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WAKE COUNTY, NC 264  
LAURA M RIDDICK  
REGISTER OF DEEDS  
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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR

TUNBRIDGE SUBDIVISION  
Prepared by: Richard H. Stockett  
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THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR  
TUNBRIDGE SUBDIVISION (hereinafter, the "Declaration"), is made on the 9th day of  
MAY, 2007 by Ackerman Partners, LLC, a North Carolina limited liability company  
(hereinafter, "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property in Wake County, North Carolina, which is more particularly described as follows (hereinafter, the "Property"):

Being all of Phase 1 Tunbridge Subdivision as depicted in Book of Maps BM2007  
Page 01060 Wake County registry.

AND WHEREAS, Declarant desires to create a planned community, and to provide for the preservation of values and amenities of the said community, and to that end to impose certain restrictive covenants governing and regulating the use and occupancy of the same;

NOW THEREFORE, Declarant hereby declares that the Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property. These easements, covenants, restrictions and conditions shall be real covenants running with the Property, and shall be binding on all parties having or acquiring any right, title or interest in the Property or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE 1  
DEFINITIONS

The terms set forth hereinafter in this Article 1 shall have the meanings indicated, unless otherwise expressly provided in this Declaration. Other terms may be defined elsewhere in this Declaration.

1.1 "Articles" shall mean the Articles of Incorporation of the Association filed with the Secretary of State of North Carolina, as it may be amended from time to time.

1.2 "Assessment(s)" shall mean any payment an Owner is obligated to pay the Association as permitted or contemplated by the Association Documents.

1.3 "Association" shall mean Tunbridge Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

1.4 "Association Documents" shall mean collectively and severally this Declaration, the Articles and Bylaws, and all of the instruments and documents referred to or incorporated therein, as they may be amended from time to time.

1.5 "Board of Directors" or "Board" shall mean those persons elected or appointed and acting collectively as the Board of Directors of the Association. The Board shall for all purposes be considered to be the "executive board" of the Association, as such term is used in the Planned Community Act.

1.6 "Bylaws" shall mean the bylaws of the Association, which shall be in the form set forth in *Exhibit A* to this Declaration, and all amendments thereto.

1.7 "Committee" means the Architectural Control Committee for the Association established and empowered as provided in Article 8 of this Declaration.

1.8 "Common Areas" shall mean all real property described or referred to on a Subdivision Plat as "Common Property(ies)," "Common Area(s)" or "Open Space," or shown on any Subdivision Plat as private streets, alleys, bike paths, pedestrian paths, ponds or storm water drainage or detention devices. Common Areas also shall include any Improvements located on Common Areas, and any utility lines located within the Common Areas and not within easements in favor of any Governmental Authority or other utility provider. Common Areas also shall include any other real estate deeded to the Association, other than a Lot. Utility lines located on a Lot are not portions of the Common Areas.

1.9 "Common Expenses" shall mean and include all expenditures made by, and financial liabilities of, the Association, including Operating Expenses and Special Expenses. Common Expenses shall include all expenses necessary to keep and maintain, repair and replace any and all Improvements located on the Common Areas, the Ponds and other portions of the Storm water Drainage System, personal property and furniture, fixtures and equipment upon the Common Areas, including landscaping, lawn and sprinkler service, in a manner consistent with the development of the Project and in accordance with the covenants and restrictions contained herein, and in conformity with all orders, ordinances, rulings and regulations of any and all Governmental Authorities having jurisdiction over the Property. Common Expenses also shall include the expense of any additional

maintenance the Board elects to provide on any property or Improvements located outside of the Project in order to enhance the overall appearance of the Project.

1.10 "Declarant Control Period" shall mean the period of time beginning on the date this Declaration is recorded at the Register of Deeds and ending upon the first to occur of the following: (i) when Units constituting at least ninety percent (90%) of the Total Planned Units have been conveyed to individual Owners for residential occupancy; or (ii) the recording at the Register of Deeds of a written instrument executed by Declarant terminating the Declarant Control Period.

1.11 "Declaration" means this document, as the same may be amended or supplemented from time to time.

1.12 "Deficit Funding Period" shall mean the period commencing on the date this Declaration is first recorded at the Register of Deeds and ending upon the first to occur of the following: (i) four (4) years thereafter; or (ii) the date upon which certificates of occupancy for 50 percent of the dwellings have been issued by the applicable Governmental Authorities. Declarant shall have the right to extend the Deficit Funding Period to a date ending not later than the end of the Declarant Control Period at Declarant's sole election by providing written notice to the Association of such election at least thirty (30) days prior to the expiration of the current Deficit Funding Period.

1.13 "Dwelling" shall mean any improvement or portion thereof intended for use and occupancy as one (1) single family dwelling, irrespective of the number of owners thereof (or the form of ownership).

1.14 "Entrance Facilities" means any monuments or features located at the entrance(s) to the Project, together with all related landscaping, signage, irrigation and other ancillary improvements constructed as part of such entrance feature(s).

1.15 "Governmental Authorities" means the federal government, the government of the State of North Carolina, Wake County and any agency or instrumentality of them having jurisdiction over the Property or any portion thereof.

1.16 "Improvement" means any structure or improvement including any building, fence, wall, patio, driveway, walkway, antenna, satellite dish, sign, mailbox, pool, tennis court, deck, trees, bushes, shrubs, plants, flowers and all other forms of landscaping, that is constructed, made, installed, attached, placed or developed within or upon any portion of the Property, or any change, alteration, addition or removal of any such structure or improvement.

1.17 "Institutional Lender" shall mean any commercial lending institution holding an interest in a Unit pursuant to a first lien debt instrument encumbering a Unit. Institutional Lenders shall include, but not be limited to (i) banks, savings and loan associations, insurance companies and other reputable commercial mortgage lenders; (ii) the successors and assigns of such lending institutions; (iii) any

"secondary mortgage market institution" who typically purchases, insures or guaranties mortgages, such as the Federal National Mortgage Association ("FNMA"), the Veterans Administration ("VA"), the Federal Housing Administration ("FHA"), Federal Home Loan Mortgage Corporation ("FHLMC"), the Department of Housing and Urban Development ("HUD") and similar entities; and (iv) Declarant, if Declarant holds a first lien debt instrument on any portion of the Property.

1.18 "Interest" shall mean interest at the rate of twelve percent (12%) per annum, or such other rate of interest, not exceeding eighteen percent (18%) per annum, as may be established by the Board.

1.19 "Legal Fees" shall mean reasonable fees for attorney and paralegal services and court costs incurred in connection with any contemplated, pending or active litigation, claims or other forms of legal action, including the collection of past due Assessments. Legal Fees shall be subject to any maximum amount and notice requirements set forth in the Planned Community Act, including § 47F-3-116 thereof.

1.20 "Lot" shall mean any subdivided, numbered parcel of land shown on any Subdivision Plat and intended for use as a site for a Dwelling.

1.21 "Member" shall mean every Person who holds membership in the Association.

1.22 "Operating Expenses" shall mean the Association's operating expenses, debt service, any allocations to reserves for the periodic maintenance, repair and replacement of Common Areas or otherwise, Operating Legal Expenses and other recurring Common Expenses.

1.23 "Operating Legal Expenses" shall mean any legal or other fees or expenses incurred for the purpose of suing or making, preparing or investigating any lawsuit, or commencing any lawsuit or other legal action, for any Operating Legal Matter.

1.24 "Operating Legal Matters" shall mean any of the following:

(a) The collection of any Assessment and/or enforcement of any lien for Assessments, against any Person other than Declarant.

(b) The enforcement of the use and occupancy restrictions and other provisions of the Association Documents, and the rules and regulations of the Association, against any Person other than Declarant.

(c) In an emergency where waiting to obtain the approval of the Owners creates a substantial risk of irreparable injury to the Common Areas or to Unit(s), provided that the imminent expiration of a statute of limitations shall not be deemed an emergency.

(d) Filing a compulsory counterclaim.

(e) Termination of employment relationship or enforcement of a contract, against any Person other than Declarant.

1.25 "Owner" shall mean the record owner, whether one or more persons or entities, of a fee interest or undivided fee interest to any Unit, including contract sellers, but excluding those having such interest merely as security for performance of an obligation. "Owner" shall not include Declarant.

1.26 "Planned Community Act" shall mean the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes.

1.27 "Person" shall mean an individual, a trust, an estate, a corporation, a general or limited partnership, a limited liability company, an unincorporated association or any other entity with the legal right to hold title to real property.

1.28 "Pond" means any portion of the Storm water Drainage System that contains all or any portion of a constructed wetland, lake, pond, lagoon, retention or detention area or similar area intended to collect and control the quality and/or quantity of storm water drainage.

1.29 "Special Expenses" shall mean Common Expenses incurred for: (i) the costs of construction or reconstruction, unexpected repair or replacement of a specific capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto; (ii) any Special Legal Expense; or (iii) other non-recurring Common Expenses except Operating Legal Expenses.

1.30 "Special Legal Expenses" shall mean any legal or other fees or expenses incurred for the purpose of suing or making, preparing or investigating any lawsuit, or commencing any lawsuit or other legal action, for any purpose other than any Operating Legal Matter.

1.31 "Standards" shall mean design and development standards for the Project promulgated by the Committee, and shall be more specifically defined in Section 8.2.

1.32 "Storm water Drainage System" means the system of storm water drainage for the Project, consisting of Ponds, surface swales or ditches, underground piping, catch basins, and other related facilities to achieve proper drainage for the Project.

1.33 The "Project" shall mean the residential community to be constructed on the Property and known as Tunbridge.

1.34 "Property" shall mean that certain real property described above and defined above as the "Property."

1.35 "Register of Deeds" shall mean the office of the Register of Deeds of Wake County, North Carolina.

1.36 "Subdivision Plat" shall mean a plat recorded at the Register of Deeds by which all or any portion of the Property is subdivided into Units, Common Areas and/or other areas.

1.37 "Total Planned Units" shall mean the total number of Units planned for the Project, as shown on the site plan for the Project, which may be modified from time to time. The current total number of planned units is 57.

1.38 "Unit" shall mean any Lot, Dwelling or other physical portion of the Property or improvements constructed thereon that is designated or intended for separate ownership and use as a residence. Where appropriate by context, the term shall include both the improvements and the real property on which the improvements are situated. Each Lot shall be a separate Unit even if multiple Lots are under common ownership and/or utilized for a single Dwelling. The terms "Lot" and "Unit" shall be synonymous herein.

1.39 "Working Capital Contribution" shall have the meaning set forth in Section 5.6.

## ARTICLE 2 PLAN OF DEVELOPMENT OF THE PROJECT

2.1 Declarant plans to develop the Property into one or more neighborhoods in one or more phases. Currently, Declarant plans to develop a total of 57 Units in the Property, which number is subject to change as development of the Property progresses. Declarant may add and develop additional land as part of the Project in accordance with Article 7.

2.2 Declarant's general plan of development for the Property contemplates the construction of Dwellings thereon, as well as various amenities that will enhance the Project and benefit the Owners. However there is no obligation imposed on Declarant by this Declaration to build any Dwelling or amenity on any portion of the Property. Declarant's general plan of development further contemplates that the Dwellings shall be whatever types of structures Declarant may choose (subject to the applicable zoning requirements of the applicable Governmental Authorities).

2.3 Declarant reserves the right to place additional reservations and restrictions on portions of the Property. Declarant may create one or more additional homeowners' associations to administer portions of the Property, and may delegate to such associations the power to exercise some or all of the powers of the Association, or to enforce some or all of the covenants and restrictions of this Declaration. No such delegation shall derogate the Association's power and its obligation to enforce all of the covenants and restrictions of this Declaration.

## ARTICLE 3 THE ASSOCIATION

3.1 Organization. Declarant shall incorporate the Association prior to conveyance of any Lot.

3.2 Membership. Every Owner, and Declarant, shall be a Member of the Association. The granting of a deed of trust or other security interest in a Unit will not terminate or otherwise affect a Member's membership in the Association. Membership shall be appurtenant to and may not be separated from ownership of any Unit. Ownership of a Unit shall be the sole qualification for membership. The Association may make reasonable rules relating to the proof of ownership of a Unit.

3.3 Common Area Maintenance and Taxes. The Association shall maintain, repair and replace the Common Areas and Entrance Facilities. The Association shall own and maintain, repair and replace the Ponds and any other portions of the Storm water Drainage System not maintained by a Governmental Authority in good working condition and in accordance with any storm water maintenance agreement entered into between Declarant, the Association and Wake County, and all applicable governmental requirements and regulations, so that the Storm water Drainage System continues to function properly in controlling storm water runoff and drainage from the Project. The Association will pay all ad valorem taxes and assessments levied against the Common Areas and Entrance Facilities, and any interest, penalties or other charges that accrue thereon.

3.4 Insurance. The Association shall procure and maintain property insurance insuring the Common Areas, as required under § 47F-3-113(a)(1) of the Planned Community Act. Notwithstanding § 47F-3-113(a)(1) of the Planned Community Act, the total amount of such insurance after application of any deductibles shall be not less than ninety-five percent (95%) of replacement cost, exclusive of land, excavations, foundations and other items normally excluded from property policies. The Association shall procure and maintain general liability insurance insuring against risks associated with the use, ownership or maintenance of the Common Areas. All such insurance shall comply with all the requirements of § 47F-3-113 of the Planned Community Act. The Association may procure such other forms of insurance and in such coverage amounts as the Board may determine is beneficial for the protection or preservation of the Common Areas, or in the best interest of the Association. Premiums for all such insurance policies shall be a Common Expense. During the Declarant Control Period the Association shall name Declarant as a loss payee under any property policies obtained by the Association, and as an additional insured under any general liability policies obtained by the Association. The Association shall provide to any Owner upon request evidence of the insurance procured by the Association.

3.5 Action by Association. Except as otherwise expressly provided in the Association Documents, the Planned Community Act or other applicable law, any action to be taken by the Association, or any decision to be made or consent to be rendered by the Association, shall be taken upon the assent of a majority of the Board of Directors.

3.6 Voting Classes. The Association shall have two classes of voting membership, as follows:

3.6.1 Class A. Class A Members shall be all Owners, and shall include Declarant if Declarant owns one or more Units. Class A Members shall be entitled to one (1) vote for

each Unit owned. When more than one person owns a Unit, all such persons shall be Members. The vote for such Unit shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Unit, and no fractional vote may be cast with respect to any Unit.

3.6.2 Class B. The Class B Member shall be Declarant. During the Declarant Control Period the Class B Member will be entitled to two (2) times the total number of votes of the Class A Members, plus one (1) vote. The Class B Membership shall terminate upon the termination of the Declarant Control Period.

3.7 Suspension of Voting Rights. The right of any Member to vote, except Declarant, may be suspended by the Association for just cause pursuant to its rules and regulations and in accordance with the procedures set forth in § 47F-3-107.1 of the Planned Community Act. Only those Members in good standing and eligible to vote pursuant to the Association Documents shall be entitled to cast any vote required or permitted hereunder, and only the votes of Members in good standing and eligible to vote shall be considered in any calculation of votes or any required percentage thereof.

3.8 Books and Records. The books, records, financial statements and papers of the Association, including the Association Documents, the Standards and any rules and regulations of the Association, shall be available for inspection by any Member or his designated agent during reasonable business hours at a location convenient to the Project, where copies may be purchased at a reasonable cost.

3.9 Delegation. The Association, pursuant to a resolution duly adopted by the Board, shall have the continuing authority to delegate all or any portion of its responsibilities for maintenance, operation and/or administration, as provided herein, to any managing agency or Person selected by the Board from time to time, who may be related to Declarant. The fees or costs of this or any other management company or contractors so retained shall be Operating Expenses. All contracts with management companies shall contain a provision that allows the Association unilaterally to terminate the contract without cause upon ninety (90) days notice.

3.10 Fidelity Bonds. The Association shall maintain blanket fidelity bonds for all officers, directors, trustees and employees of the Association and for all other persons handling or responsible for funds of or administered by the Association. Where the Association has delegated to a management agent some or all of the responsibility for the handling of funds, fidelity bonds shall be required for such management agent's officers, employees and agents handling or responsible for funds of, or administered on behalf of, the Association. The total amount of fidelity bond coverage shall not be less than the estimated maximum amount of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event shall the aggregate amount of such fidelity bonds be less than a sum equal to three (3) month's aggregate annual Assessments on all Units plus reserve funds. Fidelity bonds required herein shall:

3.10.1 Name the Association as an obligee;



3.10.2 Contain waivers by the insurers of the fidelity bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees", or similar terms or expression; and

3.10.3 Provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Association, to any such agent as the Association shall designate to negotiate settlement of insurance claims on behalf of the Association, and to any Institutional Lender servicing on behalf of FNMA any loan secured by any Unit.

The premiums for such fidelity bonds (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be Operating Expenses.

3.11 Payments by Declarant and Institutional Lenders. Declarant and any Institutional Lender shall have the right, but not the obligation, jointly or severally, and, at their sole option, to pay insurance premiums or fidelity bond premiums or other required Common Expenses on behalf of the Association when overdue. Declarant and any Institutional Lender paying overdue Common Expense on behalf of the Association will be entitled to immediate reimbursement from the Association plus Interest and Legal Fees. The Association shall execute an instrument in recordable form evidencing the Association's obligation to make such immediate reimbursements, and shall deliver the original of such instrument to each party who is so entitled to reimbursement.

#### ARTICLE 4 COMMON AREAS

4.1 Members' Easements of Enjoyment. Every Member and their family members, guests, tenants and invitees, shall have a right and easement of enjoyment in and to the Common Areas, including the right of ingress and egress over and upon all streets, parking areas and walkways, and such easement shall be appurtenant to and shall pass with the title to every Unit, subject to the following provisions:

4.1.1 The Association may convey or subject to a security interest any portion of the Common Areas with the written assent of Members entitled to cast eighty percent (80%) of the votes in the Association. The rights of the holder of any mortgage or deed of trust on the Common Areas shall be subordinate to the rights of the Members hereunder.

4.1.2 The right of the Association to suspend a Member's right to use the Common Areas during any period in which such Member is in default in the payment of any Assessment or for such period determined by the Association for infraction of published rules and regulations of the Association. Any such suspension shall be implemented in accordance with Article 11 and the procedures set forth in § 47F-3-107.1 of the Planned Community Act.

4.1.3 The right of the Association to formulate, amend, publish and enforce reasonable rules

and regulations, not inconsistent with the Association Documents, concerning the use and enjoyment of the Common Areas.

4.1.4 The right of the Association to grant permits, licenses and easements over the Common Areas for utilities and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project.

4.1.5 All provisions set forth in the Association Documents, including the easements granted and reserved in this Declaration.

4.1.6 Declarant's right to annex additional land to this Declaration and the rights to grant easements for the benefit of any such land.

4.1.7 All existing easements and other encumbrances of record when the Common Areas are conveyed to the Association, except debt encumbrances and other monetary liens except property taxes for the year the Common Areas are conveyed to the Association and municipal special assessments that are not in default when the Common Areas are conveyed to the Association.

4.2 Delegation of Use. Any Member may delegate his right of enjoyment to the Common Areas to the members of his family, guests, tenants and invitees.

4.3 Title to Common Areas.

4.3.1 During the Declarant Control Period, Declarant will convey to the Association fee simple title to such portion of the Common Areas as are owned by them respectively, free and clear of debt encumbrances and other monetary liens except property taxes for the year of conveyance and municipal special assessments that are not in default. Without limiting the foregoing Declarant shall make such conveyance with respect to any Common Areas owned by it and shown on any Subdivision Plat concurrently with or prior to the first conveyance to an individual Owner for residential occupancy of a Lot shown on such Subdivision Plat, regardless of whether such Lot is conveyed by Declarant. However, Declarant will not be required to so convey the Common Areas where such conveyance would be prohibited under any agreement to which Declarant is a party on the date of establishment of such Common Area. In such case, Declarant may postpone such conveyance, without penalty, until the prohibition terminates, is released or is nullified. After conveyance of the Common Areas to the Association, the Common Areas shall be the exclusive property of the Association, and no Owner shall have any right to use the Common Areas except in accordance with the Association Documents and the rules and regulations of the Association.

4.3.2 Upon completion of any Improvements on the Common Areas by Declarant, regardless of whether Declarant has conveyed the Common Areas to the Association, the Association will be responsible for all maintenance, repair and replacements therefor, the operation thereof and the construction of such additional Improvements as may be authorized by the Board.

4.3.3 In consideration of the benefits accruing to the Members under this Declaration and in consideration of the covenants and agreements of Declarant hereunder, the Association shall accept title to any property now or hereafter conveyed to it pursuant to the terms and conditions of this Declaration. Upon the due recording of a deed, easement, lease or other instrument or memorandum of conveyance to the Association filed at the Register of Deeds, title or such other interest in property conveyed will vest in and to the Association without the necessity of any further act, deed or approval of any Person, including the grantor, lessor and/or the Association.

4.4 Right to Add Additional Improvements. During the Declarant Control Period, Declarant reserves the right, but shall not be obligated, to construct additional Improvements upon the Common Areas. During the Declarant Control Period, the decision as to whether to construct additional facilities and the construction thereof shall be in the sole discretion of Declarant.

4.5 Private Use. Except as may be otherwise expressly provided herein the Common Areas are not for the use and enjoyment of the public, but are expressly reserved for the private use and enjoyment of Declarant, the Association and the Owners, their family members, guests, invitees, tenants and any other person authorized to use the Common Areas or any portion thereof by Declarant or the Association, but only in accordance with this Declaration.

4.6 Removal of Vegetation from Common Areas. No Person shall injure, cut or remove, or suffer or cause to be injured, cut or removed, any trees, shrubs, flowers or other vegetation from any Common Area without the prior written approval of the Association.

## ARTICLE 5 COVENANT FOR ASSESSMENTS

5.1 Establishment of Assessments. There is hereby imposed upon each Owner and Unit (except Units owned by Declarant during the Deficit Funding Period) the affirmative covenant and obligation to pay to the Association (in the manner herein set forth) all Assessments, including: (a) annual assessments for the Association's Operating Expenses, (b) special assessments for the Association's Special Expenses, (c) Working Capital Contributions and (d) any fines, service, collection, consulting or administration fees or other charges imposed upon a Unit or Owner pursuant to this Declaration. The Board may impose upon the Owners such service, collection, consulting or administration fees as the Board deems necessary, and such fees shall be considered Assessments.

5.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively for promoting the recreation, health, safety and welfare of the residents of the Project, enforcing this Declaration and the rules and regulations of the Association and paying Common Expenses.

5.3 Annual Assessments for Budgeted Common Expenses.

5.3.1 The total anticipated Operating Expenses for each calendar year shall be set forth in a

budget ("Budget") prepared by the Board and ratified in accordance with § 47F-3-103 of the Planned Community Act. After ratification of the Budget, the budgeted Operating Expenses shall be assessed against the Units in the form of an annual assessment.

5.3.2 Notwithstanding the provisions of Section 5.3.1, the first Budget and all subsequent Budgets prepared during the Deficit Funding Period shall be based upon a projection of the total Operating Expenses at full build-out of the Project, and the annual Assessment shall be determined by dividing the total projected Operating Expenses at full build-out by a number equal to 75% of the Total Planned Units. On any Budget, the Board shall have the right to make adjustments to the amount of total Operating Expenses projected at full build-out of the Project or any component thereof, from the amounts reflected on the previous Budget. Such adjustments shall be made based on the Board's reasonable determination of actual or potential increases or decreases in the costs associated with the services and materials covered in the Budget. Accordingly, the amount of the annual Assessment may vary from year to year during the Deficit Funding Period, as long as the annual Assessment is calculated according to the formula described above in this Section 5.3.2.

5.3.3 If any Budget proves inadequate for any reason, including nonpayment by one or more Owners of an annual Assessment, or the occurrence of any Operating Expense not set forth in the Budget, the Board may at any time levy supplementary annual Assessments. The Board shall serve notice of such assessments on all Owners of Units against which such Assessments are levied by a statement in writing giving the amount and reasons therefor, and such assessments shall become effective as determined by the Board.

5.4 Special Assessments. In any assessment year the Association may levy one or more special Assessments for the purpose of defraying Special Expenses in whole or in part. However, any special Assessment must have the assent of Members entitled to cast sixty-seven percent (67%) of the votes allocated to the Units against which the Assessment is to be levied, and who vote in person or by proxy at a meeting duly called for that purpose. Written notice of the meeting, setting forth the purpose of the meeting, shall be sent to all Owners of the Units against which the Assessment is to be levied, not less than fifteen (15) days nor more than thirty (30) days in advance of the meeting. The amount of the proposed assessment need not be stated. Any special Assessment levied during the Declarant Control Period in an amount no greater than five percent (5%) of the Budgeted Operating Expenses of the Association for a fiscal year may be levied by the Board without the approval or consent of the Owners or any other Person.

5.5 Allocation and Collection of Assessments. Except as provided in § 47F-3-115(d) of the Planned Community Act and except as provided below in this Section 5.5, the total Common Expenses for which an Assessment is levied shall be apportioned equally among the Units against which the Assessment is levied, with the quotient thus arrived at being the Assessment for each Unit. If any Common Expense is caused by the negligence or misconduct of any Owner or occupant of a Unit, or their family, guests, invitees, contractors or agents, the Association shall assess that expense exclusively against the Owner of such Unit, and such assessment shall be a lien against all Units owned by such Owner. Assessments may be collected on an annual, semiannual, quarterly or monthly

basis, as determined by the Association.

**5.6 Working Capital Contributions.** When the initial purchaser of a Unit after construction of a Dwelling thereon acquires fee simple title to the Unit, such Owner shall contribute to the Association a sum equal to one-sixth (1/6) of the then annual Assessment of the Association for such Lot (the "Working Capital Contribution"), for the purpose of initial and nonrecurring capital expenses of the Association and for providing initial working capital for the Association. The Working Capital Contributions shall be considered Assessments, and shall be liens against the Units against which they are assessed. Working Capital Contributions are not advance payments of annual Assessments, and shall have no effect on future annual Assessments.

**5.7 Deficit Funding Period.** During the Deficit Funding Period Declarant will pay the difference, if any, between the Operating Expenses incurred by the Association and the Assessments assessed against Units owned by the Owners. During the Deficit Funding Period, Declarant shall not be obligated to pay any Assessments with respect to any Units owned by Declarant. After the Deficit Funding Period terminates, Declarant shall pay annual and special Assessments for any Unit owned by Declarant at a rate equal to ten percent (10%) of the full amount of the applicable Assessments levied against a Unit not owned by Declarant.

**5.8 Certificates of Status.** Upon written demand at any time, the Association shall furnish a written certificate signed by an officer of the Association stating whether the Assessments levied against a specified Unit have been paid. A properly executed certificate of the Association as to the status of Assessments on a Unit is binding upon the Association as of the date of its issuance.

**5.9 Effect of Nonpayment of Assessments / Remedies of the Association.** Any Assessment or portion thereof that is not paid within fifteen (15) days after the due date shall bear Interest from the date of delinquency. Any delinquent Assessment, together with Interest, shall constitute a lien on the Unit against which the Assessment was levied, upon the filing of a claim of lien by the Association in the manner provided for in § 47F-3-116 of the Planned Community Act. Legal Fees associated with the enforcement and/or collection of any delinquent Assessment shall constitute a lien on the Unit against which the Assessment was levied upon the filing of a claim of lien by the Association in the manner provided for in § 47F-3-116 of the Planned Community Act and after such notice to the Owner as is required under § 47F-3-116(e1) of the Planned Community Act. In addition, such amounts shall be the joint and several personal obligation of all of the persons who were Owners of the Unit at the time the Assessment fell due. In addition to any other remedies available to the Association under the Association Documents or at law or equity, the Association may pursue any one or more of the following remedies on account of any delinquent Assessment:

- (a) To accelerate for the remainder of the calendar year the entire amount of any Assessments levied on all Units owned by the Member whose Assessment is delinquent, notwithstanding any provisions for the payment thereof in installments.
- (b) To charge Interest on such Assessment from the date it becomes due, as well as a late

charge of the greater of Twenty Dollars (\$20.00) per month or ten percent (10%) of the unpaid Assessment.

(c) To advance and pay on behalf of the Owner any taxes, payments on account of superior liens or encumbrances or other payments that may be reasonably necessary to preserve and protect the Association's lien.

(d) To file an action at law to collect any delinquent Assessment plus Interest and Legal Fees, without waiving any lien rights or rights of foreclosure.

(e) To foreclose the lien of any delinquent Assessment pursuant to § 47F-3-116 of the Planned Community Act. In any such action the Association shall have the power to purchase the Unit at the foreclosure sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same in the same manner as any third-party purchaser.

The personal obligation of an Owner for delinquent Assessments shall not pass to his successors in title unless expressly assumed by them. No Owner may waive or otherwise escape liability for any Assessment by non-use of the Common Areas or abandonment of his Unit. Upon full payment of all sums secured by an Assessment lien, the party making payment shall be entitled to a satisfaction of the claim of lien in recordable form.

5.10 Collection by Declarant. If for any reason the Association fails to collect any Assessments, then during the Declarant Control Period Declarant shall have the right (but not the obligation): (i) to advance such sums to the Association or to any payee of a Common Expense on behalf of the Association; and (ii) to collect such Assessments using any or all of the remedies available to the Association under the Association Documents against an Owner, all of which remedies are hereby declared to be available to Declarant.

5.11 Subordination of the Lien to Mortgages. The sale or transfer of any Unit shall not affect the lien of the Assessments provided for herein. However, said lien shall be subordinate to the lien of any first lien deed of trust or mortgage that is recorded after the Assessment lien is docketed. The sale or transfer of any Unit pursuant to foreclosure under a first lien deed of trust or mortgage or any proceeding or sale in lieu thereof shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Unit from liability for any Assessments thereafter becoming due or from the lien thereof. Nor shall any sale or transfer relieve the personal obligation of a prior Owner of the Unit for any Assessment.

5.12 Application of Payments. Any payments made to the Association by any Owner shall be applied first toward any sums advanced and paid by the Association to preserve and protect its lien, next toward Legal Fees incurred by the Association incidental to the collection of Assessments and/or for the enforcement of its lien, next toward Interest on any Assessments; and next toward any unpaid Assessments owed to the Association, in the inverse order that such Assessments were due.

ARTICLE 6  
EASEMENTS

6.1 Reservation and Establishments of Easements. In addition to any other easements set forth and specifically granted and referred to in other provisions of this Declaration, Declarant and Developer hereby create, reserve and establish the following perpetual easements over and across the Property as covenants running with the Property:

6.1.1 Easements for Utilities -- Common Areas. An alienable, transferable and perpetual easement, including the power to grant easements to and from any Governmental Authority or public or private utility company or other Person, is reserved for the benefit of Declarant, the Association and their respective successors and assigns, upon, over, under and across all of the Common Areas for the purpose of installing, replacing, repairing, maintaining and using master television antenna and/or cable systems, security and similar systems, and all utilities, including the Storm water Drainage System and electrical, gas, telephone, water and sewer lines, and for ingress and egress to any such facilities. Notwithstanding the foregoing, as long as Declarant owns any of the Property primarily for the purpose of development and sale, the Association must obtain the written approval of Declarant prior to granting any such easements to any Person. To the extent practical, in Declarant's sole discretion, all utility lines and facilities serving the Project and located on the Property will be located underground. Pursuant to any such easement the providing utility company or other supplier or Person, with respect to the portions of the Property encumbered by the easement, may erect and maintain pipes, lines, manholes, pumps and other necessary equipment and facilities, to cut and remove any trees, bushes or shrubbery, to grade, excavate or fill, or to take any other similar action reasonably necessary to provide economical and safe installation, maintenance, repair, replacement and use of such utilities and systems.

6.1.2 Easements for Utilities -- Lots. An alienable, transferable and perpetual easement, including the power to grant easements to and from any Governmental Authority or public or private utility company or other Person, is reserved for the benefit of Declarant, the Association and their respective successors and assigns, upon, over, under and across a ten (10) foot strip along the rear property line of each Lot and a five (5) foot strip along each interior side lot line of each Lot, for the purpose of installing, replacing, repairing, maintaining and using master television antenna and/or cable systems, security and similar systems, and all utilities, including the Storm water Drainage System and electrical, gas, telephone, water and sewer lines, and for ingress and egress to any such facilities. No permanent structures may be placed on any such easement area, and Declarant, the Association or other easement holder may remove any such encroaching structures without any compensation or liability to the Owner. Declarant shall have the right to move this easement to conform to any recombination of a Lot.

6.1.3 Easement for Encroachment. If (i) any Improvement constructed upon Common Areas, or (ii) any Improvement constructed upon a Lot (subject to the limitation described

below), encroaches upon an adjoining Lot or the Common Areas because of the placement, construction, reconstruction, repair, movement, settling or shifting of such Improvements, and such Improvement was constructed, reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist so long as the encroachment remains, provided that in no event shall such an easement exist for willful encroachments. For Improvements constructed upon a Lot this easement shall apply only to Improvements that constitute a completed building, and that do not encroach more than three (3) feet into or upon an adjacent Lot or Common Areas, and shall not include fences, walls, patios, antennas, driveways, walkways, signs, mailboxes, pools, tennis courts, landscaping or other structures or Improvements that are not a completed building.

**6.1.4 Easement to Enter Upon Lots.** An easement is reserved for ingress and egress in favor of Declarant, the Committee, the Association, including the Board or the designee of the Board, to enter upon the Lots for the purposes of inspecting any construction or proposed construction of Improvements, or fulfilling its duties and responsibilities of ownership, maintenance and/or repair in accordance with the Association Documents, including the making of such repairs, maintenance or reconstruction as are necessary for the Common Areas or any Dwelling.

**6.1.5 Project Drainage Easement.** An easement is reserved over, under, across and upon the Property for the benefit of the Property (the "Project Drainage Easement"). The Project Drainage Easement shall be for the purpose of installing, constructing, maintaining, using, operating, repairing and replacing the Storm water Drainage System in accordance with the approved development plans for the Project. The Project Drainage Easement shall burden and benefit all portions of the Property, and shall be appurtenant to the Property. The location of the Project Drainage Easement on the Property shall be as reflected on the Subdivision Plats. The Project Drainage Easement also includes reasonable rights to enter upon the burdened portions of the Property in order to access the locations, facilities and installations of the Storm water Drainage System thereon. Such rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action that Declarant or the Association reasonably deem necessary or appropriate. After such action has been completed, Declarant or the Association (as applicable) shall grade and seed the affected property and otherwise restore the affected property to its original condition to the extent reasonably practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. Declarant and the Association shall give reasonable notice of its intent to take such action to all affected Owners.

**6.1.6 Sale and Development Easement.** An easement is reserved in favor of Declarant over, upon, across and under the Property for all purposes reasonably related to the development, construction, leasing, sale and promotion of any Unit or any lot or dwelling within any other property owned by Declarant, provided that no such easement shall be located within or upon any Dwelling, and shall not materially adversely impair or diminish any Owner's use or



enjoyment of such Owner's Unit. Declarant shall repair any damage to the Property resulting from its use of this easement, to the extent reasonably practicable. Without limiting the foregoing, this easement shall include the following rights:

6.1.6.1 Easement for Sales Offices, Management Offices and Models. Declarant shall have the right to maintain sales offices, management offices and models on the Property, and to relocate such models, management offices and sales offices from time to time anywhere within any part of the Property owned by Declarant, or the Association. Declarant reserves the right to place models, management offices and sales offices on any portion of the Common Areas in such manner, of such size and in such locations as Declarant deems appropriate. Declarant may from time to time relocate models, management offices and sales offices to different locations within any part of the Property owned by Declarant, Developer or the Association. Upon the removal or relocation of a model, management office or sales office on the Common Areas, Declarant may remove all personal property and fixtures therefrom. Any fixtures not so removed shall be deemed part of the Common Areas, and any personal property not so removed shall be deemed the property of the Association.

6.1.6.2 Easement for Access, Parking, Storage and Marketing. Declarant shall have the right to use the Property for vehicular and pedestrian ingress and egress, parking of motor vehicles, the movement and storage of building materials and equipment and the conduct of sales, leasing and management activities.

6.1.6.3 Easement for Advertising Signs. Declarant shall have the right to erect and maintain on any part of the Property owned by Declarant, or the Association such directional, promotional or advertising signs as Declarant in its sole discretion may deem appropriate, provided that such signs comply with applicable governmental requirements. Declarant or its agents may from time to time place or relocate such advertising signs within any part of the Property owned by Declarant, or the Association.

6.1.7 Maintenance Easements. If any Dwelling is located closer than five (5) feet to an adjoining Lot or if any utility lines or facilities exclusively serving a Dwelling are located in whole or in part on an adjoining Lot, the Owner of said Dwelling shall have a perpetual access easement over the adjoining Lot to (i) repair, maintain, perform, paint or reconstruct his Dwelling, and (ii) to repair, maintain, replace and inspect any utility lines or facilities serving his Dwelling. Any use of the easement shall be done expeditiously and, upon completion of the work, the Owner shall repair any damage resulting from its use of the easement, to the extent reasonably practicable. No fence, wall, storage shed or other permanent structure or any other kind of obstruction shall be permitted in the easement area that will obstruct access to the adjoining Dwelling.

6.1.8 Easement for Amenities. An easement is hereby reserved in favor Declarant and the

Association over the Property for the installation, operation, inspection, maintenance, repair and replacement of landscaping, lighting, a common sprinkler system, Entrance Facilities or any other item for the common enjoyment and benefit of the Owners, over, under, across and upon any portions of the Property, including any applicable portions of a Lot, indicated on a Subdivision Plat as an easement for any of such purposes. No Owner shall damage, destroy, alter or otherwise disrupt any of such items so installed. Each Owner shall hold the Association and/or Declarant harmless from the cost of repairing or replacing any of such items that are damaged or destroyed by the acts of such Owner, his family, guests, invitees, contractors, tenants or agents. The Owner of any Lot upon which any such easements are located, and his family, guests, invitees, contractors, tenants or agents, shall not install any landscaping or Improvements of any type within the easement area, and shall not take any action that would interfere with, prevent, limit, delay or restrict the Association from performing its obligation to maintain the applicable amenities constructed therein or exercising its easement rights as granted herein.

**6.1.9 Additional Easements.** Declarant and the Association, on their behalf and on behalf of all Owners, each shall have the right to (i) grant additional easements over, upon, under and/or across the Common Areas in favor of Declarant or any other Person, Governmental Authority or utility company, or modify, relocate, abandon or terminate existing easements benefitting or affecting the Property. In connection with the grant, modification, relocation, abandonment or termination of any easement, Declarant reserves the right to relocate roads, parking areas, utility lines and other Improvements upon or serving the Property. No exercise of this easement shall interfere with the use of any Dwelling or shall materially adversely impair or diminish any Owner's use or enjoyment of such Owner's Unit without the consent of the Owner of such Unit and any Institutional Lender secured by the Unit.

**6.1.10 Easement for Governmental Agencies.** An easement is hereby established over the Common Areas for the benefit of applicable Governmental Authorities, public utility companies and public service agencies as necessary for setting, removing and reading meters, replacing and maintaining water, sewer and drainage facilities, electrical, telephone, gas and television cable lines, fire fighting, garbage collection, postal delivery, emergency and rescue activities and law enforcement activities. If, in accordance with this Declaration, any Common Area ceases being a Common Area for any reason, the easement established under this Section 6.1.10 shall terminate with respect to such former Common Area.

**6.1.11 Easement for Declarant Access.** An easement is reserved in favor of Declarant over, upon, across and under the Common Areas for the purpose of pedestrian and vehicular ingress, egress and regress to all or any part of the Property, including the right to modify the location of improvements in the Common Areas to facilitate such ingress, egress and regress, including the removal of obstructions to the exercise of the easement, and the grading or re-grading of landscaped areas of the Common Areas. Declarant shall repair any damage to the Property resulting from its use of this easement, to the extent reasonably practicable.

6.2 Assignments. The easements reserved hereunder may be assigned by Declarant or the Association in whole or in part to any Governmental Authority, or any duly licensed or franchised public utility, or any other designee of Declarant. The Owners hereby authorize Declarant and/or the Association to execute, on their behalf and without further authorization, such grants of easement or other instruments as may from time to time be necessary to grant easements over and upon the Property or portions thereof in accordance with the provisions of this Declaration.

6.3 Termination of Declarant Easements. All easements reserved hereunder in favor of Declarant shall terminate when Units constituting all of the Total Planned Units have been conveyed to individual Owners for residential occupancy, except that any easement that Declarant creates in favor of any third party, or assigns to any third party, pursuant to the terms hereof, shall not terminate, but only Declarant's continuing right to create or assign such easements shall terminate. The easement rights granted or reserved by Declarant, or granted to Declarant, hereunder shall not be construed as creating in Declarant an affirmative obligation to act under any circumstances.

## ARTICLE 7 ANNEXATION AND WITHDRAWAL

7.1 Annexation During Declarant Control Period. During the Declarant Control Period Declarant shall have the sole right to annex additional land into the coverage of this Declaration and thereby add to the Project. During the Declarant Control Period Declarant may annex into the coverage of this Declaration any real property owned by Declarant that is contiguous to the Property or that is separated from the Property only by public right(s)-of-way, without the approval or joinder of the Association, the Owners or any other Person, by recording at the Register of Deeds a supplemental declaration describing the annexed land and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions. The supplemental declaration may contain such additions or modifications to the terms of this Declaration as may be necessary or desirable to reflect the different character, if any, of the land being annexed, and as are not inconsistent with the general scheme of this Declaration, including the right to grant or reserve easements for the benefit of the annexed land. Declarant is not obligated to add to the Project, or to develop any annexed land under a common scheme with the Project. Further, Declarant may change any development plans with respect to annexed land. All Owners by acceptance of a deed to their Units, consent to any rezoning or other development approval sought by Declarant for any land Declarant proposes to annex into the Project, and shall evidence such consent in writing at any time if requested to do so by Declarant without obviating the effect of this provision.

7.2 Annexation After Declarant Control Period. After the Declarant Control Period, annexation of additional land into the coverage of this Declaration shall require a written supplemental declaration signed by Members who hold at least sixty-seven percent (67%) of the votes in the Association. Such supplemental declaration shall describe the annexed land, shall incorporate the provisions of this Declaration, either by reference or by fully setting out said provisions be signed by the Association, and shall be recorded at the Register of Deeds.

7.3 Withdrawal. Declarant may withdraw from the coverage of this Declaration, without the approval or joinder of the Association, the Owners or any other Person, any portion of the Property owned by Declarant and not shown as Common Area on any Subdivision Plat by reference to which any Lot has been conveyed. Any such withdrawal shall be recorded at the Register of Deeds. Any land that is withdrawn from the coverage of this Declaration shall thereafter not be deemed to be part of the Property or Project for any purpose.

7.4 Miscellaneous. The annexation of additional property into the Project may increase the maximum number of Lots within the Project, and therefore may alter the relative voting strength of the Members. Any land that is annexed into the coverage of this Declaration shall thereafter be deemed to be part of the Property and Project for all purposes. Any annexation shall be effective as of the recording at the Register of Deeds of a supplemental declaration with respect to the annexed land, or such later date as may be specified therein. Subsequent to recordation of a supplemental declaration, the owner of the annexed land shall convey any Common Areas thereon to the Association in accordance with Section 4.3.

## ARTICLE 8 ARCHITECTURAL CONTROL

8.1 Establishment of Committee. "Committee" shall mean the architectural control committee, which shall be the body charged with promoting and maintaining a high level of design, quality, harmony and conformity throughout the Project consistent with this Declaration, and for reviewing the construction or modification of all Improvements within the Project except those constructed or modified by Declarant. During the Declarant Control Period Declarant shall constitute the Committee, and may take any action the Committee is empowered to take, on behalf of the Committee in Declarant's own name or in the name of the Committee. After the termination of the Declarant Control Period, the Committee shall be composed of at least three (3) individuals appointed by the Board, each of whom shall be an Owner. The Committee shall act by simple majority vote. In the event of death, resignation or other removal of any Board-appointed member of the Committee the Board shall appoint a successor member. No member of the Committee shall be entitled to compensation for, or be liable for claims, causes of action or damages arising out of, services performed pursuant to this Declaration. The Association shall indemnify and hold harmless the members of the Committee from all costs, expenses and liabilities, including Legal Fees, incurred by virtue of a member's service as a member of the Committee, provided such member acted in good faith and without malice.

8.2 Development Standards. The Committee is empowered to publish or modify from time to time, design and development standards for the Project, including, but not limited to, standards for the following ("Standards"): (i) architectural design of Improvements, including design standards for any Dwelling or other Improvement constructed upon a Lot; (ii) exterior building materials and colors; (iii) exterior appurtenances relating to utility installation; (iv) signs and graphics, mailboxes and exterior lighting; (v) building setbacks, pools and pool decks, side yards and related height, bulk, and design criteria; (vi) pedestrian and bicycle ways, sidewalks and pathways; and (vii) all

Improvements on the Common Areas. After the termination of the Declarant Control Period, a copy of any Standards previously promulgated by the Committee shall be subject to approval by the Board. After the Board's approval, a copy of the Standards will be made available to all Members.

**8.3 Requirement of Committee Approval.** None of the following shall be permitted on any Unit without the prior approval of the Committee, obtained as provided in Section 8.4: (i) construction, improvement or alteration of any Improvement on the Property; (ii) alteration of the exterior appearance of any Improvement, including any change in the color of the exterior paint, stain or varnish, any change in the color or material of the shingles thereon or other activity that in any way alters the exterior appearance of an Improvement; and (iii) grading or excavation of any Lot. Notwithstanding the foregoing, during the Declarant Control Period, Improvements owned by Declarant or constructed, improved, altered or maintained by or with the approval of Declarant are not subject to the approval of the Committee, and are deemed to conform to the plan of development for the Property.

**8.4 Obtaining Committee Approval.** In order to obtain the approval of the Committee, a complete and detailed set of plans and specifications ("Plans") for proposed Improvements shall be submitted to the Committee for its review. The Plans shall include, as appropriate, the proposed location, grade, elevations, shape, dimensions, exterior color plans, approximate costs and nature, type and color of materials to be used. The Committee also may require the submission of additional information and materials as may be reasonably necessary for the Committee to evaluate the proposed Improvement or alteration ("Submissions"). The Committee shall have the right to refuse to approve any proposed Plans and Submissions that do not conform to the Standards in any respect or, if Standards have not been promulgated, that are not in harmony with the rest of the Project in the Committee's reasonable discretion. Notwithstanding the foregoing, when Declarant constitutes the Committee, Declarant may refuse to approve any proposed Plans and Submissions that, in Declarant's sole discretion, are not suitable or desirable in the Project. Any and all approvals or disapprovals of the Committee shall be in writing, and shall be sent to each Owner submitting same. If the Committee fails to approve or to disapprove in writing any Plans and Submissions within sixty (60) days after submission to the Committee of the last item of the Plans and Submissions requested by the Committee, so that the Committee has a complete package of all Plans and Submissions requested by the Committee, then said Plans and Submissions shall be deemed to have been approved by the Committee if the proposal therein will not violate this Declaration or any applicable zoning or building ordinance or regulation.

**8.5 Scope of Review.** The Committee shall review and approve or disapprove all Plans and Submissions solely on the basis of the aesthetic quality of the design and materials to be used, suitability and harmony of location, structure and external design in relation to surrounding topography and structures and the overall benefit or detriment that would result to the immediate vicinity and to the Project as a whole. The Committee shall not be responsible for reviewing, nor shall its approval of any Plans be deemed approval of, any design or plan from the standpoint of structural safety or conformance with building or other codes. Each Owner shall be responsible for obtaining all necessary technical data and for making application to and obtaining the approval of the

appropriate Governmental Authorities prior to commencement of any construction.

8.6 Variance from Standards. The Committee may authorize, in a reasonable manner so as not to destroy the general scheme or plans of the Project, variances from compliance with any Standards when circumstances such as topography, natural obstructions, hardship, aesthetics or environmental considerations may require. If any such variances are granted, no violation of the restrictions contained in this Declaration shall be deemed to have occurred with respect to the matter for which the variance was granted. The granting of such a variance shall not operate to waive any of the terms and provisions of this Declaration for any purpose, except as to that particular Improvement and that particular Standard or provision hereof that is covered by the variance. Such variance shall be evidenced in writing, a copy of which shall be kept in the records of the Association.

8.7 Entry. There is specifically reserved unto the Committee the right of entry and inspection upon any Lot or other portion of the Property for the purpose of determination by the Committee whether there exists any Improvement that violates the terms of any approval by the Committee or the terms of this Declaration. Except in emergencies, any exercise of the right of entry and inspection by the Committee hereunder should be made only upon reasonable notice to the Owner of record at least twenty-four (24) hours in advance of such entry.

8.8 Subcommittees and Delegation of Authority. The Committee may establish subcommittees for the purpose of acting on behalf of the Committee with respect to similar circumstances, situations or types of Improvements, such as a swimming pool subcommittee or a subcommittee for modifications of existing Improvements or construction of new Improvements ancillary to an existing Dwelling. All rights and powers of the Committee may be delegated to such subcommittee with regard to the subject matter of the subcommittee. Also, the rights and powers of the Committee, or any portion of such rights and powers applicable to a particular subcommittee or area of similar circumstance, may be assigned to a management company, an architect, design professional or other entity.

## ARTICLE 9 USE RESTRICTIONS

For purposes of this Article 9, unless the context otherwise requires, Owner also shall include the family, invitees, guests, tenants and licensees of any Owner, and any other permitted occupant of a Unit. In addition to any other restrictions set forth in this Declaration, the Units shall be held, used and enjoyed subject to the limitations and restrictions set forth hereinafter in this Article 9, provided that the limitations and restrictions set forth in this Article 9 shall not apply to Declarant or Developer, or to any portion of the Property owned by Declarant .

9.1 Residential Use Only. The Units shall be for single-family residential use only. No trade, business, profession or commercial occupation or activity may be carried on in the Project except such home office use as is expressly permitted below. No trade materials or inventories may be stored upon a Lot. The foregoing limitations shall not preclude occasional garage sales, moving sales,

rummage sales or similar activities, provided that such activities may not be held on any one Unit more than once in any three (3) month period and, when held, may not exceed two (2) consecutive days in duration. The foregoing shall not prohibit an Owner from leasing his Unit.

9.2 Home Office Use. An occupant of a Unit may use the Unit for home office use so long as: (i) the existence or operation of the activity is not apparent or detectable by sight, sound or smell from outside the Unit; (ii) the activity conforms to all zoning requirements for the Property; (iii) the activity does not involve door-to-door solicitation of residents; (iv) the activity is consistent with the character of the Project and does not constitute a nuisance, a hazardous or offensive use, or a threat to the security or safety of others; and (v) the activity does not generate a level of vehicular parking greater than other Units in the Project.

9.3 Maintenance. Each Owner shall maintain his Dwelling and all Improvements and personal property upon his Lot in good condition at all times. Each Owner shall maintain in good condition and repair and in a neat and attractive manner the exterior of such Owner's Dwelling, including roofs, walls, doors, windows, patio areas, pools, screenings and awnings. All exterior painted areas shall be painted as often as reasonably necessary, with colors that are harmonious with other Dwellings, and no excessive rust deposits on the exterior of any Dwelling, peeling of paint or discoloration of same shall be permitted. No Owner shall change the exterior color of his Dwelling without the consent of the Committee. All sidewalks, driveways and parking areas within a Lot or serving a Dwelling shall be cleaned and kept free of debris, and cracks, damaged and/or eroding areas on same shall be repaired, replaced and/or resurfaced as necessary. Each Owner shall prevent the development of any unclean, unsightly or unkempt condition on his Lot that tends substantially to decrease the beauty of the Project as a whole or the area surrounding the Lot. Each Owner shall mow the lawn on his Lot as needed, and shall maintain the landscaping on his Lot to insure proper drainage and prevent soil erosion.

9.4 No Subdivision. No Lot shall be subdivided or recombined in any manner. However, more than one Lot may be used as a building site for a single Dwelling provided the provisions of Article 8 are complied with.

9.5 Time Shares. No portion of the Property shall be developed, marketed or sold as a time share.

9.6 Surface Water Management. No Owner or any other person shall do anything to affect adversely the Storm water Drainage System and the general surface water management and drainage of the Property, without the prior written approval of the Committee and any controlling Governmental Authority, including the excavation or filling in of any Lot. The foregoing shall not be deemed to prohibit or restrict the initial construction of Improvements upon the Property by Declarant in accordance with permits issued by controlling Governmental Authorities. No Owner shall install any landscaping or place any fill on the Owner's Lot that would adversely affect the drainage of any contiguous Lot. No Owner shall reshape or alter the topographical features or area

within any drainage easement, nor shall any Owner install fences or other Improvements or structures within a drainage easement, including the installation of landscaping, plants, trees or other vegetation, except for low growing grass. The application of herbicide to the portions of the Property within any drainage easement is prohibited.

9.7 Grading and Filling. No grading, filling or other alteration of the topography or elevation of any Lot shall be undertaken without the prior written approval of the Association.

9.8 Removal of Trees. No tree having a trunk diameter exceeding six (6) inches (18 3/4 inches in circumference), four (4) feet above ground level, shall be removed without the prior written approval of the Association unless the tree is dead or diseased or poses an imminent threat or danger to persons or property.

9.9 Signs. No Owner shall place any signs, billboards or posters of any nature within (i) any Common Area, (ii) the right-of-way of any street within the Project, or (iii) any other portion of the Project outside the boundaries of such Owner's Unit. No signs, billboards or posters of any nature shall be erected, placed, exhibited or maintained on any Unit except the following:

9.9.1 Identification signs not to exceed one (1) square foot in display area, and not illuminated, bearing only the address and/or names of the occupants of the Unit.

9.9.2 Signs intended to influence the outcome of an election, including supporting or opposing an issue on the election ballot, provided that such signs: (i) shall not be illuminated; (ii) shall not exceed four (4) square feet in display area except to the extent that any applicable city, town or county ordinance applicable to the Property that regulates the size of political signs on residential property permits larger political signs on residential property; (iii) shall not be displayed earlier than forty-five (45) days prior nor seven (7) days after the election the sign is intended to influence; and (iv) shall be displayed only upon any portion of a Unit not subject to any easement.

9.9.3 "For Sale" or "For Rent" signs pertaining to Units offered for sale or rent, not exceeding nine (9) square feet in display area, not illuminated, and placed no closer to a front property line than ten (10) feet. There shall be a limit of one such sign for each street abutting a particular Unit.

9.9.4 Temporary signs giving information pertaining to construction taking place on the Lot upon which the sign is located, and which must be removed prior to issuance of a certificate of occupancy. Temporary signs shall not be illuminated, shall not be erected more than twenty-one (21) days per calendar year and shall not be larger than nine (9) square feet in display area. Only one temporary sign shall be permitted on any particular Lot.

9.9.5 Such address identification or other signs as may be required by Governmental Authorities.



9.10 Nuisances. No obnoxious or offensive, hazardous or unlawful activity shall be carried on about the Lots or in or about any portion of the Property, nor shall anything be done therein that may be or become an unreasonable annoyance or a nuisance to any Owner. No use or practice shall be allowed in or around any Unit that is a source of annoyance to Owners or occupants of other Units or that interferes with the peaceful possession or proper use of the other Units or the surrounding areas. No loud noises or noxious odors shall be permitted emanate from any Unit. No activity shall be permitted on any Unit that may reasonably be expected to result in an increase in the rate of any insurance policy or policies covering or with respect to any portion of the Property not owned by the Owner of such Unit.

9.11 Pets and Other Animals. Only common domesticated household pets may be kept on any Lot or Dwelling, and such pets shall at all times be confined within fenced areas of the owner's Lot, kept in the Dwelling or on a leash. No other animals, livestock or poultry of any kind shall be kept, raised, bred or maintained on any portion of the Property. No animals of any kind shall be kept or maintained for breeding or any other commercial purpose. Permitted pets shall only be kept subject to and in accordance with such rules and regulations as shall be promulgated from time to time by the Board. The Board shall have the right to forbid or prohibit certain breeds or types of animals. Any pet must not be an unreasonable nuisance or annoyance to other residents on the Property. The Board may adopt reasonable rules and regulations concerning animals that are more restrictive than the provisions of this Declaration, including rules requiring that all animals be kept on a leash when on the Common Areas or outside the pet owner's Lot, that animals be restricted to designated areas within the Common Areas and that Owners are responsible for cleaning up any mess that a pet creates upon any Lot or Common Area. The Board may require any pet to be removed immediately and permanently from the Property due to a violation of this Section 9.12 or any of the Board's rules and regulations. Each Owner who keeps or intends to keep a pet shall indemnify the Association and Declarant and hold them harmless against any loss or liability of any kind or character whatsoever arising from he or she having any animal on the Property.

9.12 Fences and Walls. No fence, wall, hedge or mass planting shall be permitted on a Lot without the prior written approval of the Association in accordance with Article 8. Any permitted fence or wall must meet all applicable requirements of any Governmental Authority, and must comply with all Standards published with respect thereto. No fence or wall shall be erected on any Lot closer to any street than the rear corner of the Dwelling on the Lot. Chain-link or other metal fencing is not permitted, except that two (2) inch by four (4) inch mesh may be used with split-rail fencing to contain animals within the Lot. Nothing in this Section 9.13 shall be deemed to apply to or regulate retaining walls made necessary by the slope or grade of any Lot, nor shall anything in this Section 9.13 apply to any fence installed by Declarant at any entrance to or along any street within the Project.

9.13 Parking and Vehicular Restrictions. Vehicles may be parked or stored only on portions of a Lot improved for that purpose, i.e., garage, driveway, carport or parking pad. No unenclosed parking shall be constructed or maintained on any Lot except such a paved driveway and an attached

paved parking pad, which pad shall be designed to accommodate no more than two (2) vehicles. Any driveway or parking pad constructed upon a Lot shall have either an asphaltic concrete surface, a cement concrete surface, or brick pavers. Boats, trailers, campers, recreational vehicles, tractors, commercial vehicles, large vehicles or abandoned or inoperative vehicles of any type shall be stored or parked only in garages or other well screened enclosures approved in advance for such use in writing by the Committee, and shall not be used as dwellings under any circumstances. In no event shall any such vehicles be parked on any street in the Project or visible from any street, any other Lot or any Common Area. No automobiles or mechanical equipment may be dismantled or allowed to accumulate on any Lot.

9.14 Paving / Crushed Stone. No part of any Lot shall be paved or covered in crushed stone except for such driveways and parking pads as are expressly permitted in this Declaration.

9.15 Temporary Buildings / Accessory Buildings / Manufactured Homes. No mobile homes, manufactured homes, modular homes, mobile house trailers (whether on or off wheels), tents, shacks or other temporary buildings or structures shall be constructed or otherwise placed upon the Property except in connection with construction, development, leasing or sales activities permitted by the Committee or performed by Declarant. No temporary structure may be used as a dwelling. No garden shed, storage shed, out-building or other permanent structure that is detached from the Dwelling shall be constructed or placed upon the Property unless approved by the Committee.

9.16 Outside Storage of Personal Property. The personal property of any Owner shall be kept inside the Owner's Dwelling, except patio furniture and accessories and other personal property commonly kept outside, which must be kept in the rear of the Lot and must be neat in appearance and in good condition.

9.17 Exterior Appurtenances. No Unit shall have any apparatus attached to its exterior, including lightning rods, weather vanes and antennas, except as expressly allowed in this Declaration. No freestanding or detached flagpole or decorative banner shall be placed on any Lot. An Owner may attach to a Unit a flagpole holder suitable for a single flagpole of no more than six (6) feet in length, and shall be permitted to fly thereon the flag of the United States of America or the State of North Carolina at any time, provided such flag is no larger than twenty-four (24) square feet in area. Notwithstanding the foregoing, nothing in this Declaration is intended to regulate or prohibit the display of the flag of the United States of America or the State of North Carolina upon any portion of a Unit not subject to any easement, provided such flag is of a size no greater than four (4) feet by six (6) feet and is displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. §§ 5-10. Only central air conditioning units are permitted. No window, wall or portable air conditioning units are permitted. No air conditioning or heating apparatus, unit or equipment shall be installed on the ground in front of, or attached to any front wall of, any Dwelling.

9.18 Antennas and Satellite Dishes. No Owner may erect or maintain a television or radio receiving or transmitting antenna, satellite dish or similar apparatus or equipment unless: (i) such apparatus is two (2) feet or less in diameter, (ii) the apparatus is screened from public view and located behind the

Dwelling either in the rear yard or affixed to the rear roof, (iii) the apparatus is not visible while standing at any point along any property boundary line of the Lot that abuts or is adjacent to a street, right-of-way, common area or sidewalk, and (iv) the Committee has approved the apparatus, its location and the type of screening. No Unit shall have more than one such apparatus.

9.19 Utility Connections. All telephone, electric and other utility lines and connections between the main utility lines and any Improvement shall be concealed and located underground so as not be visible.

9.20 Oil and Gas Tanks. No petroleum tanks, bottled gas tanks or similar apparatuses shall be permitted underground or aboveground on any Lot.

9.21 Septic Tanks and Wells. No septic tank shall be installed, used or maintained on any Lot. No well shall be installed, used or maintained on any Lot for human domestic water consumption, nor shall any well be connected in any manner whatsoever to any water mains, laterals or piping that furnish domestic water to a Unit from sources beyond the boundaries of the Unit.

9.22 Trash and Other Materials. Each Owner shall regularly pick up all garbage, trash, refuse or rubbish on his Lot, and no Owner or resident shall place or dump any garbage, trash, refuse, rubbish or other materials on any other portions of the Property. Garbage, trash, refuse or rubbish that is required to be placed at the front of a Lot for collection may be placed and kept at the front of the Lot after 5:00 p.m. on the day before the scheduled day of collection, and any trash facilities must be removed on the collection day. All garbage, trash, refuse or rubbish must be placed in appropriate trash facilities or bags. All containers, dumpsters or garbage facilities shall be stored inside a Dwelling or a fenced-in area in the rear yard of a Lot and kept in a clean and sanitary condition. No noxious or offensive odors shall be permitted.

9.23 Garages. No garage shall be permanently enclosed so as to be unusable by an automobile, and no portion of a garage originally intended for the parking of an automobile shall be converted into a living space, and no garage opening shall have a screen covering without the consent of the Committee. All garage doors shall remain closed when vehicles or Persons are not entering or leaving the garage. The foregoing shall not prohibit any garages used or formerly used by Declarant as an office or other area in connection with the sale of Dwellings.

9.24 Clotheslines and outside Clothes Drying. No clotheslines or clothespoles shall be erected, and no outside clothes-drying is permitted, except where such activity is advised or mandated by Governmental Authorities for energy conservation purposes, in which event the Committee shall have the right to approve the portions of any Lot used for outdoor clothes-drying purposes and the types of devices to be employed, which approval must be in writing.

9.25 Window Treatments. Window treatments shall consist of drapery, blinds, decorative panels, or other tasteful window covering, and no newspaper, aluminum foil, sheets or other temporary window treatments are permitted, except for periods not exceeding one (1) week after a Owner or tenant first

moves into a Dwelling or when permanent window treatments are being cleaned or repaired.

9.26 Ponds. The rules and regulations of the Association may contain rules, regulations and requirements concerning the use of the Ponds and any open space or other areas surrounding the Ponds, which shall be in addition to any provisions of this Declaration. There shall be no swimming, use of personal flotation devices or boating of any type (whether powered or not) on the Ponds. No Owner shall construct or install any piers or docks on any portion of the Ponds, or on any portion of a Lot that abuts a Pond. Declarant or the Association may construct a pier or dock on or adjacent to a Pond for the use and enjoyment of the Owners. No Owner shall be permitted to use water from the Ponds for irrigation or for any other purpose whatsoever. Neither Declarant nor the Association shall be responsible for any loss, damage or injury to any person or property arising out of the authorized or unauthorized use of the Ponds.

9.27 Swimming Pools. No swimming pools, spas or the like shall be permitted in the Project without the prior written consent of the Committee. No above-ground swimming pools whatsoever shall be permitted within the Project, except that small, inflatable wading pools shall be permitted.

9.28 Mailboxes. No mailboxes are permitted without the consent of the Committee, except for mailboxes that are substantially identical to mailboxes originally provided for the Dwellings by Declarant.

9.29 Wetland Areas. No Owner shall remove native vegetation that becomes established within any wetland areas located on or adjacent to any portion of the Property. Removal includes dredging, the application of herbicide, cutting or pulling. No Owner shall add or introduce additional vegetation or other forms of flora or landscaping within any wetland areas located on or adjacent to any portion of the Property. Owners should address any question regarding authorized activities within any wetland areas to the applicable Governmental Authorities. No Owner may construct or maintain any building, residence or structure, or undertake or perform any activity in any wetland areas without the prior approval of the Association and the applicable Governmental Authorities and utility providers.

9.30 Play Structures / Recreational Apparatuses and Structures. Removable swing-sets, slides, play houses and other recreational, fitness, play or sports apparatuses or structures shall be permitted in the rear yard of a Lot, subject to any applicable restrictions on height, size, materials or appearance set forth in the Standards. No permanent such apparatuses or structures shall be permitted upon a Lot without the approval of the Committee.

9.31 Building Location. Any Dwelling erected on any Lot other than a corner Lot shall face the street on which the Lot abuts. On corner Lots, a Dwelling may be erected so as to face the intersection of the streets on which the Lot abuts.

9.32 Damages and Destruction. If any Improvement contiguous with a Dwelling is damaged or destroyed by casualty or for any other reason, the Owner of the Dwelling will repair and restore the damaged Improvement as soon as is reasonably practical to the same condition that the Improvement

was in prior to such damage or destruction, unless otherwise approved by the Committee.

9.33 Construction. All construction, landscaping or other work that has been commenced on any Lot shall be continued to completion with reasonable diligence, and no partially completed Dwelling or other Improvement shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. The Owner of each Lot shall at all times keep contiguous public streets free from any dirt, mud, garbage, trash or other debris resulting from any construction on the Owner's Lot.

9.34 Leases. No portion of a Dwelling (other than an entire Dwelling) may be rented. All leases must be in writing and shall provide that the Association shall have the right to terminate the lease upon default by the tenant in observing any of the provisions of the Association Documents, applicable rules and regulations, or any other agreement, document or instrument governing the Lots or Dwellings. No lease shall be for a period of less than six (6) months without the approval of the Board. A copy of the proposed lease must be delivered to the Association prior to occupancy by the tenant. The Owner of a leased Dwelling shall be jointly and severally liable with his tenant to the Association to pay any claim for injury or damage to property caused by the negligence of the tenant. Every lease shall be subordinate to any lien filed by the Association whether before or after such lease was entered into.

## ARTICLE 10 DECLARANT RIGHTS

10.1 Rights During Declarant Control Period. Notwithstanding any other provision of the Association Documents, and in addition to any other rights available to Declarant under the Association Documents or at law or equity, during the Declarant Control Period Declarant shall have the following rights, which it may exercise in its sole discretion without the consent of any Owner or the Association:

10.1.1 Declarant shall have the right to appoint and remove the Board of Directors and the officers of the Association.

10.1.2 Declarant shall have the right to merge or consolidate the Project with any other contiguous residential community.

10.1.3 Declarant shall have the right to make the Project subject to a master homeowners association.

10.1.4 With regard to any part of the Property owned by Declarant, Declarant may:

- (i) subdivide, recombine, eliminate or create additional Units and/or Common Areas, provided the acreage of Common Area is not materially decreased from that shown on then-recorded Subdivision Plats by reference to which any Lots have been conveyed,
- (ii) change unit types to any type of residential unit desired by Declarant; and/or
- (iii)

relocate easements located thereon. If Declarant makes any alteration of Common Areas that have already been conveyed to the Association, the Association shall sign any plats, deeds or other instruments or forms necessary to accomplish any action Declarant is permitted to take in accordance with this Section 10.1.4.

10.1.5 Any conveyance or encumbrance of Common Areas pursuant to Section 4.1.1 shall require the consent of Declarant in addition to the Members.

10.2 Certain Rights of Declarant. Improvements constructed or installed by Declarant on the Property shall not be subject to the approval of the Association or the Committee. While Improvements constructed by Declarant are owned by Declarant, such Improvements shall not be subject to the provisions and requirements of this Declaration. Declarant reserves the right for Declarant and its nominees to enter into and transact on the Property any business necessary to consummate the sale, lease or encumbrance of Units, including the right to maintain models and a sales and/or leasing office, place signs, employ sales and leasing personnel, use the Common Areas and show Units. Any such models, sales and/or leasing office, signs and any other items pertaining to such sales or leasing efforts shall not be considered a part of the Common Areas and shall remain the property of Declarant, or its nominees, as applicable. Declarant reserves the right for Declarant and its nominees to make repairs to the Common Areas and to carry on construction activity for the benefit of the Property. This right of use and transaction of business as set forth herein and the other rights granted to or reserved by Declarant in the Association Documents may be assigned in writing by Declarant in whole or in part. For the purposes of this Section 10.2, the term "Declarant" shall include any lender who has loaned money to Declarant to acquire the Property or construct Improvements thereon, or its successors and assigns, if such lender, its successors or assigns, acquires title to any portion of the Property as a result of the foreclosure of any debt instrument encumbering any portion of the Property and securing any such loan to Declarant, or acquires title thereto by deed in lieu of foreclosure. The rights and privileges of Declarant set forth in this Section 10.2 shall terminate when Units constituting all of the Total Planned Units have been conveyed to individual Owners for residential occupancy, or upon such earlier date as Declarant may notify the Association in writing of Declarant's voluntary election to relinquish said rights and privileges.

10.3 Association's Indemnification. The Association shall indemnify and hold harmless Declarant from and against any and all claims, suits, actions, damages and/or causes of action arising from any personal injury, loss of life and/or property damage sustained on or about the Property, and from and against all costs, Legal Fees, expenses and liabilities incurred in connection with any such claim, the investigation or defense thereof, or any action or proceeding brought thereon, and from and against any orders, judgments and/or decrees that may be entered therein. This indemnification includes any expense that Declarant may incur in bringing suit for the purpose of compelling the specific enforcement of the provisions, conditions and covenants contained in this Declaration to be kept and performed by the Association. The indemnification provisions of this Section 10.3 shall not apply to any expense that may be incurred by Declarant to avoid the performance of any of the obligations to be kept and performed by Declarant, or any liability that may be incurred by an Owner as a result of ownership of a Unit.

ARTICLE 11  
ENFORCEMENT

11.1 Generally. Declarant (during the Declarant Control Period), the Association, any Owner and/or any Institutional Lender shall have the right to enforce all restrictions, conditions, covenants and reservations now or hereafter imposed by this Declaration by any proceeding at law or equity. In addition to the foregoing right, the Association, and Declarant during the Declarant Control Period, shall have the right, whenever there shall have been built on any Unit any structure which is in violation of these restrictions, to enter upon the Unit and summarily abate or remove the violation at the expense of the Owner, and any such entry and abatement or removal shall not be deemed a trespass. Without limiting the foregoing the Association shall have the power to impose fines, to enforce such fines through liens on the Owner's Unit(s), and/or to suspend an Owner's privileges hereunder (except the right to access the Owner's Unit(s)) or right to receive services provided by the Association, pursuant to §§ 47F-3-102(11), 47F-3-102(12), 47F-3-107 and 47F-3-107.1 of the Planned Community Act. The prevailing party in any enforcement action shall be entitled to recover from the non-prevailing party all costs thereof, including Legal Fees.

11.2 Fines / Suspension of Privileges / Notice and Hearing. The amount of any fine shall be determined by the Board, and shall not exceed the maximum set forth in the Planned Community Act. Prior to imposing any fine or suspending any Owner's privileges hereunder, the Owner of the Unit that is allegedly in violation shall be afforded an opportunity for a hearing before the Board after notice to the Owner of not less than fourteen (14) days, which notice shall include (i) a statement of the date, time and place of the hearing, (ii) a statement of the provisions of this Declaration or rules and regulations that were allegedly violated, and (iii) a short and plain statement of the matters asserted by the Association. The Owner shall have an opportunity to respond, to present evidence and to provide written and oral argument on all issues involved, and shall have an opportunity at the hearing to review, challenge and respond to any material considered by the Board. At the hearing, the Board shall conduct a reasonable inquiry to determine whether the alleged violation in fact occurred, and if the Board so determines, it may impose such fine as it deems appropriate, up to the maximum set forth in the Planned Community Act, or may suspend the Owner's privileges under this Declaration, by written notice to the Owner. If the Owner fails to attend the hearing the Owner shall be deemed to have admitted the allegations contained in the notice to the Owner.

11.3 Remediation by Association. If an Owner fails to maintain his Lot or Dwelling in accordance with this Declaration, the Association shall have the right, but not the obligation, upon fifteen (15) days written notice to the Owner, to enter upon the Lot for the purpose of performing the maintenance and/or repairs described in such notice to the Owner. However, if the maintenance or repair is necessitated by any condition that poses an immediate threat of danger to persons or property, or that poses an immediate threat of erosion leaving the Lot in question, the Association shall have the right to perform the maintenance and or repairs upon twenty-four (24) hours advance written notice. The cost of performing such maintenance and/or repairs and the expense of collection (including Legal Fees) shall be an Assessment against the Owner and all Units owned by the Owner.

The Association shall have all necessary easements, including the right of ingress and egress upon the Lot in question, as may be necessary to exercise its rights under this Section 11.3.

**11.4 Responsibility for Occupants, Tenants, Guests and Invitees.** Each Owner shall be responsible for the acts and omissions, whether negligent or willful, of any Person residing in his Dwelling, and for all guests and invitees of the Owner or any such resident, and if the acts or omissions of any of the foregoing results in any damage to the Common Areas, or any liability to the Association, the Owner shall be assessed for same as in the case of any other Assessment, limited to the extent the expense or liability is covered by the proceeds of insurance carried by the Association. Any violation of any of the provisions of the Association Documents by any resident of any Dwelling, or any guest or invitee of a resident of a Dwelling, also shall be deemed a violation by the Owner, and shall subject the Owner to the same liability as if the violation was that of the Owner.

**11.5 Eviction of Tenants, Occupants, Guests and Invitees.** To the extent permitted by applicable law, if any tenant or any person present in a Dwelling other than the Owner, and the members of his immediate family permanently residing in the Dwelling, violates materially any provision of the Association Documents, or willfully damages or destroys any Common Areas or personal property of the Association, then upon written notice by the Association such Person shall be required immediately to leave the Project. If such Person does not immediately leave the Project, the Association may commence an action to evict such Person or compel the Person to leave the Project and, where necessary, to enjoin such Person from returning. The expense of any such action, including Legal Fees, may be assessed against the Owner of the Unit in question and any Units owned by such Owner, and the Association may collect such Assessment and have the same lien rights as for other Assessments provided for herein. The foregoing shall be in addition to any other remedy of the Association. The Association shall provide notice to the Owner of a leased Dwelling concurrently with any notices sent to the tenant of such Dwelling pursuant to this Section 11.5, and such Owner shall have the right to participate in any hearings or eviction proceedings involving the tenant. The right of eviction provided for in this Section 11.5 shall be inserted in every lease of any Unit or portion thereof, but the omission thereof shall not affect the right to evict as set forth herein.

**11.6 Waiver.** No alleged waiver by the Association, Declarant, any Owner or any Institutional Lender of any of the provisions of this Declaration or of any breach or violation of any provision of this Declaration shall be valid unless in writing and signed by the party against whom such waiver is asserted. The waiver by any party of a breach or violation of any provision of this Declaration shall not operate as or be construed to be a waiver of any subsequent breach hereof.

**11.7 Injunctive Relief** Any breach or violation of this Declaration will cause irreparable harm to the non-breaching parties for which there is no adequate remedy at law. Accordingly, in addition to any other remedies available at law or equity, if Declarant, the Association or any Owner is aggrieved by a breach or threatened breach of any of the provisions of this Declaration, they shall be entitled to seek from any court of competent jurisdiction an order for specific performance and/or for temporary and/or permanent injunctive relief to enforce the provisions of this Declaration without the necessity of proving actual damages or posting bond or other security.



11.8 **Remedies Cumulative**. Except as may be expressly provided in this Declaration, no right or remedy set forth in this Declaration or otherwise conferred upon or reserved to any Person shall be considered exclusive of any other right or remedy, but shall be distinct, separate and cumulative, and shall be in addition to every other right or remedy conferred under this Declaration, or now or hereafter existing at law or in equity. Every right, power or remedy conferred to a party under this Declaration may be exercised from time to time as often as the occasion may arise, or as often as may be deemed expedient.

## ARTICLE 12 RIGHTS OF INSTITUTIONAL LENDERS

12.1 **Rights of Institutional Lenders**. So long as any Institutional Lender holds any mortgage or deed of trust upon any Unit, such Institutional Lender shall have the following rights, which shall be exercisable as provided in Section 12.2:

12.1.1 To be given at cost copies of the books, records, financial statements and papers of the Association, including the Association Documents, the Standards and any rules and regulations of the Association.

12.1.2 To be given evidence of the insurance procured by the Association, and any renewals or replacements thereof.

12.1.3 To be given notice by the Association of any meeting of the Members to be held for the purpose of considering any proposed amendment to any of the Association Documents. The notice shall state the nature of the amendment being proposed. The Institutional Lender shall have the right to designate a representative to attend such meetings.

12.1.4 To be given notice of default in the payment of any Assessment by the Owner of any Unit encumbered by a mortgage or deed of trust held by the Institutional Lender.

12.1.5 To be given notice of any hearing held by the Association to determine whether the Owner of any Unit encumbered by a mortgage or deed of trust held by the Institutional Lender has violated the provisions of this Declaration, or whether a fine or suspension of privileges should be imposed upon such Owner.

12.1.6 To be given notice by the Association of any substantial damage to any part of the Common Areas.

12.1.7 To be given notice by the Association if any portion of the Common Areas is made the subject of any condemnation or eminent domain proceeding.

12.1.8 To be given notice of a lapse, cancellation or material modification of any insurance

policy or fidelity bond maintained by the Association.

12.2 Exercise of Rights by Institutional Lender. Whenever any Institutional Lender desires the benefits of the provisions of this Article 12, such Institutional Lender shall serve written notice of such fact upon the Association by certified mail, return receipt requested, addressed to the principal office of the Association. The notice also shall contain the following information: (i) identification of the Unit(s) upon which the Institutional Lender holds a mortgage or deed of trust; (ii) identification, by Register of Deeds book and page number, of any mortgage or deed of trust held by the Institutional Lender and encumbering a Unit; and (iii) designation of the address to which notices are to be given by the Association to the Institutional Lender.

### ARTICLE 13 AMENDMENT

13.1 Amendments During Declarant Control Period. During the Declarant Control Period only Declarant may amend this Declaration, which amendment can be made without the approval of any Owner, the Association provided the amendment does not materially alter or change any Owner's right to the use and enjoyment of such Owner's Unit or the Common Areas, and provided the amendment does not adversely affect title to any Unit. Any such amendment shall be effective upon recording at the Register of Deeds unless a later date is specified therein, and shall be indexed in the grantee index in the name of the Project and the Association and in the grantor index in the name of each person executing the amendment.

13.2 Amendments After Declarant Control Period. After the Declarant Control Period this Declaration may be amended by a written agreement signed by Members who hold at least sixty-seven percent (67%) of the votes in the Association. All amendments shall be executed by the Association, shall be effective upon recording at the Register of Deeds and shall be indexed in the grantee index in the name of the Project and the Association and in the grantor index in the name of each person executing the amendment.

13.3 Scrivener's Errors. Amendments for correction of scrivener's errors or other nonmaterial changes may be made by Declarant during the Declarant Control Period, and by the Board thereafter, and without the consent of any Owner, Developer or other Person.

13.4 Amendments to Declarant's Rights. No amendment to this Declaration that impairs or prejudices the rights of Declarant, the Association or of any Institutional Lender under the Association Documents shall be effective without the specific written approval of such party affected thereby. No amendment to this Declaration that would prejudice the rights of a then Owner or his family members, guests, tenants or invitees to utilize or enjoy the benefits of the then existing Common Areas shall be effective unless the Owner so affected consents to such amendment in writing. No amendment to this Declaration that eliminates or modifies the provisions of Article 10 shall be effective, and any such amendment shall be deemed to impair and prejudice the rights of Declarant hereunder.

13.5 Amendments to Satisfy Lending Requirements. Declarant may, without the consent of any Owners, Developer or the Association, file any amendment to the Declaration that may be required by an Institutional Lender for the purpose of satisfying its planned unit development criteria or such other criteria as may be established by such lender's secondary mortgage market purchasers, provided that any such amendments must be in accordance with any applicable rules, regulations and requirements promulgated by HUD.

#### ARTICLE 14 GENERAL PROVISIONS

14.1 Severability. Declarant intend that this Declaration be enforced to the fullest extent permissible under the law and public policy of the State of North Carolina. Accordingly, if any provision, sentence, phrase or word of this Declaration, or the application thereof to any person or circumstance, is held invalid, the remainder of this Declaration, or the application of such provision, sentence, phrase or word to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

14.2 FHA/VA Approval. Notwithstanding any provision in this Declaration to the contrary, during the Declarant Control Period, if Declarant desires to qualify sections of the Project for approval by the FHA, VA, FNMA, FHLMC or any other governmental agency or quasi-governmental Person that insures, guaranties or purchases mortgages, the following actions will require the prior approval of such agency or Person, if such approval is required as a condition of such qualification: (i) annexation of additional property, (ii) exchange of Common Areas for other portions of the Property, (iii) dedication of Common Areas, (iv) amendment of this Declaration, (v) any merger or dissolution of the Association, and (vi) any encumbrance of Common Areas through a mortgage or deed of trust.

14.3 Term. The covenants, conditions and restrictions of this Declaration shall run with and bind the Property and inure to the benefit of Declarant, the Association, the Owners and their respective legal representatives, heirs, successors and assigns for a term of thirty (30) years from the date this Declaration is recorded at the Register of Deeds, after which time they shall be extended automatically for successive periods of five (5) years unless an instrument is recorded at the Register of Deeds signed and acknowledged by Members holding at least sixty-seven percent (67%) of the votes in the Association, and any Institutional Lenders holding mortgages or deeds of trust on such Members' Units, pursuant to which such Members and Institutional Lenders agree to terminate this Declaration. In such event this Declaration shall be terminated upon the recording of such termination instrument.

14.4 Notices. Any notice, demand, consent, agreement, request or other communication required to be given, served, sent or obtained hereunder (a "Notice") must be in writing, and must be either (i) mailed by first-class certified mail, return-receipt requested, postage prepaid, or (ii) hand delivered personally or by nationally recognized courier service, fees prepaid, to: (a) if to an Owner, to the person whose name appears as the Owner of the Unit in question on the records of the Association,

to the address appearing in such records, and in the absence of any specific address therein appearing, to the address of the Unit owned by such Owner; (b) if to Declarant, to the following address: 4098 Barrett Drive Raleigh NC 27609; (c) if to the Association, to the registered address of the Association as set forth in the Articles. Each Notice that is delivered in the manner described above will be deemed given and received for all purposes at the earlier of such time as it is delivered to the addressee (with the return-receipt or courier delivery receipt being deemed conclusive evidence of such delivery) or such time as delivery is refused by the addressee upon presentation.

**14.5 Interpretation.** When the context in which a word is used in this Declaration indicates that such is the intent, a word in the singular number shall include the plural and vice-versa, and a word in the masculine gender shall include the feminine and neuter and vice-versa. Any use in this Declaration of any form of the verb "to include" means the word stated but not limited to. The paragraph headings or titles used in this Declaration are for convenience only, and shall not define, limit, extend or interpret the scope of this Declaration or any particular section, paragraph or provision of this Declaration. Any reference in this Declaration to any statute, code, rule or law (collectively or individually, a "Law") shall include any amendments to the Law referred to, any comparable successor Law that replaces the Law referred to, as well as any amendments to any such successor Law.

**14.6 Time.** If the time period by which any right, option or election provided for herein must be exercised, or by which any act required hereunder must be performed, expires on a Saturday, Sunday or legal holiday, then such time period automatically shall be extended through the close of business on the next regular business day.

**14.7 Attorney's Fees.** If Declarant, the Association or any Owner brings suit against another party or takes other actions to enforce the provisions of this Declaration, and judicially establishes that a party breached any of the provisions of this Declaration, the breaching party shall pay to the complainant party all expenses incurred therefor, including the complainant party's Legal Fees.

**14.8 Conflict with Other Association Documents.** In the event of any conflict between the provisions hereof and the provisions of the Articles, Bylaws, Standards or rules and regulations promulgated by the Association, the provisions of this Declaration shall control.

IN WITNESS WHEREOF, Declarant have executed this instrument by and through their duly authorized representatives, the date set forth above.

Ackerman Partners, LLC, a North Carolina limited liability company

By:  (SEAL)  
name: Richard H. Stockert

title: **Manager**

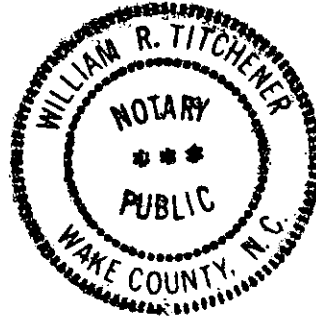
STATE OF NC  
COUNTY OF Wake

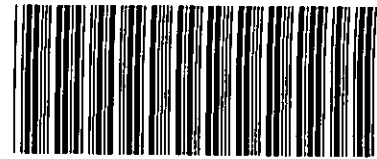
I, the undersigned, a Notary Public for said County and State, do hereby certify that R.H. Stockett personally appeared before me this day and acknowledged that he is **Manager of Ackerman Partners, LLC**, a limited liability company, and acknowledged the due execution of the foregoing instrument on behalf of said limited liability company. Witness my hand and official stamp or seal, this 9th day of May, 2007.



\_\_\_\_\_  
Notary Public

My commission expires: 9/25/2010





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**Yellow probate sheet is a vital part of your recorded document.  
Please retain with original document and submit for rerecording.**



**Wake County Register of Deeds  
Laura M. Riddick  
Register of Deeds**

**This Customer Group**  
\_\_\_\_\_ # of Time Stamps Needed

**This Document**  
\_\_\_\_\_ 38 \_\_\_\_\_  
# of Pages New Time Stamp