and assignees shall have no liability for damage which may occur to any structures which may be removed or damaged due to maintenance, repair or other work performed in such easement areas. Furthermore, Declarant may, at its sole option, convey any such drainage easements to an appropriate governmental entity.

(l) Declarant further specifically reserves unto itself, its successors and assigns, perpetual, alienable, commercial easements over and under all Lots along an area 5 (five) feet in width inside each side boundary line of each Lot and 10 (ten) feet along the front and rear of each Lot for the purpose of installation, construction, maintenance, repair, replacement and use and operation of utilities and utility systems of all kinds (including but not limited to water, sewer, electric, and natural gas), drainage (including but not limited to storm water and surface drainage) and access. These easements shall be in addition to, and not in limitation of, any and all other easements reserved unto the Declarant herein.

(m) Declarant further reserves an easement of ingress and egress over and across all streets and roads of the Property, which such easements are and shall be for the purpose of ingress and egress to any property now owned or hereafter acquired by Declarant, its successors or assigns, whether or not such property is made a part of the community and whether or not such property actually adjoins the community.

2.2 Title to Common Area. Declarant hereby covenants for itself, its successors and assigns, that when it has sold the last lot in the community, it will convey to the Association, by Quit-Claim Deed, fee simple

title to the Common Area and/or Open Space upon the conditions set forth herein, subject to those rights reserved by Declarant pursuant to this Declaration. The Declarant reserves the right (but shall not be obligated) to construct and install within the Common Areas, among other things (i) the Street Lights and other lighting, signage and irrigation facilities, and (ii) the Roadways (including parking areas, sidewalks, drainage facilities and other improvements) for the use and enjoyment of the Owners who are entitled to use such Common Areas as provided in this Declaration. Notwithstanding the recordation of any Plat or any other action by Declarant or the Association, all Common Areas shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public with the exception of the Roadways, which may eventually be accepted for public dedication and maintenance by the North Carolina Department of Transportation or other governmental entity. In the event the Roadways are dedicated to the North Carolina Department of Transportation or other governmental entity, acceptance of such dedication may be conditioned upon agreement of the Association that the Association shall maintain (at the Association's sole cost and expense) any and all landscaping, shrubbery and the entrance signs to the community, which may be located within the dedicated area. Private roads and streets within the subdivision that are not to be maintained by any public entity shall be maintained by the Association.

2.3 Delegation of Use. In accordance with the Project Documents, any Owner may delegate their rights of enjoyment to the Common Area to members of their family, tenants or contract purchasers who reside on the Property, or to such other persons as may be permitted by the Association and subject to such rules and regulations as may be made by the Association.

2.4 Maintenance. The Common Areas, together with all improvements, utilities and amenities located thereon and not otherwise maintained by public entities or utilities or any other party as provided herein, shall be maintained by the Association. The Board of Directors, acting by a majority vote, shall order all work to be done and shall pay for all expenses, including all electricity consumed by the lighting located in the Common Areas and all other common expenses. All work pursuant to Article II shall be paid for by the Association through assessments. Excluded shall be paving and maintenance of individual driveways, which shall be maintained by each Owner. Nothing herein shall be construed as preventing the Association from delegating or transferring its maintenance obligations to a governmental authority under such terms and conditions as the Board of Directors may deem in the best interest of the Association.

Maintenance by the Association shall include, without limitation, the following:

- (a) Care and maintenance of the Common Area including, without limitation, installation, maintenance, repair, replacement and reconstruction, when necessary, of the trees, shrubs, flowers, vegetation, monuments, signage, irrigation, planters and lighting located thereon and providing and paying for utility or lease charges for irrigation and lighting located thereon, if any.
- (b) The repair, replacement, and reconstruction when necessary, of the Common Area, including all lighting and other facilities located thereon, and providing and paying for utility charges and other operational costs. The Association's maintenance responsibilities shall include storm drainage structures and retaining walls located on Common Area.
- (c) Maintenance of any lakes or ponds, the head walls, swales and medians and associated landscaping and related improvements along and within the right-of-way of the Roadways, including decorative street signs and stop signs installed by Declarant.
- (d) Keeping of all areas and facilities for which the Association is responsible hereunder clean and free from debris and in a safe and orderly condition, together with the landscaping thereon, if any; provided, however, that wetlands, ponds and other Common Area not improved by the Declarant

may remain in their natural, unimproved state, it being the intent of this Declaration that the Association have no specific obligation with respect to the maintenance or improvement of the unimproved Common Area except as may be otherwise imposed or provided by law.

(e) Paying and maintaining all taxes applicable to the Common Areas and structures situated on the Common Areas.

(f) Conveying drainage easements located upon Owners' Lots to an appropriate governmental entity.

2.5 Maintenance by Owners. Each Owner shall have the duty and responsibility, at such Owner's sole cost and expense, to keep the Lot(s) owned by such Owner, including the Dwelling and all other improvements, landscaping and ground and drainage easements or other rights-of-way incident thereto, in compliance with the covenants, conditions, restrictions and standards contained in the Declaration, and in any applicable Supplemental Declaration, in accordance with the provisions of the Guidelines, and in a well-maintained, safe, clean and attractive condition at all times. Such maintenance, as to unimproved and improved Lots (including the area between the Lot line and the paved portion of any roadway, sidewalk or public right-of-way), shall include, but shall not be limited to, the following:

(a) Lots shall be kept free of all litter, trash, refuse and waste.

(b) Keeping land, including any lawns and shrub beds, well-maintained and free of trash, debris, and weeds. Lawns shall be kept mowed to a maximum height of six inches.

(c) Keeping all sediment resulting from land disturbance or construction confined to the respective Owner's Lot by using appropriate confinement measures.

(d) Grass clippings, leaves, weed clippings and dead plant material, shall not be left on sidewalks, driveways, curbs, roadways or blown into storm drains.

(e) Trees, shrubs and vines should be pruned, shaped and maintained. All dead or decaying trees or shrubs must be removed. Trees may be removed without prior written approval within the building foundation area of the main Dwelling and within 20 (twenty) feet of the main Dwelling, provided that the location of the house has been approved in writing by the ARC or the Declarant. Owners shall not remove trees located upon or across a shared lot line without the express permission of the affected Owner. Except as provided for in this Section, no tree six inches in diameter or greater at ground level, shall be cut, removed, or intentionally damaged on any Lot without the prior written approval of the ARC. In addition, there shall be a buffer area 20 (twenty) feet in width along the external boundary of the subdivision along the Lot line of any Lot that adjoins property outside the subdivision. No cutting or removal of trees, shrubbery or landscaping of any kind shall be made within any buffer area, except with the prior written consent of Declarant or the ARC. As the provisions herein are for the preservation of aesthetics and privacy, in the event of destruction or removal of any tree or landscaping within said buffer (except destruction caused by an event outside Owner's control, such as a storm), the Owner of the Lot upon which said tree, shrub or landscaping was located, will cause same to be replaced or restored with a comparable size and type of tree or landscaping, at Owner's sole expense. Declarant, as developer, reserves and is granted a maintenance easement in favor of itself, its successor and assigns, over, under, onto and across all buffer areas for the purpose of maintaining, restoring and replacing trees, shrubs, and landscaping. The reservation of these easements shall not place upon Declarant any obligation to perform such activities and such performance shall lie solely within the discretion of Declarant.

Said easements are in addition to the rights and obligations of the Association set forth elsewhere in this Declaration. The easements herein reserved and granted are perpetual, non-exclusive and shall run with title to the Lots.

(f) Leaves shall be raked and discarded or mulched.

(g) Planting beds should be "weed free" and well defined. If edging material is used, it should be neat and properly secured. No pine straw may be used at the foundation of the Dwelling.

(h) Parking areas and driveways shall be kept in good repair.

(i) All structures and improvements on Lots must be well maintained and shall be kept in a neat, clean and attractive condition at all times. In the event any Owner fails to maintain their Lot, Dwelling or improvements, structures or landscaping located thereon, as required in this section or the Guidelines, the Association may, at its option, after giving the Owner ten (10) days' written notice sent to Owner's last known address, enter the Lot and take all action, make any repairs and improve the appearance in a reasonable and workmanlike manner so as to bring the Lot into compliance with this section. Notice shall be deemed to have been given upon deposit in an official depository of the United States mail, with first class postage prepaid and addressed to the Owner.

Should any such Owner fail these duties and responsibilities within the period specified, then the Association, acting through its authorized agent or agents, or Declarant (so long as it owns any portion of the Property), acting through its authorized agent or agents, either jointly or severally, shall have the right and power to enter onto the premises of such Owner and perform such care and maintenance without any liability for damages for wrongful entry, trespass or otherwise to any person. Such maintenance may include, but is not limited to, landscaping, mowing, removing, clearing, cutting or pruning underbrush, weeds, stumps or other unsightly growth, and removing rubbish and trash, so as to maintain reasonable standards of health, fire safety and appearance within the community. Furthermore, there is hereby reserved for the benefit of the Declarant, the Association, and their respective agents, employees, successors and assigns, an alienable, transferable and perpetual right and easement, but not the obligation, to maintain and/or repair the outer portions of any building, if the Owner shall fail to maintain such building in keeping with the standards of the community. The Owner of the Lot on which such work is performed shall be immediately liable for the cost of such work, together with interest on the amounts expended by the Association or Declarant in performing such work computed at the highest rate permitted by law from the date(s) such amounts are expended until repayment to the Association or Declarant, and for all costs and expenses incurred in seeking the compliance of such Owner with their duties and responsibilities hereunder. The Owner shall reimburse the Association or Declarant on demand for such costs and expenses, including interest as above provided. If such Owner shall fail to reimburse the Association or Declarant within thirty (30) days after the mailing of such costs and expenses to the Owner, then, without limitation of any other rights of the Association or Declarant, the Association may impose and enforce a Special Individual Assessment and late charges against such Owner as provided in Section 4.3(g).

There is hereby reserved for the benefit of the Association and/or the Declarant, its Directors, officers, agents and employees, including but not limited to, any property manager employed by the Association and/or Declarant, and any employees of such manager, a general right and easement to enter upon any Lot or any portion thereof in the performance of their respective duties. Except in the case of emergencies, this easement is to be exercised only during normal business hours, whenever practicable.

2.6 Reserve Fund(s). The Board may establish and maintain reserve fund(s) for the periodic maintenance, repair and replacement of all or any portion of the Common Areas or any easement maintained by the Association and/or in order to fund unanticipated expenses of the Association and/or to acquire equipment or services as may from time to time be deemed reasonable, necessary or desirable by the Board of Directors. Such reserve fund(s) shall be collected and maintained out of the assessments. Assessments collected, as reserves, shall not be considered to be advance payments of Annual Assessments. Notwithstanding the generality of the foregoing; the Association shall establish and maintain a reserve fund sufficient to provide for the periodic maintenance, repair and replacement of storm drainage structures and retaining walls located on Common Area (if any).

2.7 Conveyance or Encumbrance of Common Area. While the Property remains subject to this Declaration, no conveyances shall be made of any portion of the Common Area nor shall any security interest or lien of any nature arise or be created against the Common Area except in accordance with the Act. This section shall not apply to a grant or transfer of an easement, license or right-of-way. For so long as the Declarant owns any Lot, agreement to any such action must be obtained from the Declarant and from Owners entitled to cast the statutorily required percentage. Any grant of a mortgage or security interest in the Common Area shall expressly be subject to the covenants, provisions, rights, and easements created by this Declaration and the Act. Every agreement for the performance of labor or the furnishing of materials to the Common Area, whether oral or in writing, must provide that it is subject to the provisions of this Declaration and that the right to file a mechanic's lien or other similar lien by reason of labor performed or material furnished is subordinated to this Declaration.

2.8 Right to Use Common Area for Special Events. As long as Declarant, its successors or assigns, or any Affiliate of Declarant owns any Lot or part of the Common Area, Declarant may use the Common Area to sponsor special events for charitable, philanthropic, or marketing purposes, subject to the following conditions:

- (a) The availability of the facilities at the time requested;
- (b) Declarant shall pay all costs and expenses incurred and shall indemnify the Association against any loss or damage resulting from the special event; and
- (c) Declarant shall have the right to assign its rights to charitable organizations or foundations selected by Defendant. Declarant's right to use the Common Area for special events shall be enforceable by injunctions, by any other remedy in law or equity, and by the terms of this Declaration.

ARTICLE III

THE ASSOCIATION

3.1 Automatic Membership. All owners shall automatically be Members of the Association, and shall enjoy the privileges and be bound by the obligations contained in the Project Documents, including the obligation to pay assessments. Ownership of any fee or undivided interest in any Lot shall be the sole qualification for membership in the Association. Membership shall be appurtenant to and may not be separated from the ownership of any Lot. The Board may make reasonable rules regarding proof of ownership.

3.2 Voting Rights. There shall be two classes of Lots and Members with respect to voting rights in the Association:

(a) Class A Lots shall be all Lots in the Project except for Class B Lots, as defined below. The Owner (or group of Owners) of each Class A Lot shall be entitled to one (1) vote in the Association, as provided in the bylaws. If a Lot is owned by more than one person or entity then each such person or entity shall be deemed an Owner and a Member of the Association, but in no event shall more than one (1) vote in the Association be cast with respect to each Class A Lot, as is more particularly set forth in the Bylaws.

(b) Class B Lots shall be all Lots in the Project owned by Declarant that have not been converted to Class A Lots. The Declarant shall be entitled to ten (10) votes in the Association for each Class B Lot owned by it.

3.3 Termination of Class B Lots and Membership. Notwithstanding anything contained herein to the contrary, the Class B Lots and Membership shall cease and be converted to Class A Lots and Membership upon the earliest to occur of (a) the date on which the Declarant no longer owns any part of the Entire Parcel; or (b) the date the Declarant shall elect, in its sole discretion, that Class B Memberships cease and be converted to Class A Membership, which election must be made and shall be effective, if at all, upon the execution and delivery of written notice by the Declarant to the Board and the recordation of that notice in the Union County Public Registry. The earliest to occur of (a) or (b) shall be referred to as the "**Turnover Date**". After the Turnover Date and for so long as Declarant owns any part of the Property, the Declarant shall be a Class A Member.

3.4 Directors Appointed by Declarant. The Declarant shall appoint a sole director to the Board until the Turnover Date. As required by N.C.G.S. §47F-3-103(e), the Declarant shall elect 3 (three) Board members to serve following the Turnover Date until the next annual meeting (or until a successor is elected and qualified). Thereafter, at the annual meeting, there shall be elected a Board consisting of 3 (three) individuals. Directors shall be elected to serve staggered terms as follows: One (1) director shall be elected to serve for a term of 3 (three) years; One (1) director shall be elected to serve for a term of 2 (two) years; and one (1) director shall be elected to serve for a term of 1 (one) year. Board members may succeed themselves in office.

3.5 Association to Maintain Books and Records. The Association shall maintain at all times current copies of all Project Documents, all rules and regulations concerning the Property, as well as its own books, records and financial statements as required by law.

3.6 Management and Other Agreements. The Association may be professionally managed and may enter into management and other agreements for the management, operation and administration of the Project, with the individual, firm or entity that the Association deems appropriate and in the best interest of the Project from time to time ("**Association Manager**" or "**Property Manager**"). Any management or other agreement for the ongoing provision of goods or services entered into by the Association shall provide that it may be canceled, with or without cause, upon no more than ninety (90) days' notice and without penalty at any time. Should the Association enter into a management agreement for the property as permitted herein, the manager shall obtain and, at all times, maintain Insurance as provided in Section 5.1 (c) of this Declaration.

3.7 Liability Limitations. As more specifically set forth in Article VIII of the Bylaws, neither Declarant, nor any Member, nor the Board, nor any officers, directors, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of

another Member, whether or not such other Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same. Neither the Declarant nor the Association shall be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof. The Association shall, to the extent permitted by applicable law, indemnify and defend all members of the Board from and against any and all loss, cost arising from performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

ARTICLE IV

ASSESSMENTS

4.1 Adoption of Budget; Creation of Lien and Personal Obligation for Assessments. The Board shall, from time to time and at least annually, prepare and adopt a proposed budget for the Project, determine the amount of expenditures payable by the Owners to meet the proposed budget ("**Common Expenses**") and allocate and assess Common Expenses among the Owners. The Common Expenses shall include such amounts as the Board deems necessary for the operation and maintenance of the Property and shall include, without limitation, amounts for purposes set forth in Section 4.2, amounts for permitted reserves and such amounts as may be necessary to make up any deficit for outstanding Common Expenses for any previous year. Within thirty (30) days after adoption of any proposed budget for the Property, the Board shall provide a summary of the budget to all the Owners, and shall set a date for a meeting of the Owners to consider ratification of the budget no less than fourteen (14) nor more than thirty (30) days after mailing of the summary. Notwithstanding any other provisions of this Declaration, there shall be no requirement that a quorum be present at such meeting. The proposed budget shall be deemed ratified unless at that meeting a majority of all the Owners present and entitled to cast a vote reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

Each Owner of any Lot or portion of the Property, other than the Declarant, or as otherwise provided herein, by acceptance of a deed is deemed to covenant and agree to pay to the Association: (1) Annual Assessments or charges of the Association, (2) Supplemental Annual Assessments, (3) Special Assessments, and (4) Special Individual Assessments, such assessments to be established and collected as hereinafter provided (collectively, "**Assessments**"). Each annual and special assessment, together with interest, late fees, administrative and collection fees, costs and reasonable attorneys' fees, shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, collection costs, administrative and collection costs, late fees, court costs and reasonable attorneys' fees, shall also be the personal financial obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to their successors in title (other than as a lien on the Lot) unless expressly assumed by them. Declarant shall be exempt from all assessments relating to any portion of the Property owned by Declarant.

4.2 Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the Owners and other residents of the Property. Without limiting the generality of the foregoing, assessments may be used for: improvement, maintenance and operation of roads; rights-of-way; drainage ways; lighting; signage; security; vegetation control; drainage systems; common area and open space landscaping and maintenance; and other Common Area

expenses, including but not limited to, the payment of taxes and governmental assessments on the Common Area; payment of insurance premiums for the insurance policies maintained by the Association; payment in connection with any utilities serving the Property (including trash pickup and disposal); payment of management fees to a property manager; the employment of attorneys, architects, accountants and other professionals to represent or assist the Association deemed necessary or appropriate by the Board; payment for the use of fuel used in operating facilities in the Common Area; for reserves and to carry out all other purposes and duties of the Association, the Board or the ARC. In the event the Declarant performs any of the foregoing services for the Association, including, but not limited to, accounting and bookkeeping services, it shall have the right to receive a reasonable fee therefore and such shall not be deemed to be a conflict of interest.

4.3 Payment of Annual Assessments; Due Dates and Maximums. Each Owner of a Lot shall pay to the Association Annual Assessments as hereinafter set forth.

(a) "**Annual Assessment**" shall mean an equal assessment established by the Board for common expenses as provided for herein or by a subsequent amendment which shall be used for the purpose of promoting the recreation, common benefit and enjoyment of the Owners and occupants of all Lots and the operation, maintenance and repair of the Common Area. Annual assessments provided for herein shall commence as to any Lot as of the date of the conveyance by Declarant to an Owner (other than Declarant) of such Lot. The Annual Assessment for the first year in which a Lot is subject thereto shall be prorated based upon the number of days remaining in the applicable billing period from the date of such conveyance. The Annual Assessment amount for each and every year shall be in an amount as set by the Board, in accordance with the terms of this Article IV. Annual Assessments shall be due and payable in advance in full, or in installments, as determined by the Board. The Board shall fix the amount of the Annual Assessment as to each Lot for any calendar year and shall send written notice of the amount of and due date of each installment of such Annual Assessment to each Owner at least thirty (30) days prior to the due date for payment; However, the failure of the Association to send, or of an Owner to receive, such notice shall not relieve any Owner of the obligation to pay Annual Assessments. The Association shall, upon demand at any time, furnish to any Owner liable for any assessment, a certificate in writing, signed by an officer of the Association or by the Association Manager, setting forth whether said assessment has been paid. Such certificate shall be in recordable form and shall be conclusive evidence of payment status of any assessment therein stated to have been paid.

(b) The maximum Assessment for the initial calendar year 2019 shall not be more than Fifteen Hundred Dollars (\$1,500.00) per Lot.

(c) For the calendar year 2020 and thereafter, the maximum annual assessment applicable to each Lot may be increased by the Board. A majority of each class of voting members of the Association must approve an increase or decrease in the yearly assessment if the increase or decrease differs from the assessment for the previous year by more than 20% (twenty) percent. In determining the annual assessment, the Board of Directors for the Association shall set an amount sufficient to pay for the items referenced in Section 4.2 and the establishment and maintenance of adequate reserves. The Board shall fix the date of commencement and the amount of the Assessment against each Lot for each Assessment period (which shall be based upon a calendar year).

(d) If the Board shall determine, during a calendar year, that the important and essential functions of the Association cannot be funded by the Annual Assessments, the Board may levy a "**Supplemental Annual Assessment**", in amount and manner as determined by the Board.

(e) With respect to any Lot conveyed by Declarant, the purchaser of such Lot shall pay to the Association at closing the amount of the Annual Assessment for the year prorated based upon the number of days remaining in such year. With respect to any Lot conveyed by any Owner other than Declarant, the amount of the Annual Assessment applicable to such Lot for the installment period in which such closing occurs shall be prorated between the buyer and seller thereof as of the date of closing of such conveyance.

(f) Special Assessments. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a special assessment ("**Special Assessment**") applicable to that year only for the purpose of defraying, in whole or in part, the cost of (i) the construction of any Common Area improvements which were not originally constructed by Declarant or (ii) the reconstruction, repair or replacement of the Common Areas, including any improvements located thereon, or (iii) defraying unanticipated increases in insurance costs. Provided, however, (a) Declarant shall not be obligated to pay any Special Assessments on Lots owned by Declarant except with Declarant's prior written approval, and (b) any Special Assessment must be approved by Declarant as long as Declarant owns any part of the Property and by a vote of sixty percent (60%) of the votes appurtenant to the Lots which are then subject to this Declaration.

(g) Special Individual Assessments. In addition to the Annual Assessments and Special Assessments authorized above, the Board shall have the power to levy a special assessment applicable to any particular Owner ("**Special Individual Assessment**") (i) for the purpose of paying for the cost of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas, including any improvements located thereon, whether occasioned by any act or omission of such Owner, members of such Owner's family or such Owner's agents, guests, employees, tenants or invitees and not the result of ordinary wear and tear; or (ii) for payment of fines, penalties or other charges imposed against any particular Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration or the Project Documents, or (iii) for failure to maintain their Lot and improvements. Provided, however, Declarant shall not be obligated to pay any Special Individual Assessment except with Declarant's prior written approval. The due date of any Special Individual Assessment levied shall be fixed in the Board resolution levying such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of such Special Individual Assessment to the affected Owner(s) at least thirty (30) days prior to the date such Special Individual Assessment is due.

(h) Uniform Rate of Assessment. Annual Assessments, Supplemental Annual Assessments and Special Assessments levied by the Association must be fixed at a uniform rate for all Lots, except as otherwise specifically provided for herein. In the event two lots are combined for the purpose of providing one building site, such Owner shall pay an assessment for each of the original lots as if they had not been combined.

(i) Effect of Nonpayment of Assessments: Remedies of the Association. If any assessment or monthly installment thereof is not paid within thirty (30) days after its due date, the Board may, at its option and without further notice, declare the entire unpaid assessment immediately due and payable. Unpaid assessments shall bear interest from and after the due date at the rate of eighteen percent (18%) per annum, not to exceed, however, the maximum rate permitted by law. In addition, the Association may impose a reasonable charge for late payment of any assessments not to exceed \$20.00 per month (which charge may be imposed once in any month during which an assessment or any portion thereof remains unpaid) and shall be entitled to recover fees and penalties for

returned checks. The Association may enforce assessment obligations as permitted by law, including, without limitation, by filing and foreclosing a claim of lien and/or by bringing an action at law against the Owner personally obligated to pay the assessment and/or foreclose the lien against their Lot to collect said assessment. Such a lien will bind the Lot in the hands of the then-Owner, their heirs, devisees, personal representatives, successors and assigns. Interest, late charges, administrative and collection fees, reasonable attorneys' fees and court costs of such action or foreclosure shall be added to the amount of such assessment. Each Owner, by their acceptance of a deed to a Lot, expressly grants to and vests in the Association or its agents the right and power to bring such action or foreclosure. Foreclosure may be accomplished in an action brought in the name of the Association in the manner that a foreclosure of a mortgage or deed of trust would be brought under the North Carolina General Statutes, or as otherwise expressly provided by law, and each Owner grants to the Association a power of sale in connection with any such charge or lien. The Association, acting on behalf of the Owners, shall have the power to bid on any Lot and to acquire and hold, lease, mortgage and convey the same. **NO OWNER MAY WAIVE OR OTHERWISE ESCAPE LIABILITY FOR THE ASSESSMENTS PROVIDED FOR HEREIN BY NON-USE OF THE COMMON AREA OR ABANDONMENT OF THEIR LOT.** During any period in which an Owner is in default in the payment of any installment of an annual, special or other assessment levied by the Association, the voting rights of the Owner in the Association and the right to the use of the Common Area or any other services or facilities which is provided by the Association (except the right of access to the Owner's Lot and the right of access to utility service for such Lot) may be suspended by the Association until such assessment is paid.

(j) Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to any validly filed prior mortgages on the Lot; provided such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of such property pursuant to a decree of foreclosure. Where the holder of a first mortgage or first deed of trust of record or other purchase of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust, the purchaser and its heirs, successors, and assigns shall not be liable for the assessments against the Lot which became due prior to the acquisition of title to the Lot by the purchaser. For purposes of this section, the term 'acquisition of title' means and refers to the recording of a deed conveying title or the time at which the rights of the parties are fixed following the foreclosure of a mortgage or deed of trust, whichever occurs first.

(k) The following parts of the Property shall be exempt from assessment by the Association: (a) the Common Area; (b) portions of the Property owned by the Declarant; (c) any part of the Property dedicated to and accepted by any public or governmental authority (the recording of this Declaration shall in no way be deemed a dedication of, or offer to dedicate, any part of the Property to any such authority).

(l) Statement of Assessments. The Association incurs costs and expenses in connection with preparing a statement of assessments for each transfer of Lots within the Property. In order to defray those expenses, an assessment in the minimum amount of \$50.00 shall be paid by the selling or transferring Owner to the Association prior to or contemporaneously with the recordation of the deed or other instrument of conveyance. This assessment shall be part of the general operating funds of the Association. If not paid at closing, it shall be collectible as provided in Section 4.3(h). This assessment shall not apply to transfers or conveyances by the Declarant to an Owner.

(m) Working Capital Assessment. Upon the original closing of the sale of any Lot with a completed home to an Owner, the purchaser shall pay to the Association an initial Working Capital

Assessment in the amount of \$500.00. This assessment, which will be collected at closing, will be part of the general operating funds of the Association.

(n) This Section shall not be amended to eliminate or substantially impair the obligation to fix the assessment at an amount sufficient to properly maintain and operate the Common Area and perform the exterior maintenance required to be performed by the Association under this Declaration.

ARTICLE V

INSURANCE AND RECONSTRUCTION

5.1 Association Insurance. All policies on the Common Area shall be for the benefit of the Association and Declarant shall be named as additional insured. The Association shall procure and maintain, or cause to be maintained, insurance in accordance with the following provisions:

(a) Property and Casualty Insurance. The Association shall obtain and maintain at all times a policy or policies of property insurance covering all Common Areas and all improvements located in the Common Area, in an amount not less than one hundred percent (100%) of the replacement cost of such improvements at the time such insurance is purchased and at the time of each renewal thereof, exclusive of the costs of land, excavation, paving, foundations and other normally excluded items. Said insurance may provide for coinsurance by the Association of not greater than twenty (20%) percent and/or may include a commercially reasonable deductible not in excess of \$10,000.00. The Board shall, at least annually, review the insurance coverage required herein and determine the current replacement cost of such improvements and fixtures and personal property and supplies. Such coverage shall provide protection against loss or damage by fire or other hazards covered by a standard extended coverage endorsement, windstorm and water damage, vandalism and malicious damage and all perils covered by a standard "all risk" endorsement and (if reasonably available) shall contain the following provisions: (1) standard "Replacement Cost" and "Inflation Guard" endorsements; (2) a waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Owners or members of the Owner's household; (3) a provision that the coverage will not be prejudiced by the act or neglect of one or more Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control; (4) coverage that cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board without prior demand in writing that the Board cure the defect, and the allowance of a reasonable time thereafter within which the defect may be cured by the Association or any Owner;

(b) Liability Insurance. The Association shall obtain and maintain a policy of commercial general liability insurance in such limits as the Association may, from time to time, determine, covering each member of the Board, the Property Manager, if any, and each Owner with respect to liability arising out of the operation, use, ownership, maintenance, or repair of the Common Area; provided, however, that in no event shall the limits of such policy ever be less than \$1,000,000.00 per occurrence. The liability insurance policy shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner, and shall provide that it may not be canceled or substantially modified without at least thirty (30) days' prior written notice to the Association and to all additional insureds. The Board shall review such limits annually.

(c) Fidelity Insurance. The Association shall procure and maintain, or cause to be maintained, a policy or policies of insurance coverage to protect against dishonest acts on the part of officers, directors, volunteers and employees of the Association and any other persons who handle or are responsible for the handling of funds of the Association.

(d) Other Insurance. The Board, or its duly authorized agent, shall have the authority to and shall obtain and maintain in effect such other insurance coverages as the Board shall determine from time to time to be desirable, specifically including, without limitation, directors and officers liability insurance, flood insurance, performance bonds, payment on labor and material bonds and maintenance bonds.

(e) Insurance Unavailable. In the event the insurance described in Subsections (a) through (c) is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States first class mail to all Owners. In the event the Association determines any such insurance to be "not reasonably available," it shall take reasonable steps to obtain insurance for the benefit of the Association and the Owners which is as closely equivalent to the insurance coverage required in Subsections (a) through (c) that is reasonably available. Without limiting the generality of the foregoing, and by way of example only, insurance will be deemed "not reasonably available" if the cost of that insurance is prohibitive in light of the Association's budget and available resources.

5.2 Premiums. Premiums upon insurance policies purchased by the Association, and any amounts paid as a result of a deductible, shall be paid by the Association and charged as an expense of the Association, provided, however, that (i) deductibles and/or expenses paid or incurred by the Association as a result of the negligent or intentional act of any Owner, their agents, guests, invitees or family members, shall be charged to and paid by the Owner and enforceable as a Special Individual Assessment and (ii) any deductible and/or expense paid or incurred by the Association which benefits fewer than all of the Lots shall be assessed exclusively against the Lots benefitted as a Special Individual Assessment. All such premiums shall be paid by the Association in a timely manner so as to prevent any unintended lapse in or termination of coverage.

5.3 General Standards. All insurance policies maintained by the Association under this Article V shall be written with a company or companies licensed to do business in the State of North Carolina and holding a rating of A or better in Best's Insurance Guide, provided that such insurance is available from a company with at least such a rating and that, in the event not so available, such insurance is obtained from a company with the next-highest rating available in Best's Insurance Guide. All insurance policies shall be written for the benefit of the Association and shall be issued in the name of and provide that all proceeds thereof shall be payable to the Association. Any "other insurance" clause in any policy shall exclude individual Owners' policies from consideration. Notwithstanding any of the foregoing provisions and requirements relating to insurance, there may be named as an insured, on behalf of the Association, the association's authorized representative, who shall have exclusive authority to negotiate losses under any policy providing such insurance. No policy may be canceled or substantially modified without at least 10 (ten) days' prior written notice to the Association.

5.4 Insurance Proceeds. The Association shall use the net proceeds of property and casualty insurance to repair and/or replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of property and casualty insurance paid to the Association remaining after satisfactory completion of repair and replacement shall be retained by the Association as part of the general reserve fund for repair and replacement of the Common Area. If the insurance proceeds received by the

Association are insufficient to reimburse, to repair and/or replace any damage or destruction to person or property, the remainder may be a Common Expense and the Board may levy a Special Assessment to cover the deficiency, however any Common Expense benefitting fewer than all of the Lots shall be assessed exclusively against the Lots benefitted as a Special Individual Assessment.

5.5 Owner's Personal Property. Neither the Association, nor Declarant, shall be liable in any manner for the safekeeping or condition of any personal property belonging to or used by any Owner or their family, tenants, guests or invitees, left, placed, or located on or used in the Common Area. Further, neither the Association nor Declarant shall be responsible or liable for any damage or loss to any personal property of any Owner, their family, tenants, guests or invitees left, placed or located on or used in the Common Area. Each Owner shall be solely responsible for all personal property and for any damage thereto or loss thereof, and shall be responsible for the purchase of, at such Owner's sole cost and expense, any liability or other insurance for damage to or loss of such property.

5.6 No Obligation to Insure Owners' Property. By virtue of taking title to a Lot within the Project, each Owner acknowledges that neither the Association, nor the Declarant, has any obligation to provide any insurance for any portion of such Lot or any Dwelling, or any other property located thereon.

5.7 Security. The Association may, in its sole discretion, but shall not be obligated to, provide certain security and fire protection measures, and maintain or support certain other activities within the Project designed to make the Project safer than it might otherwise be. Provided, however, should the Association provide, maintain or support any such measures or activities, then neither the Association, Declarant, nor any successor of Declarant, shall in any way be considered insurers or guarantors of security or fire protection within the Project, and neither the Association, Declarant, nor any successor of Declarant, shall be held liable for any loss or damage by reason or failure to provide or take any security or fire protection measures, or for the ineffectiveness of any such measures undertaken. Each Owner and Occupant of any Lot or Dwelling and each tenant, guest and invitee thereof acknowledges and understands that neither the Association, Declarant, nor any successor of Declarant are insurers, and each such Owner, and Occupant of a Lot or Dwelling and their tenants, guests and invitees hereby assume all risks for loss or damage to persons, property, or contents belonging to any such persons.

5.8 Damage and Destruction.

(a) Immediately after the damage or destruction by fire or other casualty to all or any part of the Property covered by insurance written in the name of the Association, the Board or its Directors or duly authorized agent, 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 Common Areas. Repair or reconstruction, as used in this paragraph, means repairing or restoring the Common Areas to substantially the same condition in which they existed prior to the fire or other casualty.

(b) Any damage or destruction to the Common Area shall be repaired or reconstructed unless the Voting Members representing at least 75% (seventy five percent) of the total vote of the Association, shall decide within 60 (sixty) days after the casualty not to repair or reconstruct. If for any reason, either the amount of insurance proceeds to be paid as a result of such damage or destruction, or both, are not made available to the Association within said period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed 60 (sixty) additional days. No mortgagee shall have the right to participate in the determination of whether the destroyed or damaged Common Area shall be repaired or reconstructed.

(c) In the event that it should be determined in the manner described above that the damage and destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then the affected portion of the Common Area shall be restored to their natural state and maintained by the Association in a neat and attractive condition.

5.9 Repair and Reconstruction. If the insurance proceeds are insufficient to cover the cost of the items to be repaired or reconstructed, then the Board of Directors shall, without the necessity of a vote of the Members, levy a special assessment against all Owners, other than the Declarant, in proportion to their number of Lots owned; provided, if the damage or destruction involves a Lot or Lots, only the Owners of the affected Lot(s) shall be subject to such assessment. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

ARTICLE VI

ARCHITECTURAL CONTROL & CONSTRUCTION IN ACCORDANCE WITH PLANS AND SPECIFICATIONS

6.1 General. Notwithstanding anything contained in this Declaration to the contrary, no Improvements (as defined herein), including, without limitation, changes, additions or alterations of any Lot, including exterior additions or alterations to any building situated upon the Property, erection of or changes or additions in fences, shrubs, landscaping (including but not limited to any excavation, grading or other site work), walls and other structures, or any cutting of trees on any Lot, shall be commenced, erected or maintained on any portion of the Property until: (a) the ARC, appointed as hereinafter provided, has received and reviewed the plans and specifications and the location, materials, size and design of such Improvements and has given its written approval for commencement of the changes, all in accordance with the terms and requirements in the Guidelines; and (b) any applicable fees have been paid. In addition to any standards established pursuant to this Declaration, Declarant may establish by Supplemental Declarations, other architectural and landscaping control standards, guidelines and restrictions. For the avoidance of doubt, only new construction of residential buildings shall be permitted, it being the intent of this covenant to prohibit the moving of an existing building or portion thereof on a lot and remodeling or converting same into a Dwelling. FURTHERMORE, ALL NOTES AND LEGENDS INDICATED ON THE RECORD PLATS OF THE SUBDIVISION MUST BE ADHERED TO. IN ADDITION TO THIS DECLARATION, AND THE RECORDED PLATS OF THE SUBDIVISION, THE REQUIREMENTS OF ANY LAW OR ANY GOVERNMENT AGENCY HAVING LEGAL JURISDICTION OR PERMITTING AUTHORITY OVER THE SUBDIVISION, MUST BE COMPLIED WITH.

6.2 Before "Architectural Turnover Date". So long as Declarant owns any Lot or other portion of the Property, the members of the ARC shall be the Declarant and/or persons appointed from time to time by Declarant (which may include architects or other professionals, who do not have to be Owners). Control of architectural and landscaping issues and decisions shall remain vested in Declarant until the Turnover Date previously referenced in Section 3.3 herein.

6.3 After "Architectural Turnover Date". The members of the ARC may be appointed by the Board after the Architectural Turnover Date. Pending appointment of members by the Board, the Board shall act as the ARC. The ARC will be composed of at least three (3) and not more than seven (7) individuals, the exact number of members of the ARC to be designated from time to time by the Board. The Board may engage the services of such consultants as may be necessary to assist the ARC, including but not limited to attorneys, accountants, and architects.

6.4 Removal and Replacement of ARC Committee Members. In the event of the death or resignation of any member of the ARC, the majority of the Board shall have the full authority to designate and appoint a successor. Members of the ARC may be removed and replaced at any time, with or without cause, by the majority vote of the Board.

6.5 Professional Services. Professional fees for services rendered may be assessed to the Owner submitting a request and if unpaid shall become a Special Individual Assessment enforceable as assessments as provided herein. Notwithstanding anything contained herein to the contrary, the Association shall have the right, power and authority to employ and/or use the services of any architects, engineers, attorneys or other professionals as the ARC recommends to it, to carry out its duties and obligations.

6.6 Architectural and Landscape Guidelines. The ARC may, from time to time, publish, adopt, amend and promulgate architectural, landscape and construction guidelines (the "**Guidelines**"), addressing construction, architecture and design, landscaping and other issues. Such Guidelines shall include the Minor Project Application; Schematic Review Application; Design Review Application; Materials Specification (And Variance Request) Application; Request for On-Site Review Form; Contractor Submittal Form; and such other forms as the ARC deems necessary. The Guidelines shall be explanatory and illustrative of the general intent of the development of and construction procedures within the Property, and are intended as a guide to assist the ARC in reviewing plans and specifications for Improvements and for establishing standards for the maintenance of Lots and Homes. The Guidelines shall also set out, among other things, the procedures for submission, review and approval of plans and specifications to the ARC and the fees to be imposed by the ARC. The ARC is authorized to request the submission of samples of proposed construction materials. In any event, the Guidelines shall not be binding upon the ARC, may be revised and amended at any time by the ARC, in its sole discretion.

The ARC shall have the authority to include in the Guidelines the requirement of security deposits or surety bonds from Owners and Builders to ensure compliance with the Project Documents and to indemnify the Association from damages or costs incurred in connection with construction activities upon Lots.

Upon submission of a written request for same, the ARC may, from time to time, in its sole discretion, permit Owners to construct, erect or install Improvements which are at variance with architectural or landscaping requirements or provisions that might be otherwise applicable. In any case, however, such variances shall be in basic conformity with and shall blend effectively with the general architectural style and design of the community and shall not materially change the scheme of restrictions herein set forth. Written requests for variances shall be deemed to be disapproved until the ARC has expressly approved the request in writing. No member of the ARC shall be liable to any Owner for any claims, causes of action, or damages arising out of the grant or denial of any variance to any Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from all other such requests. The grant of a variance to any Owner shall not constitute a waiver of the ARC's right to strictly enforce the covenants, restrictions and architectural standards provided hereunder or under any Supplemental Declaration against any other Owner.

6.7 Definition of "Improvements". The term "**Improvement**" or "**Improvements**" shall mean and include the Dwelling and any and all man-made changes or additions to a Lot or attached or affixed to a Lot, including, but not limited to, all buildings (including any exterior devices attached to or separate from buildings, such as heating and air conditioning equipment, solar energy or heating devices, antennae, satellite dishes, etc.); storage sheds or areas; roofed structures; parking or paved areas; fences; "invisible" pet fencing; pet "runs", lines and similar tethers or enclosures; walls, irrigation equipment, apparatus and systems; landscaping (including cutting of trees) hedges; mass plantings, poles; driveways; ponds; lakes,

changes in grade or slope; site preparation; swimming pools; hot tubs; jacuzzis; saunas; tennis courts; tree houses; basketball goals; skateboard ramps; and other sports or play apparatus; signs; exterior lights and illumination; and changes in any exterior color, design or shape. The definition of Improvements includes both original Improvements and all later changes to Improvements. The definition of Improvements, however, does not include the replacement or repair of Improvements previously approved by the ARC, provided such replacement or repair does not change exterior colors, materials, designs or appearances from that which were previously approved by the ARC.

6.8 Enforcement. The architectural control provisions of this Declaration and any Supplemental Declarations are to facilitate control of the architectural design, construction, installation and placement of all Improvements and landscaping and to establish quality standards for the development and to help preserve values of Property in the development. All Owners, by purchasing property subject to this Declaration, acknowledge that a violation of any such provisions could result in irreparable damage to other Owners of property in the Project and to Declarant. Accordingly, the Association shall have the specific right (but not the obligation) to enforce and/or to prevent any violation of the provisions contained in this Article and to enforce rulings and decisions of the ARC by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provision, ruling or decisions and/or through administrative action as permitted by the Act, including the possible imposition of fines or suspension of rights or privileges. Declarant and all Owners hereby specifically reserves and grants unto the ARC, the Board and any agent or member thereof, the right of entry and inspection upon any portion of the Property for the purpose of determination by the ARC or the Board whether there exists any Improvement which is not approved or which violates the terms of any approval by the ARC, the terms of the Guidelines, the terms of this Declaration or the Project Documents. For the avoidance of doubt, the ARC has exclusive jurisdiction over modifications, additions, or alterations made or proposed by Owners to buffer areas, private open spaces, and common areas. The ARC also reserves the right to designate or re-designate which Lot line shall be the "front" in the case where a Lot is bordered by more than one street.

As to nonconforming or unapproved Improvements, the Association may require any Owner to restore such Owner's Improvements to the condition existing prior to the construction or installation thereof (including, without limitation, the demolition and removal of any unapproved Improvements) if such Improvements were commenced or constructed in violation of this Article. In addition, the Association may, but has no obligation to, cause such restoration, demolition and removal to be performed and to levy the amount of the cost thereof as a Special Individual Assessment against the Lot or portion of the Property upon which such Improvements were commenced or constructed. In the event that it becomes necessary to resort to legal action, including mediation, arbitration or litigation, to determine the propriety of any constructed Improvement, to remove any unapproved Improvement or otherwise to remedy a violation of the Guidelines, the Association shall be entitled to recover court costs, mediation costs, arbitration costs, attorneys' fees and expenses incurred by the Association and/or the ARC in connection therewith, which costs, fees and expenses may be levied as a Special Individual Assessment against the Lot or other portion of the Property upon which such Improvement was commenced or constructed.

6.9 Failure of the ARC to Act. Written approval as specified herein shall be required in every case. However, in the event the ARC fails to approve or disapprove plans or to request additional information reasonably required within 45 (forty five) calendar days after submission, such plans shall be deemed approved; provided, however, that no such failure to act shall be deemed an approval of any matters specifically prohibited by another provision of this Declaration, any Supplemental Declaration, or the Guidelines. Further, the ARC has no right or power to waive or grant any variances relating to any mandatory use restrictions or requirements specified in this Declaration or any Supplemental Declaration,

or to waive any of the requirements set forth in this Article. If plans and specifications or other submittals are not sufficiently complete or are otherwise inadequate, the ARC may take no action with respect to them or may reject them as being inadequate or may approve or disapprove them in part, conditionally or unconditionally, and reject or approve the balance.

6.10 Fees Required by the ARC. The ARC, in its sole discretion, may require that each person submitting plans and specifications for Improvements to the ARC pay a reasonable fee to the ARC or to Declarant as a condition to review and/or to commencement of construction of such Improvements including, without limitation, fees of professionals serving on or retained, employed or consulted by the ARC. Such fee(s), including the amount(s), payee and purpose(s) thereof, shall be established by, and may be increased from time to time by the ARC and may be set forth in the Guidelines.

6.11 Commencement of Dwelling and Other Construction. Construction of a Dwelling must begin on all lots within five years from the date of closing or within five years from the time the roads in the subdivision are paved and water, sewer and electric is installed, whichever is the later. If a lot is sold by the initial owner, the subsequent owner has the balance of the five years, plus one additional year to begin construction. If construction has not been started by the expiration of this period, the Declarant has in its sole discretion, the option (but not the obligation), to purchase the lot at the initial purchase price.

6.12 Timeframe to Complete Improvements. With the exception of construction which is interrupted or delayed due to strikes, national emergencies, or physical damage to the work in progress (such as damage due to fire, lightning, windstorm, flood, hail, riot or civil commotion, explosion or theft), any Dwelling constructed upon a Lot must be completed within 14 months (fourteen) months subsequent to the commencement of construction, except with written consent of the Declarant, its successors or assigns, or, if the Declarant so designates, by the ARC. The Owner of the Lot on which the improvements are being constructed shall at all times keep public and private streets contiguous to the Lot free from any dirt, mud, gravel, garbage, trash, or other debris which are occasioned by the construction of the improvements. During construction, the Owner shall require its contractors to maintain the Lot upon which such work is being done in a reasonably clean and uncluttered condition and, to the extent possible, all construction trash and debris shall be kept within refuse containers. Upon completion of the construction, the Owner shall cause its contractors to immediately remove all equipment, tools, and construction materials, and debris from the Lot.

In the event that completion of the Dwelling, outbuildings or other improvements on any Lot is not completed within 1 (one) year, and it is determined that the construction progress has diminished to such an extent that completion of the Dwelling, outbuildings, or other improvements is unlikely within 120 (one hundred twenty) days, notice will be given to the Owner that the Owner has the Obligation, within 30 (thirty) days, to remove all construction work in progress, including without limitation, the foundation and all building improvements and all stored building materials, and fill and grade the lot so that it is restored to its natural grade level. The Declarant or the Association shall have the right to undertake the work upon Owner's failure to do so and charge the cost to the Owner and place a lien upon the Lot upon Owner's failure to pay these charges.

NO BUILDING UNDER INITIAL CONSTRUCTION SHALL BE OCCUPIED UNTIL CONSTRUCTION IS COMPLETED AND ALL NECESSARY APPROVALS OF THE ARC AND ANY GOVERNMENTAL AUTHORITIES HAVE BEEN OBTAINED.

6.13 Limitation of Liability. No member of the ARC shall be liable for claims, causes of action or damages (except where occasioned by willful misconduct of such member) arising out of services performed pursuant to this Article. Neither the ARC, nor the members thereof, nor the Association, nor

Declarant, nor any officers, directors, members, employees, agents or affiliates of any of them, shall be liable for damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval of, or the failure to approve or disapprove of, any plans and specifications. The approval of plans and specifications by the ARC shall not be deemed or construed as a representation or warranty of the ARC, Declarant, or any officer, director, member, employee, agent or affiliate of any of them, that Improvements constructed in accordance with such plans and specifications will comply with applicable zoning ordinances, building codes, or other governmental or quasi-governmental laws, ordinances, rules and regulations or as to the structural soundness or quality. Actual construction of Dwellings and other Improvements shall be the responsibility of the Owner of the Lot and the Owner's builder.

6.14 Amendment. This Article may not be amended without the Declarant's written consent, so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.

6.15 Compliance Deposit. Prior to commencement of work, builders will be required to post a "**Compliance Deposit**" with the ARC in the amount of \$1,500 (one thousand five hundred dollars), or some other sum as is established by the ARC from time to time, to ensure that the contractor, during construction, keeps the property in a neat, clean, workmanlike manner and to ensure that the contractor completes improvements in accordance with the approved plans and specifications. Should the same not be done at the end of any business day or the end of construction, as appropriate, some or all of the Compliance Deposit may be used to bring the contractor into compliance with approved plans, and for any necessary site maintenance. Any portion of the Compliance Deposit remaining at the end of construction and issuance of the certificate of occupancy will be refunded to the builder/contractor.

6.16 Road Deposit. Prior to commencement of construction, the Contractor shall submit a \$2,500 (two thousand five hundred dollars) "**Road Deposit**", or such other sum as is established by the ARC from time to time, to ensure that the streets and curbs in front of the Lot are maintained, throughout the construction process, in the same good quality condition as they were in when construction began and to ensure the proper re-seeding and clean-up of right-of-ways and drainage swales for any damage by contractor and its agents. Twenty percent (20%) of the Road Deposit shall be retained as an impact fee. Any portion beyond said 20% which is not applied to necessary repairs will be refunded at the end of construction.

6.17 Diligent Construction. All construction, landscaping or other work which has been commenced on any Lot must be conducted with reasonable diligence. Any damage to the Roadways, curbs or sidewalks or any part of the Common Area or any utility system caused by an Owner or Owner's builder or their subcontractors, shall be repaired by such responsible Owner. Any builder of Improvements and their subcontractors on any portion of the Property shall keep such portion of the Property free of construction debris, in accordance with the construction rules established by the ARC, or in the absence of such rules, in accordance with standard construction practices, and shall keep contiguous public and private areas free from any dirt, mud, garbage, trash or other debris which is occasioned by construction of the Improvements. The Board may levy a Special Individual Assessment against an Owner's property in the subdivision to pay for the cost of repairing any damage to Roadways, curbs or sidewalks or any part of any Roadway, Common Area, or utility system, to pay for the cost of the removal of garbage, trash or other debris, which are occasioned by the activities of an Owner or Owner's builder or their subcontractors during the construction of Improvements.

6.18 Damage to Any Improvements. All Owners agree to be and remain responsible for any damage to any of the improvements to the subdivision (including, without limitation, damage to street paving,

curbing, sidewalks, storm drainage, and utility lines) related to or resulting from an Owner's acts or omissions, or those of their contractors and suppliers (including without limitation persons making deliveries to the Lot on the Owner's behalf).

ARTICLE VII

ENFORCEMENT

7.1 Agreement to Avoid Litigation. The Declarant, the Association, its officers, directors and committee members, and all Persons subject to this Declaration, "**Bound Parties**", agree to encourage the amicable resolution of disputes involving the subdivision, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that those claims, grievances or disputes set forth in Section 7.2 below "**Claims**", shall be resolved using the procedures set forth in Section 7.3 below, in lieu of filing suit in any court.

7.2 Fines & Claims. Unless specifically exempted below, all claims, grievances, or disputes arising out of or relating to the interpretation, application or enforcement of the Governing Documents, or the rights, obligations, and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements on the Property shall be subject to the provisions of Section 7.3:

(a) Any suit by the Association against any Bound Party to enforce the provisions of Article II "Assessments for the Maintenance and Operation of Common Area and Facilities", specifically including, but not limited to, the imposition of fines;

(b) Any suit by the Association to obtain a temporary restraining order, or other mandatory or prohibitive equitable relief, and such other ancillary relief as permitted to enforce the provisions of Article VI "Control & Construction in Accordance with the Plans and Specifications."

(c) Any suit by an Owner to challenge the actions of the Declarant, the Association, the ARC or any other committee with respect to the approval or disapproval of plans and specifications of Article VI "Control & Construction in Accordance with the Plans and Specifications."

(d) Any suit by an Owner to challenge the enforcement or application of specific-use restrictions promulgated in accordance with the procedures set forth in Article IV, specifically including, but not limited to, the imposition of fines.

(e) Any suit in which any indispensable party is not a Bound Party; and

(f) Any suit which would otherwise be barred by any applicable statute of limitations.

7.3 Mandatory Procedures for Claims.

(a) Notice. Any Bound Party having a Claim, "Claimant", against any other Bound Party, "Respondent", collectively the "Parties", shall notify each Respondent in writing, the "Notice", stating plainly and concisely:

(i) The nature of the Claim, including the Persons involved and Respondent's role in the Claim;

(ii) The legal basis of the Claim (i.e. the specific authority out of which the Claim arises);

(iii) Claimant's proposed remedy; and

(iv) That Claimant will meet with Respondent to discuss in good faith, ways to resolve the Claim.

(b) Negotiation and Mediation.

(i) The parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in resolving the dispute by negotiation.

(ii) If the Parties do not resolve the Claim within 30 (thirty) days of the date of the Notice (or within such other period as may be agreed upon by the parties, "Termination of Negotiations", Claimant shall have 30 (thirty) additional days to submit the Claim to mediation under the auspices of any North Carolina dispute resolution center, or other independent agency providing similar services, upon which the Parties mutually agree.

(iii) If Claimant does not submit the Claim to mediation within 30 (thirty) days after Termination of Negotiations, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, however, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(iv) Any settlement of the Claim through mediation shall be documented in writing by the mediator. If the Parties do not settle the Claim within 30 (thirty) days after submission of the matter to the mediation process, or within such time as determined by the mediator, then the mediator shall issue a notice of termination of the mediation proceedings, "**Termination of Mediation**". The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that the mediation was terminated.

(v) Within five days after the Termination of Mediation, the Claimant shall make a final written settlement demand, "**Settlement Demand**" to the Respondent and the Respondent shall make a final written settlement offer, "**Settlement Offer**", to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant's original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

(c) Final & Binding Arbitration.

(i) If the parties do not agree in writing to a settlement of the Claim within 15 (fifteen) days of the Termination of Mediation, the Claimant shall have 15 (fifteen) additional days to submit the Claim to arbitration in accordance with the Rules of Arbitration of the American Arbitration Association. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned and Respondent shall be released and discharged from any and all liability to Claimant arising out of such Claim; provided, however, nothing herein shall release or discharge Respondent from any liability to Persons other than the Claimant.

(ii) This subsection (c) is an agreement to arbitrate and is specifically enforceable under the applicable arbitration laws of the State of North Carolina. The arbitration award, "**Award**", shall be final and binding, and judgment may be entered upon it in any court of

competent jurisdiction to the fullest extent permitted under the laws of the State of North Carolina.

7.4 Allocation of Costs of Resolving Claims.

(a) Subject to Section 7.4(b), each Party shall bear its own costs, including any attorneys' fees incurred, and each Party shall secure equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding, "Post-Mediation Costs".

(b) Any Award which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post-Mediation Costs to the Award, such costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than any Respondent's Settlement Offer shall award to such Respondent its Post-Mediation Costs.

7.5 Enforcement of Resolution. If the parties agree to resolve any Claim through negotiation in accordance with Section 7.3(b), and any Party thereafter fails to abide by the terms of the agreement reached through negotiation, or if, following arbitration, any Party, thereafter fails to comply with the Award, then the other Party may file suit or initiate administrative proceedings to enforce the agreement or award without the need to again comply with the procedures set forth in Section 7.3. In such event, the Party taking action to enforce the agreement or Award is entitled to recover from the non-complying Party (or if more than one non-complying Party, from all the Parties pro-rata) all costs incurred in enforcing the agreement or Award, including, without limitation, attorneys' fees and court costs.

7.6 Litigation. No judicial or administrative proceeding with an amount in controversy exceeding \$25,000.00 will be commenced or prosecuted by the Association unless approved by Members of the Association entitled to vote at a regular or special meeting at which a quorum is present, duly called, in whole or in part, for the purpose of approving the proceeding. This Section will not apply however, to actions brought by the Association to enforce the provisions of this Declaration (including, without limitations, the foreclosure of liens); the imposition and collection of Assessments; proceedings involving challenges to ad valorem taxation; and counterclaims brought by the Association to enforce written contracts with its supplier and service providers. This Section will not be amended unless the amendment is approved by the requisite percentage of votes of Members of the Association, and pursuant to the same procedures, necessary to institute proceedings as provided above. This provision will apply in addition to the negotiation and arbitration provisions of this Article VII, if applicable.

7.7 Conflicting Provisions. In the event of a discrepancy between the terms and conditions of this Article VII and the terms and conditions of the American Arbitration Association, the terms and conditions set forth in Article VII herein will control.

7.8 TIME IS OF THE ESSENCE. All periods of time set forth herein or calculated pursuant to provisions of this Article VII will be strictly adhered to, TIME BEING OF THE ESSENCE.

ARTICLE VIII

GENERAL PROVISIONS

8.1 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions that shall remain in full force and effect.

8.2 Animals.

(a) No more than a combined total of four domestic cats and/or dogs may be kept by any owner or tenant, whether kept primarily inside a home or outside.

(b) No livestock or other animals may be harbored within the community, including but not limited to chickens or other fowl, goats, horses, or animals kept primarily for breeding or commercial purposes.

(c) Owners and tenants must immediately clean up any waste left by their pets on any lots or in the common areas. No hunting, nor trapping, of any wildlife, including, but not limited to, birds, ducks, geese, turkeys, or deer, shall be permitted on any common area.

(d) Dogs shall be leashed and under control of the Owner when on the Common Area. No dogs shall be permitted to roam the property, and the Association may have strays and dogs that are not leashed and are found off their Owner's Lot, picked up by governmental authorities. The cost of repairing any damage caused to the common areas or other lots by a pet shall be borne by the Owner of the Lot on which the pet is kept. Such cost, including any costs of collection or reasonable attorney's fees, shall constitute an Special Individual Assessment as defined in Section 4.1.

(e) No dangerous, aggressive, or wild animals may be kept, including but not limited to wild cats, poisonous snakes, alligators, scorpions, tarantulas, or animals known to carry disease that may be transmitted to other animals or humans.

(f) The Board may impose size or weight limits on pets, and designate certain breeds of dogs or other animals as inherently dangerous or aggressive, and when so designated, such animals will be subject to the provisions of paragraph (g) below. Those pets which, in the sole discretion of the Association, endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of other Lots or the Owner of any portion of the subdivision, shall be removed upon the request of the Association. No pets shall be kept, bred, or maintained for any commercial purpose. Pets shall only be permitted on the Common Area of such portions thereof designated for that purpose by the Association.

(g) Any animal which (i) exceeds any size or weight limits; (ii) creates a nuisance or disturbs other owners or tenants in the community; or (iii) exhibits aggressive or dangerous behavior, in the sole discretion of the Board, must be permanently removed from the community within five days after written notice from the Board to the responsible owner or tenant.

(h) The Board of Directors has the sole authority to interpret these regulations and whether or not a violation exists. Any determination of the Board with respect to these regulations shall be final and non-appealable.

(i) Any owner or tenant who fails to comply with these regulations after written notice by the Board of Directors, may, after notice and the opportunity to be heard, be fined in an amount not to exceed \$100 (or \$100 per day for continuing violations) in accordance with N.C.G.S. § 47F-3-107.1.

8.3 Use Restrictions. Lots shall be used exclusively for single-family residential purposes. “**Single-family**” is defined as not more than three persons unrelated by blood or marriage. No lot or any portion of the Property shall be used for or as a “**Residential Institution**” except to the extent such are expressly protected and permitted by law. For purposes of this Declaration, a “**Residential Institution**” shall mean and refer to a nursing home, child care center, boarding house, assisted- or dependent-living facility, adult care center, adult care home, family child care home, group home, residential day care, house of detention, reform school, asylum, institution of a kindred character, or any structure to house, provide a residence for,

or be occupied by three or more persons, unrelated by blood, marriage or adoption on a temporary or permanent basis. No business activity, including, but not limited to, a rooming house, bed and breakfast, "Airbnb", boarding house, gift shop, antique shop, landscape business, professional office or beauty shop, or the like, or any trade of any kind whatsoever (in which clients or members of the public regularly come to any Lot or any significant business traffic is generated in the subdivision) shall be carried on upon any Lot or Lots. Provided, however, that nothing contained herein shall be construed so as to prohibit the use of any portion of a residence as a home-office, so long as no clients or members of the public regularly come to any lot and no significant business traffic is generated in the subdivision on account of such use. Further provided that nothing contained herein shall be construed so as to prohibit the construction of houses to be sold on said Lots or the showing of said houses for the purpose of selling houses in the subdivision.

8.4 Offensive Activity, Noise and Nuisance. No unlawful, noxious or offensive trade or activity shall be conducted or permitted upon any Lot, or in the Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to any other Owner, or which may endanger the health or safety of any other Owner, or increase vehicular and/or foot traffic as determined in the sole discretion of the Board. Noxious, destructive or offensive activity shall not be carried on within any portion of the Property. No Owner or occupant of a Lot may use or allow the use of the Lot at any time, in any way or for any purpose that may endanger the health, unreasonably annoy or disturb or cause embarrassment, or discomfort to other Owners or occupants, or in such a way as to constitute, in the sole opinion of the Board of Directors, a nuisance. No plants, poultry, animals, junk, junk automobiles or devices or things of any sort, the normal activities or existence of which are in any way noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood shall be placed, kept or maintained on any Lot. Without limiting the foregoing, exterior lighting may not be installed on any Lot so as to illuminate any portion of a neighboring Lot or to shine into any window or otherwise enter a Dwelling located on an adjoining lot. Bottle gas containers and oil tanks shall be screened from public view. No lot shall be used for storage of building materials prior to the issuance of the building permit for the primary residence. In addition, no Owner or Occupant of a Unit may use or allow the use of a Lot in any manner that creates disturbing noises, vibrations, odors, vapors, or smoke, including, without limitation, the use of sound systems that will in the sole discretion of the Board of Directors interfere with the rights, comfort or convenience of the other Owners or Occupants.

8.5 Rubbish. All rubbish, trash, garbage, junk, and other waste ("**Rubbish**") shall be kept temporarily in sanitary containers within each Lot and removed at least weekly from the Property. Specific Rubbish containers, enclosures or other equipment for storage or disposal of such waste shall be governed by the ARC Guidelines. No incinerators shall be permitted upon the premises. No burning, burying or other disposal of Rubbish within the subdivision shall be permitted. Declarant, or the Association, shall be permitted to modify the requirements of this Section 8.5 where necessary to comply with orders of governmental bodies.

8.6 Signs and Flags. No signs, banners or flags of any kind, including political signs, shall be placed or displayed in the public view on any Lot or on the Common Area except those expressly permitted herein, in the Guidelines or otherwise approved in writing by the ARC. The provisions of this Section shall not prevent: (i) the placement of permanent signs identifying the Project at any entrance to the Project; (ii) Declarant or its agents from placing signs to advertise the Property during the construction and sales period, including signs on the Common Area and on any Lot owned by the Declarant; (iii) the display of one "for sale" sign with the Weddington Acres Logo (available through the Association); (iv) one security sign in the front yard, located either adjacent to the driveway or in close proximity to the front entrance of the main Dwelling and one sign in the rear of the home; (v) one approved Builder construction sign 4' x 4' maximum,

which shall be removed following receipt of the Certificate of Occupancy (with no subcontractor signs permitted); (vi) the display of one flag of the United States of America and one flag of the State of North Carolina on each Lot, provided that the flags shall be of a size no greater than four feet by six feet, the pole shall be no longer than six (6) feet (except at half-staff); and that they shall be displayed in accordance with the patriotic customs set forth in 4 U.S.C. §5-10.

Declarant, as developer, reserves the right at its sole discretion, to erect temporary or permanent signs on Lots and Common Areas identifying the subdivision, model homes, owner's names, street names, common areas, and traffic signs, including stop signs and speed limit signs, as well as any other signs that will aid in the development of the subdivision. No sign shall be permitted within the road right-of-way.

Should it be determined that a sign erected on a Lot or in the Common Area does not conform to ARC guidelines, or has not been approved, the Association, the Declarant, its agents or assigns, shall have the right from time to time to enter said Lot without any liability for damage, wrongful entry, trespass or otherwise, for the purpose of removing the nonconforming sign. Owner shall not be reimbursed for the cost of replacement of any nonconforming sign. The Declarant and/or Association has the right from time to time to revise the rules and regulations regarding signs in order to meet the needs of the community or satisfy any governmental regulations. Notwithstanding the foregoing, political signs may be placed on a lot in the time period beginning 45 (forty five) days before the day of election and no later than 7 (seven) days after election-day. The size of any political sign must comply with any applicable city, town or county ordinance regulating the size and number of political signs on residential property, but shall not exceed a maximum dimension of 24 inches by 24 inches.

8.7 Clotheslines. Lines for air drying clothes shall only be located within 20 feet of the back plane of the home, fully screened from street view by the home and have lines parallel to the back plane of the home. Clothes and other items placed on the lines must be removed at sunset each day.

8.8 Garages. All Dwellings built on Lots shall have at least a two-car garage, compatible with and complementary to the main Dwelling in architectural style, material and color. No garage shall be converted to a living area without prior ARC approval. The garage may be attached or detached. Garage doors shall remain closed at all times except during times of ingress or egress.

8.9 Parking and Prohibited Vehicles. No trailer, boat or other watercraft, recreational vehicle, inoperable motor vehicle, or commercial vehicle shall be parked or stored on any portion of any Lot or on any street within the Property except within an enclosed garage. This restriction shall not apply to commercial vehicles parked for reasonable periods while the driver is making a delivery or providing services to a home in the community, or during construction activities by Declarant or Builders. In addition, if reasonably required, convenient or incidental to construction or sales activities, the Declarant, its Affiliates and Builders, may park vehicles in areas other than garages or driveways, including on streets. Builders' rights under this Section are subject to Declarant's prior written approval.

For purposes of this guideline, “**commercial vehicle**” shall be defined as any vehicle having any one of the following:

- (a) More than two axles;
- (b) Commercial writing or logos, advertising signage attached to or displayed on the vehicle's exterior exceeding two square feet on any side of the vehicle;
- (c) Visible equipment, including but not limited to ladder racks, tool boxes, or hydraulic lifts;

- (d) A gross vehicle weight (“GVW”) in excess of 7,500 lbs.
- (e) Any van or other vehicle designed to carry more than seven passengers;
- (f) Any vehicle having or requiring a “commercial” license plate from the Division of Motor Vehicles of any state.

Law enforcement and government-issued passenger vehicles (coupes or sedans) are exempt from this regulation. Lot owners shall not perform any vehicle service, repair or restoration which require disassembly of major components of the vehicle or storage of parts, except within an enclosed garage. Lot Owners are responsible for advising their tenants, guests and occupants of this rule and ensuring compliance, and owners are subject to fines for violations of this restriction by their tenants, guest and occupants.

No motor vehicle may be regularly parked on the Roadways within the Property. For purposes of this Section, “regularly” is defined as more than one hour, three times within any seven-day period.

Provided, however, that Declarant and Builders (with consent of the Board or Architectural Review Committee) may maintain trailers within the Property as needed for temporary construction, sales or marketing activities. The Declarant and/or Association reserve the exclusive right, in their sole discretion, to make certain rules and regulations regarding the use of, parking and storing of golf carts within the subdivision.

Violators of the prohibitions contained in this section shall be subject to having their vehicles towed, at the Owner's expense, by or at the direction of the Association, and to the levy of fines by the Association in such amount as may be determined from time to time by the Board of Directors.

8.10 Governmental Requirements. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the construction of Improvements on and/or use and utilization of any Lot shall continue to be applicable and shall be complied with in regard to the Lots. Each Owner shall comply with all laws, regulations, ordinances and other governmental rules and restrictions in regard to the Lot(s) or other portions of the Property owned by such Owner (including, without limitation, applicable zoning and watershed laws, rules, regulations and ordinances).

8.11 Subdividing or Combining Lots. No Lot may be subdivided. Two Lots may be combined into one Lot; provided however that the combined Lot shall remain classified and treated as two separate Lots for purposes of voting rights and assessment liability as outlined in the Project Documents. In such cases, the Association and/or Declarant may alter the building lines to conform. Should the Owner(s) of any Lots, and/or portions of Lots, which have been combined for a single building site subsequently wish to revert to the original plan of subdivision, or make any other combination which would not be in violation of this restriction, such may be done only with the written consent of the Association and/or Declarant. In such instances, the adjoining Lot Owners, or other Lot Owners in the community, do not have the right to review, pass on or interfere with such Lot's rearrangement. Upon the combination of Lots, the building line requirements prescribed herein shall apply and the easements reserved herein shall be applicable to the rear, side, and front Lot lines of such lot as combined. The resulting building site and structures erected thereon must otherwise comply with these Restrictions and the new property line of the resulting building shall be used to compute the setback lines as set forth herein.

8.12 Alteration of Setback Lines in the Best Interest of Development. Where because of size, configuration, natural terrain, or any other reason in the sole opinion of the Declarant, it would be in the

best interest of the development of the community that the Setback lines of any Lot should be altered or changed, Declarant reserves until itself, its successors or assigns, and no other, the right to grant a variance to the Lot Owner or in the case of a Lot owned by Declarant, the Declarant may change said setback lines to meet such conditions. Any such alteration shall meet any minimum standards as set forth by Union County. The Declarant specifically reserves the right to transfer this right of approval to the Architectural Review Committee herein established.

8.13 Leasing.

(a) Notice to Board: Any Lot Owner intending to make a lease of their Lot shall give prior written notice to the Board of Directors (or any Property Manager designated by the Board) of such intention. For purposes of this Section, “Lease” is defined as regular, exclusive occupancy of a Lot by any person(s), other than the Lot Owner, for which the Lot Owner receives any consideration or benefit, including but not limited to, a fee, service, property or gratuity. The required notice shall include a complete copy the proposed Lease, and such other information as the Board or its agent shall reasonably require. All Leases of Lots shall be in writing, utilizing standardized Leaseforms provided by or approved by the Board or its Property Manager. The provisions of this Section shall also apply to the renewal of or modification to the terms of any Lease of a Lot. No subleasing of a Lot shall be allowed. No Lot shall be leased for transient or hotel purposes, and the minimum initial term of any proposed Lease shall not be less than twelve months. No Lease shall be allowed of less than the entire Dwelling (e.g. no renting of rooms).

(b) Approval of the Board: Within 15 days after receipt of such notice, the Board or its Property Manager shall provide the Owner with written notice of its approval or disapproval of the proposed Lease. The decision of the Board shall be final and non-appealable, but approval shall not be unreasonably withheld. The Board’s approval may be conditioned upon the addition, deletion, or modification of any provision of the proposed Lease. The Board may withhold approval based upon information gleaned by the Board from any investigative, criminal or other background reports obtained by or provided to the Board. The procedures for obtaining, and the parameters for reviewing such reports, shall be promulgated by the Board. The Board specifically reserves the right to withhold the approval of any Lease which would result in ten percent (10%) or more of the total number of Lots within the Project being occupied by persons other than the Lot Owner. The failure of the Board to provide written notice to the Lot Owner of its approval or disapproval of the proposed Lease within the 15-day period contemplated by this section shall be deemed an approval of the proposed Lease.

(c) Compliance with Declaration, By-Laws, and Rules and Regulations: Any Owner leasing their Lot shall provide the Lessee with a copy of the Declaration, By-Laws, and Rules and Regulations affecting the Project upon execution of the Lease; the lessee will be required to sign an acknowledgement that he/she has received a copy of these documents, and agrees to abide by their terms. The Lessee shall be bound in all respects by the provisions contained therein. Any default by a Lessee of such provisions shall entitle the Association to terminate the Lease, and the Owner hereby irrevocably appoints the Association as its lawful attorney-in-fact (which appointment is coupled with an interest) to take all actions necessary to terminate the Lease and the Lessee’s right to possession of the Lot, including the commencement of legal proceedings against the Owner and/or the Lessee. If the Association proceeds to evict the lessee, any costs, including reasonable attorneys’ fees actually incurred and court costs associated with the eviction shall constitute a Special Individual Assessment and lien against the Lot.

(d) Void Transactions: Any Lease of a Lot which is not approved pursuant to the terms of this section shall be void ab initio, unless subsequently approved in writing by the Board. Any violation of these provisions shall subject the Owner to a fixed or daily fine, after notice and an opportunity to be heard, in accordance with N.C.G.S. § 47F-3-107.1.

(e) Rental Agreements & Assessments. In no event shall any Lease or rental agreement release or relieve a Owner from the obligation to pay annual or special assessments to the Association, regardless of whether the obligation to pay assessments has been assumed by the tenant in such Lease or rental agreement. When an Owner who is leasing their Lot fails to pay any annual or special assessment or any other charge for a period of more than thirty (30) days after it is due and payable, then the delinquent Owner hereby consents to the assignment of any rent received from the lessee during the period of delinquency, and, upon request by the Board, lessee shall pay to the Association all unpaid and special assessments and other charges payable during the term of the Lease and any other period of occupancy by lessee. However, the lessee need not make such payments to the Association in excess of or prior to the due dates for monthly rental payments unpaid at the time of the Board's request. All such payments made by lessee shall reduce, by the same amount, lessee's obligation to make monthly rental payments to lessor. If lessee fails to comply with the Board's request to pay assessments or other charges, lessee shall pay to the Association all amounts authorized under the Declaration as if lessee were an Owner. The above provision shall not be construed to release the Owner from any obligation for which he/she would otherwise be responsible.

(f) Right of Lessee to Common Area. The Owner transfers and assigns to the lessee, for the term of the Lease, any and all rights and privileges that the Owner has to use the Common Area.

(g) Board's Right of Waiver. The Board reserves the right to waive any or all of these restrictions with respect to any particular Lot for exceptional circumstances or if strict enforcement hereof would result in undue hardship to the Owner. Decisions on claimed exceptional circumstances shall be determined on a case-by-case basis, are in the sole discretion of the Board, and are not appealable by the Owner.

8.14 Minimum Square Footage; Maximum Height. All Homes constructed on lots must include a minimum of 2,500 square feet of heated living space, with a 3,000 square foot minimum under roof. No residence shall exceed two stories above ground level but may have an attic story, defined as finished living area under the roof line, which does not exceed 50% of the floor immediately below.

8.15 Exclusion of Above Ground Utilities. All electrical service and telephone lines shall be placed underground and no outside electrical lines shall be placed overhead. No exposed or interior radio or television transmission or receiving antenna shall be erected, placed or maintained on any part of a Lot, provided, however, that the normal service pedestals, etc., used in conjunction with such underground utilities shall be permitted within the subdivision. Overhead utilities shall be permitted during the construction period and until utility companies can place them underground. "Satellite dish" antennas and similar equipment in excess of 36 (thirty six) inches in diameter shall not be allowed except in a side or rear yard (and must to the fullest reasonable extent, be screened from view from adjoining Lots and roadways, as per the Architectural guidelines).

8.16 Landscaping. Landscaped and grassed areas on each Lot, as designated by the ARC's Guidelines, shall be watered by means of an automatic underground sprinkler system, which shall be employed so as to keep all vegetation in excellent condition. Approved landscaping shall be installed prior to occupancy of the building improvements on each Lot. No sprinkler or irrigation systems of any type that draw upon water

from creeks, rivers, lakes, ponds, infiltration basins, wetlands, canals, or other ground or surface waters within the subdivision, shall be installed, constructed, or operated within the subdivision by any person, unless prior written approval has been received from the Declarant.

8.17 Mining and Drilling. No derrick or other structure designed for use in boring for oil or natural gas shall be erected, placed or permitted upon any part of the subdivision, nor shall any oil, natural gas, petroleum, asphalt or hydrocarbon products or materials of any kind be produced or extracted from the premises.

8.18 Temporary Structures. No structure of a nonpermanent character shall be placed upon any Lot at any time, provided, however, that this prohibition shall not apply to shelters used by the contractors during the construction of the main Dwelling house, it being clearly understood that the latter temporary shelters may not, at any time, be used for a residence or permitted to remain on the Lot after completion of construction. Prior to placement on any Lot, all temporary construction shelters must be approved in writing by the ARC.

8.19 Other Structures. Owner shall obtain ARC "minor project" approval prior to the construction of accessory buildings or permanently installed playhouses, dog houses, gazebos, greenhouses and other such structures, as more specifically set forth in the ARC Guidelines.

8.20 Sewer, Water & Utilities. No septic tanks or surface toilets are permitted in the subdivision. Portable toilets will be allowed only during construction. If applicable, the grantee of any Lot assumes all responsibility for obtaining all necessary permits. The Property is to be served by the Union County Water & Sewer District. Owner understands and agrees that they will be responsible for the then-applicable water connection fee, sewer connection fee, electric connection fee, electric meter fee, and any impact fees, whether due at closing, when applying for a building permit, or any other time when required to be paid.

It shall be the responsibility of the Owner of each Dwelling to maintain the wastewater collection line on its property and also that portion of the collection line that crosses any common ownership prior to entering the wastewater main. The Wastewater Facilities in the subdivision will be operated in accordance with the Declaration of Covenants for Maintenance of Water Quality and/or Water Quantity Control Structures, executed on February 4, 2019, between Weddington Investors II, LLC (predecessor in interest to Declarant) and the Town of Weddington, any successors or assigns.

ONLY NATURAL GAS WILL BE PERMITTED AS A HEATING SOURCE FOR THE DWELLING, and it shall be the responsibility of the Owner of each Dwelling to use natural gas in association with their Dwelling's **primary central heat, water heater and clothes dryers** in compliance with the Piedmont Natural Gas Residential Project Agreement executed on January 30, 2019 ("**Gas Agreement**"). The gas systems in the subdivision will be operated in accordance with said Gas Agreement, between Weddington Investors II, LLC (predecessor in interest to Declarant) and Piedmont Natural Gas Company, Inc., and any successors or assigns. **FAILURE TO USE NATURAL GAS PURSUANT TO THE TERMS OF THE GAS AGREEMENT SHALL RESULT IN A \$2,205 FINE TO OWNER.**

8.21 Firearms and Fireworks. No firearms or fireworks of any variety shall be discharged upon the Lots or Common Area. The term "firearms" shall include, without limitation, guns, "B-B" guns, and pellet guns.

8.22 Driveways. All private driveways, right-of-ways, and culverts, if required, installed therein, shall be of a type and quality approved by Declarant or the ARC and the grade of same shall be set by Declarant

or the ARC or any governmental regulations. All pipe under driveways must be reinforced concrete pipe. No other material will be allowed.

8.23 Wells and Irrigation Systems. No private water wells or individual drinking water supply systems shall be permitted upon any Lot.

8.24 Ponds, Lakes and Infiltration Basins. No ponds, lakes or infiltration basins ("**Bodies of Water**") shown on any map of the subdivision shall be used for swimming, boating, diving, or fishing, nor shall the use of any personal flotation devices, jet skis, or other such items be permitted on any Bodies of Water, except as permitted by the rules and regulations of the Association in its sole discretion. No piers, docks, or barriers shall be constructed on any portion of the Bodies of Water, nor attached to the shoreline or banks thereof, except those that may be constructed by the Declarant, or as approved by the ARC. Neither the Declarant, nor the Association, shall be responsible for any loss, damage or injury to any person or property arising out of authorized or unauthorized use of Bodies of Water within the subdivision. No dredging or filling shall be undertaken on any property adjacent to any Bodies of Water. The Declarant makes no warranties whatsoever as to the water level in the Bodies of Water, nor to their continued existence beyond the time that the construction of them has been completed and they are filled with water. There is to be no interference with pumps, fountains, or water features. Declarant reserves a temporary construction easement of 40 (forty) feet in width bordering all Bodies of Water, along with the right to clear and grade the land, and enter thereon, without the risk of trespass for the purpose thereof. The temporary construction easement shall terminate within twenty-four (24) months from the time of completion of the Project and construction of the last Dwelling within the Project. There shall be no dumping or discharging of any foreign substance or material into Bodies of Water. There shall be no storage of any hazardous materials within 100 (one hundred) feet of Bodies of Water. No animal life or fish shall be introduced into the Bodies of Water.

The Declarant further makes no representations, guarantees or warranties whatsoever as to the Bodies of Water located adjacent to this subdivision. Declarant reserves the right (but shall not have the obligation) which right shall survive the closing, to place, move or remove, dirt or trees on the subject property to construct the subdivision improvements, facilitate drainage, or to provide the uniformity of grade with surrounding lots, should the foregoing be deemed necessary or appropriate in the sole discretion of the Declarant.

No right, title or interest, including without limitation, riparian rights, in any Bodies of Water shall attach to or become appurtenant to the title to any Lot by reason of or upon conveyance of such Lot by Declarant unless such conveyance specifically includes such rights. The Declarant reserves until itself, its successors and assigns, an easement upon and across every Lot to maintain and monitor said Bodies of Water. However, nothing in this Section shall relieve Owners of their responsibility to maintain the area of their Lot bordering the Common Area around the Bodies of Water.

8.25 Artificial Vegetation, Exterior Sculpture and Similar Items. No artificial vegetation, with the exception of specialty-use areas such as common-area putting greens, shall be permitted. Exterior sculptures, ornaments, statuettes, fountains, gazebos and arboretums are subject to Declarant's or ARC's prior approval.

8.26 Yard Accessories. All yard accessories, including basketball backboards and any other fixed game equipment, shall be subject to ARC review and prior approval.

8.27 Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Lot unless it is an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the ARC.

8.28 Elevation and Drainage Changes. No changes in the elevation, topography or drainage characteristics of any Lot within the subdivision shall be made without the prior written approval of the Declarant or the Association Board of Directors.

8.29 Architectural Style. The predominant architectural style for the community shall include Arts and Crafts, European Eclectic, Italianate (other than Mediterranean) and other designs using primarily brick and stone with stucco or wood accents. Well-conceived designs of other styles may be considered by the ARC.

8.30 Prohibited Building Materials. Exposed exterior walls composed of concrete block (unless covered with another approved material), imitation asphalt brick siding, tar paper, and imitation asphalt stone side shall be prohibited. All other materials are subject to the approval of the ARC, which may approve or reject such materials in its discretion, which includes on purely aesthetic grounds.

8.31 Reservation of Additional Easements and Rights. Declarant reserves for itself and its successors and assigns as developer (and all conveyances by Declarant to Association of Common Area shall be deemed to automatically reserve) easements over, under and across all Common Area for ingress and egress and for construction and completion of future phases, including, without limitation, easements for the installation, construction, reconstruction, repair, maintenance and operation of all utility services; said easements to be in addition to and not in lieu of any other rights or easements reserved by Declarant herein or in any supplement hereto or any other conveyance by or to Declarant or its predecessors in title.

8.32 Extension of Roads. Declarant shall have the right, but not the obligation, to extend any street or road within the subdivision, without seeking the approval of the Association or any other party, for the purpose of serving additional phases of the subdivision and/or parcels of property not included within the subdivision.

8.33 Voting Rights. As each phase, if any, is added to the subdivision, the Lots comprising such additional phases shall be counted for the purpose of voting rights.

8.34 Access Control. The Association shall have the right and authority, but not the obligation, to control access to the Common Area by such means as the Board, in its discretion, deems reasonable and appropriate. This authority shall include, but shall not be limited to, the right to construct, install, operate, and staff the entrance gates; to require identification for admission to the Common Area; to videotape or otherwise record and document all Persons and vehicles entering or exiting the Common Area; to screen and/or require registration of vehicles, guests, and others entering the Common Area; and to deny entry to the Common Area to unauthorized Persons. Unauthorized Persons may include Persons other than Owners, residents and their guests and invitees; police, fire, and emergency medical personnel in the performance of their official duties; and Association-authorized agents, contractors and service providers.

ARTICLE IX

AMENDMENT OF DECLARATION

9.1 Amendment Generally. This Declaration may be amended only as provided herein. No amendment to the Declaration shall be effective until executed on behalf of the Association by any officer designed for that purpose and recorded in the Office of the Register of Deeds.

9.2 Amendment of Declaration Without Approval of Owners. So long as it owns any portion of the Property, the Declarant, without the consent or approval of any other Owner, shall have the right to amend this Declaration. Thereafter, the Owners may amend the Declaration in accordance with N.C.G.S. §47F-2-117.

9.3 Changes to Plans for the Project. Nothing contained herein shall be deemed to incorporate, by reference or otherwise, any plans or proposals promulgated by Declarant with respect to the development of the Project, and Declarant reserves the right to change any plans for the Project at any time and from time to time as Declarant may determine to be necessary based upon Declarant's continuing research and design program and/or market conditions. Any plans shall not bind Declarant or its successors and assigns to adhere to such plans in the development of the Property or any part thereof. In addition, Declarant reserves the right to change, from time to time, the use of any portion(s) of the Property owned by Declarant, subject to the covenants, conditions and restrictions contained in this Declaration and any Supplemental Declarations.

ARTICLE X

MISCELLANEOUS

10.1 Time of Essence. It is agreed that time is of the essence with regard to these restrictions, protective covenants, limitations and conditions.

10.2 Fines & Suspension of Privileges or Services. In addition to all other remedies, in the sole discretion of the Board, a reasonable fine or fines may be imposed upon an Owner, their guests, invitees, Lessees, or employees for failure to comply with any covenant, restriction, rule or regulation, provided that the notice and hearing procedures set out in the North Carolina General Statutes are followed. Once imposed, fines shall be treated as an assessment, and shall be subject to the provisions for the collection of assessments. The Association may also suspend privileges or services for such failures to comply (except rights of access to and from the Owner's Lot).

10.3 Procedure for Fines & Suspension of Privileges or Services. Prior to pursuing the imposition of a fine or the suspension of privileges or services, as allowed by the Act and provided herein, the offending Owner will be notified and given 10 (ten) days in which to cure their violation. In the event the violation is not cured within this time frame, a hearing shall be held before the Board to determine whether the offending Owner should be fined or if privileges or services should be suspended. The offending Owner shall be given 10 (ten) days' notice of the hearing and charge, an opportunity to be heard at the hearing and to present evidence, as well as notice of the Board's ultimate decision. If it is decided that a fine shall be imposed, said fine shall not exceed \$100.00 (one hundred dollars). If the violation continues thereafter, further fines shall be imposed as follows: (i) an additional \$25.00 (twenty five dollars) fine on the fifth (5th) calendar day following the hearing; (ii) an additional \$50.00 (fifty dollars) fine for the sixth (6th) calendar day following the hearing; (iii) an additional \$100.00 (one hundred dollars) fine for the seventh calendar day following the hearing and for every calendar day thereafter.

10.4 Fines Secured by Liens. Fines imposed shall be assessments secured by liens under North Carolina General Statutes §47F-3-116. If it is decided that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the violation is cured, pursuant to Section 47F-2-102(11). The Association may institute actions or proceedings in law or equity to collect any sums due and owing to it under this Article X.

10.5 Responsibility of Declarant. Declarant herein shall not in any way or manner be liable or responsible for any violation of these restrictions by any person other than itself. In addition, nothing contained in this Declaration shall be deemed to be a representation by Declarant with regard to the requirements of any governmental authority, and it shall be the duty of each Owner to comply with any such governmental requirements, in addition to the provisions of this Declaration.

10.6 Rule against Perpetuities. In the event that any of the provisions hereunder are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then such period of time shall be reduced to the amount of time which shall not violate the rule against perpetuities or any other applicable law, and such provision shall be fully effective for said reduced period of time.

10.7 Duration. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Declarant, Association, and Owners of any land subject to this Declaration, and their respective legal representatives, heirs, successors and assigns. The covenants and restrictions of this Declaration may be terminated only by agreement of the Owners to which at least 90% (ninety percent) of the votes in the Association are allocated.

10.8 Notice. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when personally delivered or mailed, post-paid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

10.9 Changes of Ownership of Lots. Each Owner is required to keep the Association apprised at all times of the current name of the Owner and their address. Within 10 (ten) days following the closing of any transfer of title, the Owner desiring to sell or otherwise transfer the title to their Lot shall give the Board written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. In addition, within 10 (ten) days following any change in the name and address of the Owner, the Owner shall give the Board written notice of the changed information and such other information as the Board may reasonably require.

10.10 Exclusive Rights to Use of Name of Development. No Person shall use the name "Weddington Acres", or any derivative of such name in a logo or depiction, or in any printed or promotional materials, without Declarant's prior written consent. However, the Association shall be entitled to use the words "Weddington Acres" in its name.

10.11 Gender, Singular, Plural. Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

[SIGNATURES TO FOLLOW]

10.6 Rule against Perpetuities. In the event that any of the provisions hereunder are declared void by a court of competent jurisdiction by reason of the period of time herein stated for which the same shall be effective, then such period of time shall be reduced to the amount of time which shall not violate the rule against perpetuities or any other applicable law, and such provision shall be fully effective for said reduced period of time.

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10.11 Gender, Singular, Plural. Whenever the context so permits, the use of the singular or plural shall be interchangeable in meaning and the use of any gender shall be deemed to include all genders.

[SIGNATURES TO FOLLOW]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein has hereunto set its hand and seal this 1st day of July, 2019.

SUNBELT HOLDINGS SE I, LLC, Declarant

By: [Signature]

Print Name: Randolph Allen

Its: Manager

STATE OF North Carolina

COUNTY OF Micklenburg

I, the undersigned, a notary public for the County and State aforesaid, do hereby certify that the following person personally appeared before me this day, and acknowledged to me that he/she signed the foregoing document: Randolph Allen, the Manager of Sunbelt Holdings SE I, LLC.

Witness my hand and seal this the 1st day of July, 2019.

[SEAL] [Signature]
Notary Public Print Name: Lorj Ann Lovelace
My commission expires: 6/15/2021

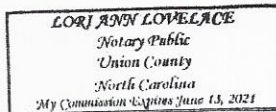


Exhibit A

41.52 Acres Weddington-Matthews Road

LYING AND BEING IN THE MONROE TOWNSHIP, UNION COUNTY, NORTH CAROLINA. BEING BOUNDED ON THE WEST BY J. WALTON HILL, JR. (DB. 274 PG. 336), AND THE WEDDINGTON MATTHEWS ROAD. BOUNDED ON THE NORTH BY THE SERVICE OIL OF MONROE, INC. (DB. 475 PG. 713), AND THE ANTIOCHCHURCH ROAD. BOUNDED ON THE EAST BY BROOKHAVEN LAND, LLC (DB. 3013 PG. 468), AND THE SOUTH BY THE STILL WELL PROPERTIES LIMITED PARTNERSHIP (DB. 1491 PG. 117).

BEGINNING AT AN EXISTING PK NAIL NEAR THE INTERSECTION OF THE WEDDINGTON MATTHEWS ROAD AND THE ANTIOCH CHURCH ROAD, THENCE WITH THE LINE OF THE SERVICE OIL OF MONROE, INC. S 83°50'20" E 42.90' TO A POINT IN THE CENTERLINE OF THE ANTIOCH CHURCH ROAD. THENCE WITH THE CENTER LINE OF THE ANTIOCH CHURCH ROAD THE FOLLOWING FOUR (4) COURSES AND DISTANCES: (1) THENCE S 36°16'34" E 154.08' TO A POINT; (2) THENCE S 35°53'20" E 141.44' TO A POINT; (3) S 35°10'27" E 269.12' TO A POINT; (4) THENCE S 34°56'36" E 80.56' TO A POINT. THENCE LEAVING SAID CENTERLINE OF THE ROAD AND WITH THE LINE OF BROOKHAVEN LAND, LLC S 13°57'54" W 2000.44' TO A SET #5 REBAR. THENCE LEAVING THE LINE OF BROOKHAVEN LAND, LLC N 77°15'53" W 79.36' TO A FOUND IRON PIPE. THENCE WITH THE LAND OF STILL WELL PROPERTIES LIMITED PARTNERSHIP THE FOLLOWING THREE (3) CALLS: (1) N 10°25'59" E 87.57' TO A FOUND CONCRETE MONUMENT; (2) THENCE N 80°51'31" W 897.75' TO A FOUND CONCRETE MONUMENT; (3) THENCE N 19°00'58" E 1024.77' TO A FOUND CONCRETE MONUMENT. THENCE LEAVING THE LINE OF STILLWELL PROPERTIES LIMITED PARTNERSHIP AND WITH THE LAND OF J WALTON HILL, JR. THENCE N 18°59'32" E 556.43' TO A SET PK NAIL IN THE CENTERLINE OF THE WEDDINGTON MATTHEWS ROAD. THENCE WITH THE CENTER LINE OF THE WEDDINGTON MATTHEWS ROAD THE FOLLOWING THREE (3) CALLS: (1) THENCE N 49°59'29" E 336.21' TO A POINT; (2) THENCE WITH A CURVE TO THE LEFT HAVING A CHORD BEARING OF N 30°37'02" E 401.97', AN ARC DISTANCE OF 410.59', AND A RADIUS OF 576.40' TO A POINT; (3) THENCE N 11 °58'51" E 171.16' TO THE POINT AND PLACE OF BEGINNING. CONTAINING 41.52 ACRES, MORE OR LESS, AS SHOWN ON MAP BY MCKIM AND CREED, DATED 1-1905, JOB No. 02473-0001, TO WHICH REFERENCE IS HEREBY MADE FOR A MORE COMPLETE DESCRIPTION.