

**AMENDED AND RESTATED DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS FOR
HAWLEY ESTATES**

THIS AMENDED AND RESTATED DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS, CHARGES AND LIENS FOR HAWLEY ESTATES is made on the date hereinafter set forth by **McFARLAND PROPERTIES, LLC**, a North Carolina limited liability company (hereinafter "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of approximately 112 acres of land located in Granville County, North Carolina, being the property acquired by Declarant by deeds recorded in Book 2000, Page 194, and Book 570, Page 134, Granville County Registry, which Declarant is developing into a residential community known as Hawley Estates (hereinafter the "Subdivision"); and

WHEREAS Declarant recorded the Declaration of Covenants, Conditions, Restrictions, Easement, Charges and Liens for Hawley Estates as of January 4, 2010 in Book 1338, Page 454, Granville County Registry (the "Declaration").

WHEREAS, Declarant, being the owner of all property included in the development, including all currently subdivided lots, desires to amend and restate the Declaration in its entirety to provide additional conditions and protections to provide for the architectural standards, maintenance and upkeep of the Common Area (hereinafter defined) within the Subdivision and to provide for enforcement of covenants and restrictions applicable to the Subdivision, and, to that end, desires to subject the property within the Subdivision to the amended and restated covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of such property and each Owner thereof; and

WHEREAS, Declarant has deemed it advisable to create an organization to own, maintain and administer the Common Area, to administer and enforce covenants and restrictions exclusively applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created, and Declarant has incorporated under North Carolina law as a nonprofit corporation, Hawley Estates Homeowners Association, Inc., for the purpose of exercising the aforesaid functions.

NOW, THEREFORE, Declarant declares that the real property described in EXHIBIT A to this Declaration, and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, mortgaged, used and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Amended and Restated Declaration, which amends restates, replaces and supersedes the originally recorded Declaration in its entirety which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof,

their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I DEFINITIONS

Any defined term used in this Declaration shall have the meaning set forth below or, if not specifically defined in this Article I, the meaning of such term as set forth in the Act or in any other provision of this Declaration.

Section 1. “Act” shall mean and refer to Chapter 47F of the North Carolina General Statutes, known as the North Carolina Planned Community Act, as amended from time to time.

Section 2. “Additional Property” shall mean and refer to all real property subjected to this Declaration by any of the methods set forth in Article II hereof after the initial recording of this Declaration.

Section 3. “Approved Builder” shall mean and refer to one or more Persons in the business of building and selling homes to individuals and selected by Declarant to purchase Lots and construct homes for sale in the Property, so long as any such Approved Builder is in good standing with Declarant.

Section 4. “Association” shall mean and refer to HAWLEY ESTATES HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, its successors and assigns.

Section 5. “Board of Directors” and “Board” shall mean and refer to the Board of Directors of the Association elected or appointed to manage the affairs of the Association as provided in Article V of the Bylaws.

Section 6. “Bylaws” shall mean and refer to the Bylaws of the Association, as amended from time to time.

Section 7. “Code” shall mean and refer to the Code of Ordinances for Granville County, North Carolina, as amended from time to time, and any regulations adopted by the County pursuant thereto.

Section 8. “Common Area” shall mean and refer to the real property, together with any improvements thereon, owned by the Association, whether in fee or by easement, or leased by the Association, for the common benefit of the Owners of Lots within the Subdivision regardless of how such property is described on a map, plat or other document recorded in the Registry. Common Area may be owned or leased by the Association or it may be owned by another Person with the Association having a right or easement therein (for example, part or all of a private storm water drainage easement located on either a Lot or real property that is not part of the Properties and that serves more than one Lot in the Properties, or a right of the Association to use of a portion of a public street right-of-way pursuant to an encroachment agreement with the applicable governmental entity). “Common Area Easement” shall mean and refer to real

property as to which the Association has only easement rights is, specifically including, but without limitation, the area within any storm water easements and the facilities constructed therein which serve more than one Lot and are not maintained by any governmental authority public street right-of-way. Common Area shall be maintained by the Association or its successors in interest unless dedicated to public use and accepted by a public agency, authority or utility or conveyed to another nonprofit entity formed for similar purposes.

Common Area may include all of the following:

- (1) any private street and private walkways in the Properties (but excluding private walkways on and solely for the benefit of an individual Lot);
- (2) Stormwater Control Measures;
- (3) any water or sewer utility line that serves more than one Lot and which is either located outside public street rights-of-way or outside any public utility easement;
- (4) any site or facility designated a common area, common property open space, open space common area, amenity area, or other similar designation on any recorded plat or map of the Properties, or in this Declaration;
- (5) any Code-required shared facility or Open Space for the Properties, except for Open Space owned by the County or other governmental entity;
- (6) any public road right-of-way dedicated to the public on plats and maps of the Properties recorded in the Registry but not accepted for public maintenance by the appropriate governmental Entity, provided, however, that the fact that a street or road has not been accepted by the applicable governmental entity shall not relieve the Declarant of the obligation to take such action as is necessary to have it accepted. The Association shall have the right to enforce this Declarant obligation, and the Declarant shall be liable to the Association for all costs and expenses, including court costs and reasonable attorneys' fees, incurred by the Association in connection with such unaccepted street improvements and enforcement of its rights against Declarant hereunder; and
- (7) any object or improvement located on, under, in or over public property or public right-of-way and which object or improvement is subject to an encroachment agreement with the applicable governmental entity and recorded in the Registry, and may include: signs, landscaping, irrigation facilities, drain pipes, decorative surfaces and brick pavers.

Common Area shall be maintained by the Association or its successors in interest unless dedicated to public use and accepted by a public agency, authority or utility, the Master Association, or another sub-association as set forth herein.

Section 9. "Common Expense" shall mean and refer to as: (i) expenses of maintenance of Common Area (including Common Area Easements) and other real or personal property owned, leased or used by the Association for the benefit of the Members (such other property being herein referred to as "other assets of the Association"), including repair, maintenance, restoration and replacement thereof, and including monies allocated to reserve funds; (ii) ad valorem taxes and public assessments, if any, levied against the Common Area

and/or other assets of the Association (but specifically excluding ad valorem taxes on real property on, under or over which the Association has only an easement or other similar right of use, except to the extent, if any, that any improvements in any such easement that are owned or maintained by the Association result in additional ad valorem taxes on such real property that would not be assessed in the absence of such improvements); (iii) premiums for hazard, liability and other insurance insuring the Common Area, other assets of the Association, or the Association, its officers, directors and employees, if any; (iv) fees and expenses of attorneys, accountants, and other Persons employed by the Association for Association business; (v) expenses declared to be or described as Common Expenses by the Act, the Bylaws, or by the provisions of this Declaration, including expenses for Stormwater Control Measures; (vi) expenses determined by the Board or by the Members to be Common Expenses; and (vii) all other expenses incurred by the Association in performing its functions and providing services under this Declaration and/or the Articles of Incorporation or Bylaws of the Association, including operating, management and administrative expenses.

Section 10. "County" shall mean and refer to Granville County, North Carolina.

Section 11. "Declarant" shall mean and refer to **McFARLAND PROPERTIES, LLC**, a North Carolina limited liability company. It shall also mean and refer to any Person to whom or which Declarant may assign or delegate any or all of the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Registry.

Section 12. "Declarant Control Period" shall mean and refer to the period of time during which the Declarant may appoint or remove the members of the Board of Directors of the Association. The Declarant Control Period shall terminate upon the earlier of the following to occur:

(i) December 31, 2017;

(ii) Not later than four months after the point at which the total number of votes held by the Class A Members equals the total number of votes held by the Class B and Class C Members (as provided in Sections 2(b) and 2(c) of Article III); provided, however, that Declarant may acquire additional votes and thereby reinstate the Declarant Control Period if additional Lots within the Properties are formed by the creation and subjection to this Declaration of new Lots as set forth in Article II hereof, thus giving Declarant and the Class C Members, by virtue of their ownership of the newly-annexed Lots and of other Lots owned by them, a sufficient number of votes (at the ratios provided in Sections 2(b) and 2(c) of Article III hereof) to cast a majority of the votes of the membership (it being hereby stipulated that the termination and rejuvenation of the Declarant Control Period shall occur automatically as often as the foregoing shall occur); or

(iii) Voluntary termination of the Declarant Control Period by written instrument signed by the Declarant and recorded in the Registry.

Section 13. "Declaration" shall mean and refer to this "Amended and Restated Declaration of Covenants, Conditions, Restrictions, Easements, Charges And Liens For Hawley Estates", and all subsequent amendments thereto and supplements thereof.

Section 14. "Dwelling", "Dwelling Unit", and "Unit" shall mean and refer to any building or portion thereof within the Properties which is designated and intended for use and occupancy as a residence by a single family, whether by the Owner of such Dwelling or by tenants or lessees of such Owner.

Section 15. "Legal Requirements" shall mean and refer to any duly adopted and applicable law, ordinance, regulation or requirement of the United States of America, the State of North Carolina, the County of Granville, or any other governmental entity or quasi-governmental entity or agency having jurisdiction over the Properties, including any branch, department or division of any of the foregoing.

Section 16. "Limited Common Area" shall mean and refer to all Common Area, together with any improvements thereon, owned, leased, used or maintained by the Association for the benefit of fewer than all of the Members or less than all of the Properties, and which has been designated as such, in writing, by the Declarant or the Association. Limited Common Area may include, for example, private alleys, septic systems, and Stormwater Control Measures serving less than all of the Properties.

Section 17. "Limited Common Expense" shall mean and refer to all expenses of the type included within the term "Common Expense" but which are related solely and specifically to Limited Common Area. Limited Common Expenses shall be paid out of assessments levied only against the portions of the Properties benefited by Limited Common Area.

Section 18. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown on any recorded map of any portion of the Subdivision, with the exception of any Common Area owned in fee by the Association and any street rights-of-way shown on such recorded map. In the event that any Lot is increased or decreased in size by recombination or resubdivision through recordation of a new subdivision map, any newly-platted lot shall thereafter constitute a Lot.

Section 19. "Member" shall mean and refer to every Person who or which holds membership in the Association.

Section 20. "Owner" shall mean and refer to the record owner, whether one or more Persons, of fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having an interest in a Lot solely as security for the performance of an obligation.

Section 21. "Person" shall mean and refer to any natural person, trust, corporation, association, partnership, limited liability company, joint venture, or any other legal entity, whether public or private.

Section 22. "Properties" shall mean and refer to the "Existing Property" described in Article II of this Declaration and any additional property annexed pursuant to said Article II.

Section 23. "Registry" shall mean and refer to the Office of the Register of Deeds for Granville County, North Carolina.

Section 24. "Stormwater Agreement" (which term includes any other agreement, by whatever name denominated, relating to Stormwater Control Measures and required by the Code) shall mean and refer to any agreement required by the Code or the County between the Declarant and the County, or between the Association and the County, or among the Declarant, the Association, and the County, or between or among any combination of the County, the Declarant, the Association, and one or more Owners, relating to maintenance of Stormwater Control Measures.

During the Declarant Control Period, the Declarant shall have the right and authority to enter into Stormwater Agreements, encroachment agreements, and other agreements with the County and other applicable governmental entities, as Declarant, in its sole discretion, determines, each of which agreements may be binding on the Association and all Owners. The Association shall accept assignment from the Declarant of all rights and obligations for maintenance of Common Area, including Common Area Easements, as described in any such agreement. Furthermore, the Association has the right and authority to enter into such Stormwater Agreements, encroachment agreements, and other agreements with the County as are reasonably necessary to enable the Association to maintain Common Area, including Common Area Easements, and to perform its obligations under the Declaration

Section 25. "Stormwater Control Measures" shall mean and refer to any one or more of the following that serves or benefits any part or all of the Properties or is required by Code or the County in connection with any part or all of the Properties, whether located within or outside of the Properties: (i) "stormwater drainage easements" (also referred to herein as "stormwater easements" or "drainage easements") that are shown on recorded plats of the Properties or established by written instruments recorded in the Registry, and which either are located on the Common Area or benefit or serve more than one (1) Lot; and (ii) all "stormwater management facilities" for the Properties, including ponds, man-made or natural areas and/or planted or landscaped areas into which storm water drains, or in which storm water is collected or from which it is discharged, drains, pipes, conduits, inlets, channels, dams, ditches, filter, buffers, bio-retention areas, and other equipment, facilities and stormwater management measures used for inspecting, monitoring, measuring, collecting, controlling, transporting, conveying, handling, storing, discharging and managing storm water.

Stormwater Control Measures may be located on Common Area or in a Common Area Easement. Except as otherwise provided herein, the Association shall be responsible for maintaining the Stormwater Control Measures and such maintenance is a Common Expense. References in the Declaration to storm water management include all applicable Stormwater Control Measures, Stormwater Agreements and Stormwater Maintenance Manuals.

Section 26. "Stormwater Maintenance Manual" (which term includes any other instrument or document under the Code, by whatever name denominated, addressing the same or similar matters) is defined as the specific requirements for maintenance of the Stormwater Control Measures as required by the County.

ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF THE
HAWLEY ESTATES HOMEOWNERS ASSOCIATION, INC.

Section 1. Existing Property. The real property which, at the time of recording of this Declaration, is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, and which is within the jurisdiction of the Association, is described on **Exhibit A** attached hereto.

Section 2. Additions to Existing Property by Declarant. At any time prior to the end of the Declarant Control Period, additional lands may be annexed by the Declarant, without the consent of the Members and therefore become subject to this Declaration by the recording by Declarant of a map plat showing such property to be annexed and recording by Declarant of a supplementary declaration extending the operation and effect of this Declaration to the property to be annexed. The addition of such property pursuant to this Section may increase the cumulative number of Lots within the Properties and, therefore, may alter the relative maximum voting strength of the various types of Members.

Section 3. Conveyance of Common Area in Annexed Property. The owner of the annexed property shall convey to the Association all Common Area located within the newly annexed property. Title to such Common Area shall be conveyed in the same manner as set forth in Section 3 of Article IV of this Declaration.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Declarant and every Owner of a Lot which is subject to assessment by the Association shall be a Member of the Association, Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The foregoing is not intended to include Persons who or which hold an interest merely as security for the performance of an obligation.

Section 2. Voting Rights. The voting rights of the Members shall be appurtenant to the ownership of the Lots. There shall be three (3) classes of membership with respect to voting rights:

(a) Class A Members. Class A Members shall be the Owners of all Lots except those owned by the Declarant and Approved Builders. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one Person owns an interest (other than a leasehold or security interest) in any Lot, all such Persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Lot. Lots owned by Class A Members shall be "Class A Lots".

(b) Class B Member. The Class B Member shall be the Declarant. Subject to the provisions of this subsection, Declarant shall be entitled to nine (9) votes for each Lot that it owns (each such Lot being a "Class B Lot"). Upon expiration of the Declarant Control Period, Declarant shall have one vote for each Lot that it owns; however, such Declarant-owned Lots shall continue to be treated as Class B Lots for assessment purposes.

(c) Class C. Class C Members shall be all Approved Builders. Each Approved Builder shall be entitled to three (3) votes for each Lot that it owns, so long as the Class B membership continues to exist, at which time Class C membership shall be converted to Class A membership for voting purposes (but, despite such conversion, Lots owned by an Approved Builder shall continue to be treated as Class C Lots for assessment purposes so long as such Approved Builder owns any Lots). Lots owned by a Class C Member shall be Class C Lots.

Section 3. Declarant's Right to Appoint Directors and Officers of the Association. Notwithstanding any other provision of this Declaration or the Bylaws, until the expiration of the Declarant Control Period, Declarant may, in its discretion, appoint and remove all of the Directors and officers of the Association. Declarant's intent to exercise or continue to exercise that right shall be set forth in the notice of each annual meeting of the Members or announced at such meeting. *See* §47F-3-103(d) of the Act.

Section 4. Vacant/Leased Dwellings. If the Owner of a Lot ceases to occupy the Dwelling constructed thereon as his own personal living quarters for a period of at least thirty (30) days or if any Dwelling within the Properties is leased for rental purposes to tenants, each owner of a vacant or rental unit shall be entitled to .49 votes per vacant or rental unit on any matter pending before the the lesser of (a) Association. This Section applies only to Lots and Dwellings owned by a Class A Member and specifically excludes Lots and Dwellings owned by the Declarant and Approved Builders.

ARTICLE IV PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment and Access. Except as limited by Section 2 of this Article IV and by rules and regulations adopted by the Members and/or the Board of Directors, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Area, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to:

(a) the right of the Association to charge reasonable admission and other fees for the use of any facilities situated or constructed on the Common Area and to limit the use of such facilities to Owners who occupy a residence on the Properties and to their families, tenants and guests, as provided in Section 2 of this Article IV.

(b) the right of the Association, after notice and an opportunity to be heard, to suspend the voting rights of an Owner and the right of an Owner to use to Common Area and facilities thereon for any period during which any assessment against his Lot remains unpaid for a period of thirty (30) days or longer, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association, provided, however that the

Association may not suspend an Owner's right to use of any Common Area providing access, utilities or for stormwater drainage to his Lot.

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless Members entitled to at least eighty percent (80%) of the votes of the Association agree to such dedication, sale or transfer, provided that this subsection shall not preclude the Board of Directors from granting easements for the installation and maintenance of sewage, utility and drainage facilities upon, over, under and across the Common Area without the assent of the Members when such easements, in the opinion of the Board, are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the County or another governmental entity, a utility company or to a nonprofit entity organized for purposes similar to those of the Association.

(d) the right of the Association, with the assent of Members entitled to at least eighty percent (80%) of the votes of the Association, to mortgage, pledge, deed in trust, or otherwise encumber any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Owners as set forth herein.

(e) the right of the Association to exchange all or part of the Common Area for other property and consideration of like value and utility, provided that:

(i) the exchange is approved by eighty percent (80%) of the Members present and voting at a meeting of the Members duly called for the purpose of approving such exchange, provided, however, that, unless required by applicable law, Member approval shall not be required if the sole purpose of the exchange is to eliminate an encroachment; and

(ii) the exchange is approved by the County, if required.

Section 2. Delegation of Use.

(a) Family. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article maybe exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Granville County, North Carolina.

(b) Tenants. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article maybe delegated by such Owner to his tenants or contract purchasers who occupy such Owner's Unit, or a portion thereof, as their principal residence in Granville County, North Carolina.

(c) Guests. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article may be delegated to guests of such Owners, tenants or

contract purchasers, subject to such rules and regulations as may be established by the Board of Directors.

Section 3. Conveyance of Title To The Association. Declarant covenants, for itself, its successors and assigns, that Declarant will convey to the Association title to those portions of the Common Area to be owned in fee by the Association at any time on or before the end of the Declarant Control Period. For so long as Declarant owns any Lot within the Properties, Declarant reserves, for itself and its successors and assigns (regardless of whether or not such reservation and grant is specifically set forth in such deed), an easement over, under, across and through the Common Area, for the purpose of constructing any improvements on the Common Area and/or the Lots as it deems necessary or advisable. Except as otherwise stated herein, all conveyances by Declarant to the Association shall be free and clear of all encumbrances and liens (including statutory liens of laborers and materialmen pursuant to Article 2 of Chapter 44A of the North Carolina General Statutes) except this Declaration, restrictive covenants applicable to the Subdivision, utility, access, drainage, greenway and other easements of record or shown on the recorded plats of the Subdivision, and the lien of ad valorem taxes not yet due and payable. Any improvements placed on the Common Area by Declarant or an Approved Builder shall become the property of the Association upon completion of such improvements, except utilities owned and maintained by the County or other governmental entity, or a public or private utility company.

Section 4. Regulation and Maintenance of Common Area. It is the intent of Declarant that the Common Area (whether owned by the Association in fee or by easement) be preserved to the perpetual benefit of the Owners. To that end, Declarant, by recording any plat or map of any phase or section of the Subdivision, grants to the Association an easement over and across that portion of any Lot within such phase or section on which a Common Area Easement lies for the purpose of enabling the Association to take action permitted by subsections (b) and (c) of this Section 4.

(a) Rights and Responsibilities of the Lot Owners. Each Owner of a Lot upon which a Common Area Easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Common Area Easement. Notwithstanding any other provision of this Declaration, no Owner or other Person shall, without the prior written consent of the Association: (1) remove any trees or vegetation from any Common Area; (2) erect gates, fences, buildings or other structures on any Common Area; (3) place any garbage receptacles on any Common Area; (4) fill or excavate any Common Area or any part thereof; or (5) plant vegetation on or otherwise restrict or interfere with the use, maintenance, and preservation of any Common Area.

It is the intent of the Declarant that a Common Area Easement shall be maintained in the same state as when the Lot upon which such Easement lies was conveyed to an Owner (other than the Declarant), except for changes authorized or approved in writing by the Declarant or the Association. If an Owner of a Lot on which a Common Area Easement lies fails to maintain the easement area as provided herein, whether by act or omission, the Association shall have the right to enter upon such Owner's Lot for the purpose of maintaining same and shall have the right to charge such Owner with the costs of such maintenance, which costs, if not paid within thirty (30) days after demand for payment is made by the Association, shall be an

individual assessment against such Owner's Lot and shall be collected in the same manner and shall incur the same late charges, interest, and costs of collection as set forth in Section 8 of Article V of this Declaration.

(b) Rights and Responsibilities of the Association. The Association shall have the right and obligation to ensure that the Common Area is preserved to the perpetual benefit of the Owners and, to that end, shall: (i) maintain the Common Area in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners, subject, however, to easements of record and any limitations on such use provided in this Declaration or rules and regulations adopted by the Association as provided herein and in the Bylaws; (ii) procure and maintain adequate liability insurance covering the Association and its Members against any loss or damage suffered by any Person, including the Owner of the Lot upon which a Common Area Easement lies, resulting from use of the Common Area; and (iii) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association. The Association shall be responsible for storm water management and maintenance of Stormwater Control Measures as provided in the Declaration and in any applicable Stormwater Agreement.

(c) Association's Right of Entry for Maintenance of Common Area Easements. The Association and its employees, agents, contractors and subcontractors shall have a nonexclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Common Area Easement, and any other portion of the Lot to the extent necessary to gain access and maintain improvements and facilities within the Common Area Easement, and no such entry shall be deemed a trespass. To the extent practicable, the Association shall give reasonable oral notice to the Owner or occupant of such Lot.

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant and each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (or to any Person who or which has been designated by the Association to collect such monies) all assessments and other charges required by this Declaration, including the following: (1) annual assessments (including assessments for Limited Common Expenses, if applicable to the Owner's Lot; (2) working capital assessments; (3) special assessments (including limited special assessments); (4) individual special assessments for fines for violations of Association Rules and regulations, for misuse and damage to the Common Areas by an Owner or his family members, tenants, agents, contractors and guests, for reimbursement of expenses incurred by the Association on or in connection with such Owner's Lot (including, without limitation, expenses incurred by the Association under Article VI hereof or for exercise of any self-help or other remedy); (5) individual assessments for any expense under the Code or this Declaration which the Association becomes obligated to pay and pays on behalf of an Owner; (6) stormwater assessments as provided in Section 6 of this Article V; (7) late payments and penalties and interest on unpaid assessments; and (8) all other assessments and charges imposed or allowed to be imposed by this Declaration,

All assessments which are unpaid when due, together with interest and late charges set forth in Section 8 of this Article V and all costs of collection, including reasonable attorneys' fees, shall be a charge on the Owner's Lot as provided in Section §47F-3-116 of the Act and, upon filing of a claim of lien in the office of the Clerk of Superior Court of Granville County in the manner provided in said Section, shall be a continuing lien upon the Lot against which such assessment is made until paid in full. Each such assessment or charge, together with interest and costs of collection, including reasonable attorneys' fees, shall also be the personal or corporate obligation of the Person(s) owning such Lot at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them. Although unpaid assessments and charges are not the personal obligation of such Owner's successors in title unless expressly assumed by them, the unpaid assessments and other charges shall continue to be a lien upon the Lot against which the assessment or charge was made until such amounts due are paid in full.

Any monetary fines imposed against an Owner pursuant to Section 3 of Article VII of the Bylaws shall be deemed an individual special assessment against such Owner's Lot and shall constitute a lien against the Lot of such Owner to the same extent as if such fine were an annual or special assessment against such Lot.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Subdivision and, in particular, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) maintenance, repair and reconstruction of the Common Area and improvements thereon, including, without limitation, storm water drainage facilities, and, including, without limitation, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) payment of taxes and public assessments levied against Common Area owned by the Association in fee; (iv) procurement of insurance; (v) employment of attorneys, accountants and other Persons for Association business; (vi) payment of principal and interest on funds borrowed for Association purposes; (vii) payment of all Common Expenses; and (viii) such other needs as may arise.

Section 3. Maximum Annual Assessment. Until December 31, 2010, the Maximum Annual Assessment shall be \$120.00 for each Class A Lot.

(a) Beginning on January 1, 2011, and on January 1 of each year thereafter, the Maximum Annual Assessment for Class A Lots shall automatically be increased by ten percent (10%) of the Maximum Annual Assessment for the previous year.

(b) The Maximum Annual Assessments for Class A Lots may be increased without limitation if such increase is approved by the Class B and Class C Members and by not less than two-thirds (2/3) of the votes cast by the Class A Members present, in person or by proxy, at a meeting duly called for that purpose. The provisions of this subsection shall not apply to, nor be a limitation upon, any change in the maximum annual assessment incident to a merger of consolidation as provided in §47F-2-121 of the Act.

Section 4. Date of Commencement of Annual Assessments; Amount of Annual Assessments; Ratification of Budgets; Certificate of Payment.

(a) Date of Commencement of Annual Assessments. Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to a Lot on the first day of the month immediately following that date on which the Lot is subjected to this Declaration.

(b) Amount of Annual Assessments. Subject to the provisions of this Section, the Board of Directors may fix the annual assessment for Class A Lots at any amount not in excess of the Maximum Annual Assessment in effect for the appropriate assessment year. The annual assessment for Class B Lots shall be one-fourth (1/4) of the assessment for Class A Lots, and the annual assessment for Class C Lots shall be zero (0); provided, however, that any Lot which contains a Dwelling occupied by any Person as a residence shall be assessed at the Class A rate, regardless of ownership. Unless a lower amount is set by the Board of Directors, the initial annual assessment shall be the "Maximum Annual Assessment" set forth in Section 3 of this Article and shall be prorated according to the number of months remaining in the calendar year. Annual assessments shall be fixed at a uniform rate for all Lots in each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

(c) Ratification of Budgets. The Board of Directors shall adopt a proposed budget for the Association at least annually. Within thirty (30) days after adoption of the proposed budget, the Board of Directors shall send a copy of the proposed budget to the Members and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than ten (10) days nor more than forty-five (45) days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Members. There shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless at that meeting Members having a majority of the votes of the entire membership vote to reject the budget. Notwithstanding the foregoing, if the budget provides for annual assessments not in excess of the Maximum Annual Assessment in effect for that year, such budget shall be deemed ratified unless Members having at least 80% of the votes of the entire membership vote to reject the budget. If the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

Subject to the provisions of this Section, at least twenty (20) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot. At least ten (10) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto.

(d) Certificate of Payment. The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association or by an authorized employee of the management company employed by the Association, setting forth whether the assessments on a specified Lot have been paid. If

such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

Section 5. Special Assessments.

(a) Applicable to All Owners. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for payment of any other non-recurring expense, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article and further provided that the special assessments for Class B Lots and Class C Lots shall always be one-fourth (1/4) of the special assessment for a Class A Lot. Special assessments shall be fixed at a uniform rate for all Lots within each Class and maybe collected on a yearly, semiannually, quarterly or monthly basis, as determined by the Board of Directors.

(b) Limited Special Assessments. In addition to the annual assessments and special assessments authorized above, the Association may levy, in any assessment year, limited special assessments against fewer than all of the Members for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon any Limited Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for payment of any other non-recurring expense related to such Limited Common Area and improvements thereon, provided that, unless such maintenance of repair is specifically mandated by a governmental entity with jurisdiction over the Properties, any such limited special assessment shall be approved by at least two-thirds (2/3) of the Members against whom or which such assessment will be levied, and further provided that the limited special assessments for Class C Lots shall always be one-fourth (1/4) of the special assessment for a Class A Lot, and the limited special assessment for Class B Lots shall be zero. Limited special assessments shall be fixed at a uniform rate for all Lots within each Class and maybe collected on a yearly, semiannually, quarterly or monthly basis, as determined by the Board of Directors.

(c) Individual Special Assessments. The Board of Directors, without vote of the Members, may levy an individual special assessment against any Lot, applicable only to that Lot, for expenses incurred by the Association with regard to such Lot including, without limitation, expenses incurred under Article VI hereof and reimbursement of costs incurred by the Association in pursuing any remedy available to the Association for violation of this Declaration and Rules adopted by the Association as provided in Section 7 of Article XI of this Declaration. Any fine imposed against an Owner pursuant to said Section 7 and/or Section 3 of Article VII of the Bylaws shall also constitute an individual special assessment against such Owner's Lot.

(d) Special assessments, limited special assessments, and individual special assessments shall constitute a lien to the same extent as any other assessment against the Lot.

Section 6. Stormwater Assessment. Notwithstanding anything to the contrary in this Declaration, and in keeping with the obligation of the Association under Section 47F-3-107(a) of

the Act to be “responsible for causing the common elements to be maintained, repaired, and replaced when necessary and to assess the Lot Owners as necessary to recover the costs of such maintenance, repair, or replacement”, (i) if the Board determines that the amount required in any calendar year to pay for the Association’s obligation for stormwater management, including maintenance of Stormwater Control Measures and payment of sums due from the Association under any Stormwater Agreement, would cause the Association’s total expenses for that calendar year to exceed the amount that would be due and payable to the Association if all Lots (including those owned by Declarant) were assessed in the amount of the Maximum Annual Assessment for that calendar year (such excess amount of total expenses for that calendar year being referred to in this Section as “excess expenses”), and (ii) if the Board determines that there are not sufficient reserve funds available both to pay the excess expenses and continue to have an adequate amount of reserve funds, and (iii) if the Maximum Annual Assessment has been imposed for that calendar year on all Lots owned by Class A Members of the Association, and (iv) during the Declarant Control Period, if Declarant has paid to the Association (and/or paid Association expenses) and/or caused the Class C Member to pay to the Association for that calendar year an amount equal to the Maximum Annual Assessment that would be applicable to all Lots owned by Declarant and Class C Members if the Declarant or Class C Member were a Class A Member, then, in such event, the Board may assess, as an additional assessment for that calendar year, a “stormwater assessment” in an amount sufficient to pay for the excess expenses. The amount of such stormwater assessment shall be determined and assessed against all Lots as if the Declarant and each Class C Member were a Class A Member of the Association at that time. The payment due dates for such stormwater assessment shall be as determined by the Board and shall be enforceable against Owners and their Lots in the same manner as other assessments. Notwithstanding the foregoing, during the Declarant Control Period, no such stormwater assessment shall be valid unless the same shall have been consented to in writing by the Declarant, and, except as may be necessary to account for different Stormwater Control Measures and/or Stormwater Agreements (or other agreements related to stormwater) applicable to different Lots as allowed in the Declaration, all stormwater assessments shall be the same for all Lots. Any stormwater assessment for excess expenses is in addition to all other assessments provided for herein.

Section.7. Notice of Quorum for any Action Authorized Under Sections 3(b), 5(a) and 5(b). Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 5(a) shall be sent to all Members not less than fifteen (15) days nor more than forty-five (45) days prior to the meeting. At such meeting, the presence of Members or of proxies entitled to cast sixty percent (60%) of the votes of each Class of Lots shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the same notice requirement, and if the meeting is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting.

The same procedures shall apply to actions authorized under Section 5(b), except that notice shall be sent only to, and voting shall only be done by, Members as to whom or which a limited special assessment is proposed to be levied.

Section 8. Effect of Nonpayment of Assessments; Remedies. Any assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors

may from time to time establish, and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at a rate established by the Board of Directors from time to time, but in no event shall such rate be exceed the lesser of eighteen percent (18%) per annum or the maximum rate allowable by law, and the Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or, file a lien against such Owner's Lot as provided in §47F-3-116 of the Act and, to the extent permitted by the Act, foreclose such lien, and shall have the right and power to take such action as is necessary to conduct such foreclosure and convey the Lot to the purchaser at the foreclosure proceeding, including, without limitation, the right to appoint a trustee or to request appointment of a commissioner to conduct the foreclosure. Interest, late payment charges, costs and reasonable attorneys' fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessments which became due prior to the date of conveyance pursuant to such foreclosure (and such extinguished assessments shall be a Common Expense collectible from all Owners). No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 10. Exempt Property. All Common Area owned in fee by the Association, all property dedicated to and accepted by a public authority, and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. Notwithstanding the foregoing, no Lot containing a Dwelling used by any Person as a residence shall be exempt from assessments.

Section 11. Working Capital Fund. At the time of closing of the initial sale of each Dwelling constructed on a Lot, a sum equal to one-sixth (1/6) of the annual assessment for Class A Lots in effect at the time of such sale shall be collected from the purchaser of such Lot and transferred to the Association as part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet its operating expenses or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid to the Association pursuant to this Section shall not be considered as an advance payment of any regular assessment.

Section 12. Declarant's Obligation to Fund Operating Deficits. Subject to the provision of Section 6 hereof, during the Declarant Control Period, Declarant shall be obligated to fund any deficit between the normal operating expenses of the Association and the monies received by the Association from the Owners from assessments. Declarant, at its option, may pay such expenses directly to the Person providing the services or materials or pay to the Association the amounts necessary to fund the operating deficit. Any monies paid at any time or

by the Declarant for or on behalf of the Association shall be credited against past or future assessments due from the Declarant.

ARTICLE VI MAINTENANCE OF LOTS AND COMMON AREA

Section 1. Owner's Responsibility: Remedy for Owner's Failure to Maintain. Each Owner shall keep his Lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair, except for those improvements that the Association is responsible for maintaining as provided in this Declaration. If an Owner does not make any repair or perform any maintenance required of such Owner, the Association shall have the right (but not the obligation), through its agents and employees, by the affirmative vote of a majority of the Board of Directors, to enter upon such Lot and to repair, maintain and restore the Lot or exterior of the Dwelling erected thereon, and the cost of such maintenance, plus a surcharge of 15% for administration, shall be assessed in accordance with Section 4 of this Article. Prior to such entry, the Association shall give written notice to the Owner stating: (i) the specific item(s) needing maintenance; (ii) the corrective action to be taken; (iii) a time, not less than 15 calendar days from the date of the notice, in which the Owner is to perform the necessary maintenance; and (iv) a statement that, if the Owner fails to perform the maintenance within such time period, the Association will exercise its right to perform the maintenance and that the Owner will be assessed with the costs thereof as provided in this Article VI.

At the time of execution of this Declaration, there are a total of fifty-eight (58) Lots within the Subdivision. Each Lot will have its own well for water. All but nine (9) Lots located in the Subdivision will have their own septic systems. The remaining 9 Lots will share a joint off-site primary septic system, as designated on Exhibit A. Each Lot Owner will be responsible for the maintenance and upkeep of his well. All Lot Owners with separate septic systems will be responsible for the maintenance and upkeep of their own septic system. The joint off-site primary septic system, including all off-site easements, shared by the 9 Lots will be deemed Limited Common Area and will be maintained by the Association. Each Lot subject to this joint off-site primary septic system shall be inspected at least once per year by a Certified Operator, who shall submit an inspection report to the Granville County Health Department. The expense incurred by the Association for the maintenance, upkeep and inspections of the joint off-site primary septic system shall be deemed a Limited Common Expense, and shall be assessed only against the Lots which benefit directly from the joint septic system.

Section 2. Maintenance by the Association. The Association shall have the right and obligation to ensure that the Common Area is preserved to the perpetual benefit of the Owners and, to that end, shall: (i) maintain the Common Area in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners; (ii) procure and maintain adequate liability insurance covering the Association and its Members against any loss or damage suffered by any Person, including the Owner of the Lot upon which Common Area lies, resulting from use of the Common Area; and (iii) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association.

Section 3. Stormwater Management. Except for maintenance responsibilities (i) placed on Owners by this Declaration or the Code, or (ii) assumed or undertaken by other

Persons (for example, the County), the Association shall maintain the Stormwater Control Measures, and the cost of such maintenance shall be a Common Expense. As used in the immediately preceding sentence, the word "maintain" includes provision for maintenance of, which may include financial contributions toward maintenance of Stormwater Control Measures located on and/or shared with other properties not subject to the Declaration. Such maintenance obligations shall cease and terminate, or be reduced proportionally, temporarily or permanently as applicable, at such time (if ever) that the County or other governmental entity accepts responsibility to maintain, in whole or in part, the Stormwater Control Measures for the Properties, or some other Person is providing the necessary maintenance therefor (for example, pursuant to an agreement with the Association which may require monetary payments to such Person by the Association). Following any such assumption of maintenance by the County or other Person, the Association may continue to provide maintenance to the extent that the County or other Person fails to provide adequate maintenance, in the opinion of the Board, and shall continue to provide maintenance for those portions of the Stormwater Control Measures with respect to which the County or such other Person has not assumed maintenance responsibility, or following termination of the County's or such Person's maintenance responsibility.

Notwithstanding the foregoing, the Owner of a Lot on, over or through which a Stormwater Control Measure or portion thereof is located shall be responsible for the following with respect thereto: (i) mowing of grass with reasonable frequency, where applicable, unless the Association assumes such responsibility; and (ii) removal of debris and other materials to the best of the Owner's ability, where such debris or materials have impeded or threaten to impede the free flow of stormwater on, over or through the Stormwater Control Measures located on the Lot. Such Owner's responsibility shall include notification of the Association of any defects in any fencing surrounding or within any such Stormwater Control Measures, any debris or other matter which the Owner reasonably believes is beyond the Owner's ability to remove, and any excessive erosion within any such Stormwater Control Measure. The Owner of a Lot on which a Stormwater Control Measure is located shall not obstruct it or interfere with its normal and intended operation. Notwithstanding anything to the contrary herein, each Owner of a Lot, and not the Association, shall be responsible for maintenance of all Stormwater Control Measures located on and used exclusively in connection with such Owner's Lot or the improvements thereon, including guttering, and pipes and drains for transportation of stormwater from such Lot into any other Stormwater Control Measures.

Declarant, during the Declarant Control Period, and thereafter, the Association, subject to any approval required by the County, may at any time and from time to time grant, relocate, abandon and/or release one or more stormwater drainage easements in the Properties, subject to the following: (i) the grant of any such stormwater drainage easement also shall be consented to in writing by the Owners of all portions of the Properties on which such stormwater drainage easement is located, unless the new location of the stormwater drainage easement is shown on a previously recorded plat of such portions of the Properties, in which event the consent of the Owners is not required and the Declarant or the Association, as applicable, may grant the stormwater drainage easement by written instrument; (ii) no such relocation, abandonment or release shall materially adversely affect the portions of the Properties on which the stormwater drainage easement is located or the portions of the Properties served thereby, or if it does have such material adverse effect, it is consented to in writing by the Owners of all portion of the Properties on which such stormwater drainage easement is located and which are served thereby;

and (iii) no such grant, relocation, abandonment or release shall materially adversely affect the Stormwater Control Measures for the Properties. The provisions of this paragraph also are applicable to any access easement over any portion of the Properties that provides pedestrian or vehicular access from a public street right-of-way or other public easement or facility to and from any Stormwater Control Measures.

With respect to its obligations under this Section, the Association shall pay, post, provide for or comply with all bonds and other financial obligations required by the Code or any applicable agreements, including Stormwater Agreements, executed by the Association (or, during the Declarant Control Period, by the Declarant on behalf of the Association for later assignment to the Association), and the Association (and, during the Declarant Control Period, the Declarant on behalf of the Association) may enter into agreements, including Stormwater Agreements, with the County, another association that exists for purposes similar to those of the Association, or any other Person with respect to inspecting, monitoring, measuring, collecting, controlling, transporting, handling, storing, discharging, operating and managing any part or all of the stormwater on, to, or from the Properties and/or any or all of the Stormwater Control Measures for the Properties, whether such Stormwater Control Measures are located within or outside of the Properties. Such agreements, including Stormwater Agreements, shall be binding on all Owners (or, with respect to Limited Common Area, all Owners to whose Lots such Limited Common Area is allocated), and may require payments from the Association or the Owners whose Lots are served by the applicable Stormwater Control Measures for the services provided by the County, such other association, or such other Person in inspecting, monitoring, measuring, collecting, controlling, transporting, handling, storing, discharging, operating or managing any part or all of such storm water and/or Stormwater Control Measures, and such agreements, including Stormwater Agreements, may include all other terms and obligations required by the Code. In connection with the foregoing purposes expressed in this paragraph, the Association (and, during the Declarant Control Period, the Declarant on behalf of the Association) may grant rights over, in, under, upon and through any and all stormwater drainage easements in the Properties, and may grant rights over, in, under, upon and through all easements in the Properties that provide pedestrian and/or vehicular access from a publicly dedicated street right of way to and from stormwater drainage easements and/or Stormwater Control Measures, provided, however, during the Declarant Control Period, no such agreement shall be valid unless the same shall have been consented to in writing by the Declarant.

In recognition of the fact that different Stormwater Control Measures may be necessary or desirable for different portions of the Properties or phases of the Subdivision (for example, because of the topography of the Properties, it may be desirable for a portion of the Properties to have Stormwater Control Measures separate from and/or in addition to, other Stormwater Control Measures in or serving the Properties, and it may be desirable for other portions of the Properties to utilize Stormwater Control Measures located outside of the Properties), and in further recognition of the desire of the Declarant for the provisions of the Declaration to be as flexible as reasonably necessary in order to maximize the benefit to the Properties of having or using one or more Stormwater Control Measures in accordance with sound engineering practices and approvals by the County, in fulfilling its obligations under the Declaration the Association (or, during the Declarant Control Period, the Declarant on behalf of the Association or for later assignment to the Association) may enter into different agreements, including Stormwater Agreements, for different portions of the Properties, subject to all of the other terms of the

Declaration. If such multiple Stormwater Control Measures and/or agreements, including Stormwater Agreements, are determined to be necessary or desirable, the costs of maintaining such Stormwater Control Measures and/or funding such agreements, including Stormwater Agreements, may be different for different portions of the Properties, some Stormwater Control Measures may be classified as Limited Common Area, and annual assessments and/or stormwater assessments (as defined herein) may be different for Lots in different portions of the Properties, and such differences may be classified as Limited Common Expenses under the Declaration.

Declarant hereby informs all Owners and other Persons who may from time to time deal with or come in contact with the Properties, that as stormwater drains from the Properties or other properties into any of the Stormwater Control Measures for the Properties, it is possible that substances or materials that may be classified or regulated as “hazardous substances” or “toxic substances” or other regulated substances or materials relating to the environment, may flow through and/or accumulate in such Stormwater Control Measures. Accordingly, each Owner and other Person assumes the risk that such flowing through and/or accumulation may occur. In addition, each Owner further acknowledges that if it becomes necessary (as determined by any applicable governmental entity or by the Board) for such substances to be removed from the Stormwater Control Measures or otherwise handled in accordance with applicable legal requirements, and for such Stormwater Control Measures to be cleaned-up following such removal or other handling, the costs associated with such removal, handling and/or clean-up are Common Expenses, and that an additional stormwater assessment may be required to pay for such removal and/or resultant clean-up of the Stormwater Control Measures.

Declarant, at any time and from time to time, may assign to the Association, and the Association shall accept from Declarant the assignment of, all obligations of the Declarant under all agreements, including Stormwater Agreements, entered into by the Declarant with respect to Stormwater Control Measures for the Subdivision, provided the Declarant has performed, or made adequate provision for the performance of, all obligations, if any, specifically required of the Declarant under the agreement, including Stormwater Agreements, being assigned to the Association. The provisions of this Section shall be construed liberally in order to allow the Declarant and the Association, on behalf of the Subdivision and all Owners, the necessary flexibility to comply with all applicable legal requirements with respect to stormwater, including the execution of agreements, including Stormwater Agreements, with the County or other Persons and the granting of easements to the County or other Persons.

Section 4. Assessment of Cost. In the event that the Association performs maintenance on any Lot as provided in Section 1 of this Article VI, the cost of any such maintenance, replacement or repairs (including the administration fee) shall be assessed against the Lot upon which such maintenance is done and shall be added to and become part of the assessments to which such Lot is subject under Article V hereof, enforceable under the terms thereof.

ARTICLE VII RIGHTS OF LENDERS

Section 1. Books and Records. Any holder of a first deed of trust on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of this Declaration, the Articles of Incorporation, the Bylaws, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding fiscal year.

Section 2. Notice to Lenders. Upon written request to the Association, the holder of a first deed of trust on any Lot shall be entitled to timely written notice of:

- (a) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of the Lot securing its loan.
- (b) A lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association.
- (c) Any proposed action that requires the consent of a specified percentage of owners or holders of first mortgages on the Lots.
- (d) Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.

Section 3. Approval of Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the holders of the first deeds of trust on Lots located within the Properties have given their prior written approval, the Association shall not:

- (a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. Neither the granting of easements for utilities or other purposes as provided in Section 1(c) of Article IV hereof, nor the exchange of real property as provided in Section 1(d) of said Article IV hereof shall be deemed a transfer within the meaning of this subsection (a). Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the County or another governmental entity or to a nonprofit entity organized for purposes similar to those of the Association;
- (b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

- (c) Fail to maintain hazard insurance on insurable improvements on the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value; or
- (d) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for anything other than the repair, replacement, or reconstruction of Common Areas or, as provided in §47F-3-1 13 of the Act, for distribution to the Owners, provided, however, that, except as provided in §47F-2-1 18 of the Act, any distribution to Owners shall be in the form of a credit toward current or future assessments due from the Owners to the Association.

Section 4. Payment of Taxes and Insurance Premiums. The holders of first deeds of trust on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The Person(s) making such payments shall be owed immediate reimbursement therefor by the Association.

Section 5. Collection of Assessments. No mortgagee shall have any obligation to collect any assessment under the Declaration.

ARTICLE VIII EASEMENTS

In addition to all other easements granted or reserved elsewhere in this Declaration, Declarant hereby grants and/or reserves the following easements.

Section 1. Access and Utility Easements. Easements for the installation and maintenance of driveways, walkways, water lines, sewer lines, natural gas lines, telephone, cable television, electric power transmission lines, storm water drainage facilities, and other public or quasi-public utility installations are reserved as shown on the recorded plats of the Properties. The Association may reserve and grant easements over the Common Area as provided in Article IV, Section I(c), of this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

For a period often (10) years from the date hereof, Declarant grants to and reserves for the Declarant, the Association, and their successors and assigns, an easement and right of ingress, egress and regress on, over and under the Properties to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, the Person taking such action shall grade and seed the affected property and restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. The Person

taking such action shall give reasonable notice of its intent to take such action to all affected Owners,

Section 2. Easement for Support. Every Lot and Unit which contributes to the lateral and/or vertical support of any adjoining Unit(s) shall be burdened with an easement of support for the benefit of such adjoining Unit(s).

Section 3. Easement For Encroachments. In the event that any structure erected on a Lot encroaches upon any other Lot or the Common Area, and such encroachment was not caused by the purposeful act or omission of the Owner of such Lot, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Area or other Lot for so long as such encroachment shall naturally exist. In the event that any structure erected principally on the Common Area encroaches upon any Lot, then an easement shall exist for the continuance of such encroachment of such structure onto such Lot for so long as such encroachment shall naturally exist. The foregoing shall not be construed so as to allow any extension or enlargement of any existing encroachment or to permit the rebuilding of the encroaching structure, if destroyed, in a manner so as to continue such encroachment, except such encroachment as was in existence as of the date of conveyance of the Lot to an Owner other than the Declarant.

Section 4. Easement Over Common Area. A perpetual, nonexclusive easement over, under and through the Common Area is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants, for the purpose of providing access, ingress and egress to, from and over the Common Area and for utilities serving such Lot. Any conveyance or encumbrance of such Common Area is subject to the easements granted herein.

Section 5. Association's Easement Upon Lots. The Association shall have a right, license and easement to go upon any Lot for the purpose of fulfilling its obligations under this Declaration, any other restrictive covenants applicable to the Subdivision, and any other laws, ordinances, rules and regulations, public or private, which the Association is obligated or permitted to enforce. Such easement shall include, without limitation, the right to go on any Lot to correct, repair or alleviate any condition which, in the opinion of the Board of Directors or of the manager employed by the Association, creates or may create an imminent danger to the Common Area or improvements thereon.

Section 6. Easement for Stormwater Management. In order to implement effective and adequate soil erosion controls and/or stormwater management, Declarant reserves, for itself and its successors and assigns (including the Association) a perpetual, non-exclusive right and easement to enter upon any portion of the Properties, before and after improvements have been constructed or placed thereon, to maintain or cause to be maintained soil erosion control and/or storm water management, facilities and devices; provided, however, neither the Declarant nor the Association shall not at any time be required to exercise this easement, and no exercise of the easement shall unreasonably interfere with any permanent improvements constructed on any such portion of the Properties (which improvements have been approved pursuant to Article IX hereof). If the need for stormwater management or soil erosion controls results from the construction of improvements on any portion of the Properties or any excavation, grading,

removal, reduction, addition or clearing of any portion of the Properties, the cost of any such work performed by the Declarant or the Association for the purpose of implementing effective and adequate stormwater management or soil erosion control shall be assessed against the Owner of the portion of the Properties on which such work has been performed, and shall be a lien and be enforceable in the same manner as assessments, provided, however, that, unless such corrective action must be taken sooner to avoid imposition of a fine by any governmental entity, in which case notice need not be given, if the Declarant or the Association determines that corrective action is necessary on any portion of the Properties, prior to exercising this right and easement the Declarant or the Association, as applicable, shall give the Owner of such portion of the Properties written notice of the proposed corrective action and a reasonable opportunity (not less than ten (10) days), to take the corrective action specified in such notice. If such Owner fails to complete the corrective action by the date specified in the notice, or if the Declarant or the Association was required to take action to avoid a fine, then, in either such event, the Declarant or the Association then may exercise this right and easement, and Owner of the portion of the Property for which corrective action was required shall, within ten (10) days of demand therefor, pay to the Declarant or the Association, as applicable, the costs of such corrective work, plus fifteen percent (15%) of such costs as an administrative fee, and if the Owner does not pay within that period, such costs and fees, if incurred shall constitute an individual special assessment against such Owner's Lot. If the corrective action was taken by the Declarant, the Association shall pay such costs and fees to the Declarant if the Owner does not timely do so.

Each Owner and any other Person who or which uses any portion of the Properties acknowledges and agrees that any and all lakes, ponds, creeks, streams and wetlands in the Properties, together with any dams or other facilities or devices that contain, control, or direct such waters, may be designed as water management areas (including stormwater management) and not designed solely as aesthetic features, and that, with respect to those that are water management areas, due to fluctuations in ground water elevations within the immediate area and/or the receipt or discharge of storm water, the water level of such lakes, ponds, and wetlands may rise and fall. Each Owner and other such Person further acknowledges and agrees that neither Declarant nor any Approved Builder has any control over such elevations. Therefore, each Owner and other such Person releases and discharges Declarant and each Approved Builder, and their respective successors, assigns, contractors, subcontractors, shareholders, directors, officers, partners, members, managers, agents and employees from and against any and all losses, claims, demands, damages, costs, and expenses of whatever nature or kind, including reasonable attorneys' fees and costs at all tribunal levels, related to or arising out of any claim relating to such fluctuations in water elevations.

No Owner or other Person who or which uses any portion of the Properties shall alter, modify, expand, or fill any lakes, ponds, or wetlands located in the Properties without the prior written approval of the local permitting authority, the County, the Association, the Declarant, the U.S. Army Corps of Engineers (to the extent it has authority), and such other governmental entities as may have relevant jurisdiction over such matters.

Section 7. Easements for Governmental Access. An easement is hereby established over the Common Area and every Lot for the benefit of applicable governmental agencies for installing, removing, and reading water meters; maintaining and replacing water, sewer and drainage facilities; and acting for other purposes consistent with public safety and welfare,

including, without limitation, law enforcement, fire protection, garbage collection, and the delivery of mail.

ARTICLE IX ARCHITECTURAL CONTROL

Section 1. General. No exterior construction, alteration or addition of any improvements of any nature whatsoever (including, without limitation, staking, clearing, excavation, grading, filling, construction of impervious surface, building, fencing, exterior alteration of existing improvements, change in the exterior color of any existing improvement, and planting and removal of landscaping materials), shall be commenced or placed upon any part of the Community unless installed by the Declarant or an affiliate of the Declarant, approved in accordance with this Article, or otherwise expressly permitted under this Declaration. Any Owner may remodel, paint or redecorate the interior of structures on the Lot without approval hereunder. However, modifications to the interior of porches, patios and similar portions of a structure visible from outside the Lot shall be subject to approval. No approval shall be required to repaint the exterior doors and shutters of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications. This Article shall not apply to the activities of the Declarant or its affiliates, nor to improvements to the Common Property by or on behalf of the Association; provided, however, this Article shall apply to any otherwise unaffiliated builder under this Declaration. This Article may not be amended without the written consent of the Declarant until (a) the Declarant no longer has the right to unilaterally annex additional property to the Community; and (b) each Lot has been improved with a dwelling for which a certificate of occupancy has been issued.

Section 2. Architectural Control Committee. The Architectural Control Committee ("ACC") of the Association shall consist of three (3) members. Until Declarant's rights are terminated in accordance with Article I, Section 12 of this Declaration, the Declarant shall have the right to appoint three (3) members of the ACC.

Upon the termination of all rights of Declarant hereunder, the Board of Directors shall appoint an ACC, which shall have all such jurisdiction over architectural control within the Community under this Article.

Section 3. Guidelines and Procedures. Except as provided above, no exterior construction, addition or alteration shall be made unless and until plans and specifications shall have been submitted in writing to and approved by the ACC. Such plans and specifications shall be of sufficient detail to allow the ACC to make its review and, to the extent required by the ACC, shall show the nature, kind, shape, height, materials and location of the proposed improvement. The ACC may adopt written design and development guidelines and application and review procedures (the "Architectural Guidelines"). The ACC shall have sole and full authority to prepare and to amend, from time to time at its sole discretion and without notice, the Architectural Guidelines. The ACC shall make the Architectural Guidelines available to Owners and builders who seek to engage in construction upon all or any portion of the Community and such Owners and builders shall conduct their operations strictly in accordance therewith. If the

ACC fails to approve or to disapprove submitted plans and specifications within thirty (30) days after receipt of all required plans and specifications, such approval shall be deemed to have been given. The ACC shall have the right to charge a reasonable fee, not to exceed \$ 250.00, for receiving and processing each application. As a condition of approval under this Article, each Owner, on behalf of such Owner and such Owner's successors-in-interest, shall assume all responsibilities for maintenance, repair, replacement and insurance to and on any improvement, change, modification, addition or alteration. In the discretion of the ACC, an Owner may be required to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of such Owner and such Owner's successors-in-interest. The ACC shall be the sole arbiter of such plans and may withhold approval for any reason, including, without limitation, purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. The ACC and its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any property in the Community to inspect for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such Persons shall not be deemed guilty of trespass by reason of such entry. If construction does not commence on a project for which plans have been approved within twelve (12) months of such approval, such approval shall be deemed withdrawn, and it shall be necessary for the Owner to resubmit the plans to the ACC for reconsideration.

Section 4. Specific Guidelines

(a) House Size. Unless and until changed by amendment of this Declaration, , all Dwellings constructed on any Lots within the Subdivision must contain the minimum square footage, (exclusive of basements, garages, porches and unfinished attics) set forth below:

- (i) 1 story: 1,500 square feet
- (ii) 1.5 stories: 1,750 square feet
- (iii) 2 stories: 2,000 square feet

(b) Exterior surfaces. All materials for exterior surfaces must be approved by the ACC, including the grade of any vinyl used.

(c) Mailboxes. All mailboxes shall be purchased from the ACC or fabricated according to the specifications of the ACC in terms of design, materials, color and size.

(d) Driveways and Vehicles. All driveways shall be paved with a durable material such as concrete, brick, concrete pavers, scored concrete, asphalt with controlled edges or a combination thereof. All improved Lots shall have driveways and/or garages which can accommodate parking of at least two vehicles.

(e) Use of Accessory Structures; Garages. All garages and outbuildings must be of a similar architectural style and shall be comprised of the same materials as the principal Dwelling. Barns used for storage or to house animals shall also be permitted. All garages, outbuildings and barns must be incidental to residential use. Except as provided herein, no shed or building, other than a Dwelling, shall be erected on a Lot.

(f) Fences. Any fence or wall installed within the Properties must meet all requirements of the Zoning Ordinance and must be approved as provided in this Article IX of this Declaration. Although each proposed fence must be approved in the discretion of the ACC, it is the intent of Declarant that fences abutting a front yard area would have some ornamental detail facing the street but that longer fences enclosing rear yards, pastures or other areas for animals would require less ornamental detail. Chain-link fences will not be permitted. Nothing in this paragraph shall be deemed to apply to or regulate retaining walls made necessary by the slope or grade of any Lot or Lots nor to any fence installed by the Declarant at any entrance to or along any street within the Properties.

Section 5. Limitation of Liability. Plans and specifications are not approved for engineering or structural design or quality of materials and by approving such plans and specifications the ACC assumes no liability or responsibility therefor or for any defect in any structure constructed from such plans and specifications. Neither the ACC, the Association, nor the officers, directors, members, employees and agents of any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval or to any Owner of property affected by these restrictions by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every Person who submits plans and specifications and every Owner agrees that such Person or Owner will not bring any action or suit against the ACC, the Association or the officers, directors, members, employees and agents of any of them to recover any damages and hereby releases, remises, quitclaims and covenants not to sue for all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given.

Section.6. No Waiver. The approval of the ACC of any proposals plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring approval or consent of the ACC, shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications or drawings or matters whatever subsequently or additionally submitted for approval or consent.

Section 7. Variances. Notwithstanding anything to the contrary contained herein, the ACC shall be authorized to grant individual variances of up to ten percent (10%) to the extent a particular Guideline or standard specifies a numerical value or as determined by the ACC if a Guideline or standard is not expressed with reference to a numerical standard from any of the provisions of this Declaration and the Architectural Guidelines if it determines that waiver of application or enforcement of the provision in a particular case is dictated by unique circumstances, such as, but not limited to, topography, natural obstructions, hardship, aesthetic considerations, or environmental considerations and would not be inconsistent with the overall scheme of development for the Community. No variance shall (a) be effective unless in writing, or (b) prevent the ACC from denying a variance in other similar circumstances. For purposes of this provision, the inability to obtain approval of any governmental agency or the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

Section 8. Enforcement. Any structure or improvement placed or made in violation of this Article shall be deemed to be nonconforming. Upon written request from the ACC, an Owner shall, at its own cost and expense, remove such nonconforming structure or improvement and restore the land to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore as required, the ACC and its agents shall have the right to enter the property, remove the nonconforming structure or improvement, and restore the property to substantially the same condition as previously existed. All costs, including, without limitation, attorney's fees, may be assessed against the Lot as a specific assessment. Any contractor, subcontractor, agent, employee or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Architectural Guidelines may be excluded by the ACC from the Community, subject to any applicable notice and hearing procedures contained in the Bylaws. In such event, neither the ACC, the Association nor the officers, directors, members, employees and agents of any of them shall be held liable to any Person for exercising the rights granted by this Article. In addition to any other remedies available to the ACC and the Association, including fining as provided herein, in the event of noncompliance with this Article, the ACC may record in the appropriate land records a notice of violation hereunder naming the violating Owner. In addition to the foregoing, the ACC shall have the authority and standing to pursue any and all remedies available at law and equity to enforce the provisions of this Article.

ARTICLE X USE RESTRICTIONS

Section 1. Use of Lots and Common Area. All Lots shall be used for residential purposes only. Except as permitted by the Code, no trade, business, profession or other type of commercial activity shall be carried on upon any Lot, except that the Declarant, Approved Builders, real estate brokers, Owners, and their agents may show Lots for sale or lease. Notwithstanding the foregoing, the Declarant and Approved Builders and their agents and employees, shall have the right to: (i) use Lots and improvements erected thereon for sales offices, field construction offices, storage facilities, and other uses consistent with the development of the Properties and the sale and construction of homes therein; (ii) maintain spot-lighted model homes which may be open to the public for inspection seven days per week for such hours as the Declarants deems appropriate or necessary; (iii) conduct any other activities on Lots to benefit development, sales and construction efforts; and (iv) use the parking facilities on the Common Area for parking for its employees and invitees.

Section 2. Building Setbacks; House Location. No Dwelling shall be erected or maintained on any Lot outside of the building envelope required by the zoning ordinance of the County (the "Zoning Ordinance"). For purposes of these building setback requirements, decks, porches, patios, stoops, eaves, overhangs, bay windows, chimneys, carports and other similar projections shall be deemed to be part of the Dwelling only to the extent that the same are deemed to be part of the Dwelling under the Zoning Ordinance as it exists as of the date of issuance of a certificate of occupancy for such Dwelling. Any Dwelling erected on a 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 either street or the intersection of the two streets on which the Lot abuts.

Section 3. Trailers; Modular Units. Trailers, campers, recreational vehicles and commercial vehicles may be parked on a Lot if (a) they are screened from view from the street or parked in a garage or other outbuilding and (b) construction of the Dwelling on a Lot is complete. Temporary storage trailers or a portable toilet facility used by an Approved Builder during the construction of a Dwelling, may be located on a Lot during construction of the Dwelling, provided that such temporary structures may not, at any time, be used as a residence or be permitted to remain on the Lot after the completion of construction. Except as provided herein, no trailer, camper, mobile home, modular home or other structure of a temporary character shall be placed upon any Lot at any time. All Dwellings are to be built on site. The foregoing shall not be deemed to prohibit Declarant and its agents, and/or, with the consent of Declarant, Approved Builders and their agents, from maintaining and using temporary buildings, offices or facilities in connection with the marketing, sale and construction of Dwelling Units.

Section 4. Nuisances. No illegal, noxious or offensive trade or activity shall be carried on upon any Lot or the Common Area, nor shall anything be done thereon which may be or become an annoyance or nuisance to the Owners and occupants of the Properties. No vehicle repairs or maintenance shall be conducted within the Properties other than in a garage and concealed from public view. Outside clothes hanging devices are not permitted.

Section 5. Animals. No animals, livestock or poultry of any kind shall be kept on any Lot, except that a reasonable number of cats, dogs, and other ordinary household pets may be kept and a reasonable number of horses may be kept on Lots greater than three (3) acres in size, provided that no animals are kept, bred, or maintained for any commercial purpose and that they do not become a nuisance to the Community. The Board of Directors has the right, in its sole and absolute discretion, to determine whether or not a particular animal is a nuisance and to require removal. No Person owning or having custody of a permitted animal shall allow the animal to stray or go upon another Owner's Lot without the consent of such other Owner. No animals shall be permitted on or in the Common Area at any time except as permitted by the Rules of the Association or by applicable law. All animals shall be on a leash when outside the Owner's Lot. The owner of a permitted animal shall be responsible for removing and cleaning up any excrement deposited by such animal on any Lot, street right-of-way, or the Common Area.

Section 6. Signs. Except as otherwise required by the County, no sign of any kind shall be displayed to the public view on any Lot except signs used to advertise Lots for sale during the construction and sales period, one sign of not more than six (6) square feet advertising the property for sale or rent, and signs of not more than six (6) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than sixty (60) days before such election and shall be removed within two (2) days after such election. No sign of any kind shall be displayed in or on the Common Area without the prior written consent of the Association. Notwithstanding the foregoing, Declarant and, with the consent of Declarant, Approved Builders shall have the right to erect and maintain signs of any type and size on any Lots which they owns and, with the consent of Declarant, on the Common Area in connection with the development and sale of the Properties.

Section 7. Parking. 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 a paved driveway and an attached paved parking pad, which pad shall be designed for the parking of not more than three (3) vehicles. Any driveway or parking pad constructed upon any Lot shall have a concrete surface.

No mobile house trailer (whether on or off wheels), recreational vehicle, trailer or enclosed body of the type which may be placed on or attached to a vehicle (known generally as "campers"), tractor trailer trucks or cabs, or commercial vehicle of any kind shall be parked on any street or any Lot within the Properties. No boat, boat trailer, or any other trailer shall be parked on any street within the Properties. A boat, boat trailer, or other trailer may be parked or kept on a Lot if it is parked or kept in the garage or approved out-building (and the door of the garage or out-building can close completely) or otherwise in such a manner that the boat and trailer are screened from the streets, the Common Area, and other Lots. Screening may include an approved fence and plantings, but, in any case, the screening must comply with the Zoning Ordinance and be approved pursuant to Article IX of this Declaration.

No vehicle of any type which is abandoned or inoperative shall be stored or kept on any Lot in such manner as to be seen from any other Lot, any street within the Properties or the Common Area, and no automobiles or mechanical equipment maybe dismantled or allowed to accumulate on any Lot. Vehicles without current registration and inspection stickers are considered abandoned or inoperative.

No vehicle of any type or size which transports inflammatory or explosive cargo or which stores or transports materials or substances defined as hazardous or toxic by any applicable Legal Requirements shall be kept or stored or allowed to remain in or on the Properties at any time, except as may be required to effectuate transportation or removal of such prohibited materials and substances through or from the Properties, or, with respect to explosive materials, as may be reasonably required in connection with the construction or installation of streets and utilities in the Properties, or as maybe allowed by Declarant, during the Declarant Control Period, and thereafter, the Board of Directors, when reasonably required for the construction of other improvements within the Properties.

The Board of Directors shall have the right and authority to make, implement and enforce such additional parking Rules as it might deems from time to time necessary or appropriate, and shall have the right and authority to enforce same, including, but not limited to, the right to levy fines for violations thereof. Furthermore, the Association shall have the right and authority to have towed any vehicle parked or maintained in violation of these or subsequently-adopted parking Rules, and the cost of towing and storage shall be the responsibility of the Owner of the Lot to which such vehicle is registered or the owner of the vehicle, as appropriate.

Section 8. Antennae and Roof Structures. No television, radio or other electrical towers, aerials, antennae, satellite dishes, or other devices of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon unless approved in accordance with Article IX hereof, except that this prohibition shall not apply to those antennae specifically covered by 37 C.F.R. Part 1, Subpart S, Section 1.4000 (or any

successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Association shall be empowered to adopt Rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location, size and maintenance of antennae.

To the extent that the reception of an acceptable signal would not be impaired, an antenna permissible under this Declaration and/or Rules adopted by the Association may be installed only if it: (i) is located in the rear or side yard of the Lot; (ii) is not visible from any street (whether by location or screening); (iii) is integrated with the Dwelling and surrounding landscape; and (iv) is approved pursuant to Article IX of this Declaration.

Section 9. Garbage; Unsightly Storage. All trash and rubbish shall be kept in garbage cans stored in the garage or behind the Dwelling in such a manner as not to be visible from the street upon which the Dwelling fronts. No trash, rubbish, stored materials, wrecked or inoperable vehicles, or similar unsightly items shall be allowed to remain on any Lot; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, and other debris for collection by governmental or other similar garbage and trash removal entities. In the event of curbside trash and/or garbage pickup, trash and/or garbage cans may be moved to the street on the night before the scheduled pickup, but all garbage cans must be returned to their permitted location the night of the scheduled pickup. Trash containers used by the Declarant and Approved Builders during construction are exempt from this provision.

Section 10. Swimming Pools. No above-ground swimming pools are permitted in the Community, except that small, inflatable wading pools shall be permitted behind the Dwelling on a Lot.

Section 11. Well and Septic Locations. The specific locations for water well and septic systems for each Lot must be approved by the ACC. Prior to closing of a lot sale, a map will be provided to the purchaser and recorded in the Granville County Registry which shall indicate permitted locations for such facilities. These areas will be plotted in such a manner as to allow for adequate areas for such facilities while minimizing the impacts on adjacent lots in consideration of the fact that the location of wells and septic systems on one Lot may affect placement of improvements on an adjacent Lot. Therefore no Owner shall locate any septic facilities, including tanks, pipes and drain fields or wells in any location other than as designated as permitted locations for such facilities as provided in the map provided at closing, and further, the final exact location of all such facilities shall be approved by the ACC prior to construction. Following construction, such facilities may not be expanded or relocated without the prior written approval of the ACC.

Section 12. Maintenance of Lot and Improvements; Construction. As more fully provided in this Declaration, each Owner shall keep his Lot, including, but not limited to, plantings, landscaping and lawns, in a neat and attractive condition and shall keep the improvements thereon in a suitable state of repair. If an Owner fails to comply with this provision, the Declarant or the Association may remedy such non-compliance and the Owner of such Lot shall be responsible for all costs of bringing the Lot into compliance with this provision. Any such costs shall be deemed an individual special assessment against the Lot.

In the event that any residence or structure on a Lot is destroyed or partially destroyed by fire, Act of God, or as a result of any other act or thing, the Owner of such Lot shall repair the damage and reconstruct the improvement within nine (9) months after such damage or destruction; provided, however, that if the structure damaged is not part of or attached to the Dwelling constructed on such Lot, the Owner may, at his option, either completely remove the damaged structure and landscape the area on which the structure stood or repair or reconstruct the structure.

All construction, landscaping or other work which has been commenced on any Lot shall be continued with reasonable diligence to completion and no partially-completed house 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 public streets abutting his Lot free from any dirt, mud, garbage, trash or other debris resulting from construction on his Lot.

Section 13. Leasing of Dwellings. An Owner may lease or sublet his/her dwelling; however, any lease or sublease must be for at least six (6) months, be in writing, and contain the following provision:

“Tenant shall obey, adhere to and be bound by all provisions of the Declaration Of Covenants, Conditions, Restrictions, Easements, Charges And Liens For Hawley Estates, recorded in the Granville County Registry. Tenant acknowledges that he has received a copy of such Declaration and the rules and regulations of the Association and is familiar with the provisions of same.”

Section 14. Street Lighting. Declarant shall subject the Properties to a contract with Wake Electric or other utility provider for installation and operation of street lighting, which requires a continuing monthly payment to Wake Electric, or such other utility, by each Class A Member of the Association beginning within thirty (30) days after the installation and commencement of operation of the street lights.. Such amount shall be in addition to any monthly assessment owed by an Owner.

Section 15. Waiver of Violations. Declarant, or the Persons to whom the architectural review and approval authority has been delegated pursuant to Article IX of this Declaration, may, but shall not be obligated to, waive any violation of the designated and approved building setback lines on any Lot, provided that, no waiver may be granted for a violation in excess of 25% of the applicable requirements. No such waiver shall be effective unless the Lot and all structures thereon are in full compliance with the applicable provisions of the Zoning Ordinance or a variance has been obtained for such violation. Waivers shall be effective upon recording of same in the Registry.

Section 16. Fines. The Board of Directors shall have the right and authority to levy fines or suspend privileges or services provided by the Association, except for rights of access and utilities to a Lot, for reasonable periods for the violation of any provision of this Declaration and other Rules hereafter promulgated by the Board of Directors pursuant thereto. Any monetary fine shall be deemed an individual special assessment against the Lot of the Owner against whom such fine is assessed.

ARTICLE XI GENERAL PROVISIONS

Section 1. Enforcement. The Association and each Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, rules, regulations, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Act, the Bylaws or rules and regulations adopted by the Association. Failure by the Association or an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement actions, or any case in which the Board reasonably determines that the cost of enforcement outweighs the benefit to be gained by enforcement. Any such determination shall not be construed as a waiver of the right to enforce such provisions under other circumstances or to estop the Association from enforcing any other covenant, restriction or rule.

Section 2. Severability. If any provision of this Declaration is held by a court of competent jurisdiction to be invalid or void, such provision shall be deemed severable from the remaining provisions of the Declaration and shall not be deemed to nullify or affect any other provision hereof. If any such provision is deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

If any item, term or provision contained in this Declaration is in conflict with any applicable federal, state or local laws, this Declaration shall be affected only as to its application to such item, term or provision, and shall in all other respects remain in full force and effect.

Section 3. Term; Amendment. The covenants and restrictions of this Declaration shall run and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of seventy-five (75%) percent of the Owners after the expiration of said twenty-five (25) year period.

This Declaration may be amended only in strict compliance with this Section and the Act, including, without limitation, §47F-2-1 17 of the Act, except that no Amendment altering or impairing special declarant rights may be made without the written consent of the Declarant. This Declaration may also be amended by an instrument signed by the Owners of not less than seventy-five (75%) percent of the Lots and, during the Declarant Control Period by the Declarant; provided, however, that in no event may Declarant's rights hereunder be amended or altered without Declarant's prior written consent. Any amendment must be properly recorded and shall take effect only upon recording. For the purpose of this section, additions to existing property as provided in Article II, Section 2 hereof shall not constitute an "amendment".

Notwithstanding the foregoing, Declarant, without the consent or joinder of the Owners or other Person, may amend this Declaration during the Declarant Control Period, provided such amendment is not expressly prohibited by the Act, and further provided that such amendment does not adversely affect the title to any Lot or materially alter or change any Owner's right to the use and enjoyment of such Owner's Lot or the Common Area as set forth in this Declaration.

Furthermore, should the Federal Housing Administration ("FHA"), the Secretary of Veterans Affairs ("VA"), the Federal National Mortgage Association ("FNMA"), or the Federal Home Loan Mortgage Corporation ("FHLMC"), or any other governmental entity which adopts or has adopted statutes, laws, ordinances, rules or regulations applicable to the Properties, the Association or this Declaration subsequently delete any of their respective requirements which necessitate the provisions of this Declaration or make such requirements less stringent, the Board, without consent of the Owners, may cause an amendment to this Declaration to be recorded to reflect such change.

All material amendments must also be approved by the Granville County Planning Department.

Section 4. Non-Liability of Governmental Entities. The County shall not be responsible for failing to provide any emergency or regular fire, police, or other public service to the Properties, any Lot, or any Owner or occupant thereof when such failure is due to the lack of access to the Properties or any Lot thereof due to inadequate design or construction of such access, blocking of access routes, or any other factor within the control of the Declarant, the Association, an Owner, or an occupant of any Lot.

Section 5. Subdivision of Lots. No Lot within the Subdivision may be subdivided by sale or otherwise so as to reduce the total Lot area shown on a recorded plat of the Subdivision, except with the consent of the Declarant during the Declarant Control Period, and thereafter by the Association, and, if required, by the County.

Section 6. Insurance. The Association shall procure and maintain adequate liability insurance covering the Association, in an amount not less than \$1,000,000.00. The Association shall also procure and maintain full replacement value hazard insurance on real and personal property owned by the Association, and shall procure and maintain officers' and directors' liability insurance. The premiums for such insurance shall be a Common Expense paid from the annual assessments provided in Article V of this Declaration.

Section 7. Rules and Regulations. The Board of Directors shall have the authority to adopt additional rules and regulations (herein sometimes referred to as "Rules") governing the use of the Common Area and the Lots and shall furnish a written copy of said rules and regulations to the Owner(s) of each Lot at least fifteen (15) days before such Rules become effective.

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the Bylaws of the Association, the rules and regulations adopted by the Association, or the restrictive covenants and other use restrictions applicable to the Properties, in accordance with procedures

set forth in the Bylaws, which sanctions may include, but are not limited to, reasonable monetary fines, which fines shall be deemed an individual assessment and a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any recreational facilities within the Common Area; provided, however, that the Association may not suspend such Owner's right of access to or any utilities servicing his Lot.

In addition, pursuant to procedures provided in the Bylaws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any Common Area if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association, provided, however, that the Association may not suspend such Owner's right of access to or any utilities servicing his Lot. Any costs incurred by the Association in exercising such remedies shall be an individual special assessment against such Owner's Lot.

The Association shall have the right and easement to go upon any Lot for the purposes of exercising its rights hereunder, including, but not limited to, enforcement of the architectural guidelines applicable to the Properties. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed a trespass.

All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies, the party prevailing in such action shall be entitled to recover the costs, including, without limitation, attorneys' fees and court costs, actually and reasonably incurred by it in such action.

Section 8. Condemnation/Casualty. If all or any part of the Common Area and improvements thereon are taken by power of eminent domain or are damaged or destroyed by fire or other casualty, the proceeds of the condemnation award or any insurance policies covering such improvements shall be payable to the Association. The Board of Directors shall propose to the Members, at an annual or special meeting held within sixty (60) days after the date of the condemnation or casualty, whether or not to reconstruct the improvements. The insurance proceeds shall be used to reconstruct the improvements except as provided in §47F-3-113(g) of the Act, in which event the proceeds shall be retained by the Association for operation expenses or reserves, as determined by the Board or the Members. Nothing in this Section shall prevent the Board from proposing and the Members from approving the use of such proceeds for construction of different improvements, e.g., playground on Common Area in lieu of a destroyed club house.

Section 9. Association Contracts and Leases During Declarant Control Period. All Association contracts and leases made during the Declarant Control Period which extend beyond the Declarant Control Period must: (i) be for a term of two years or less; (ii) be terminable without penalty by the Association upon no more than ninety (90) days written notice; and (iii) be commercially reasonable and made with an entity not affiliated with the Declarant.

Section 10. Evidence of Member Approval. In the event that any action requires evidence of consent of the Members or a specified percentage of the Members, such approval

shall be conclusively presumed if supported by a Certification signed by the President or Secretary of the Association in substantially the following form:

CERTIFICATE OF THE HAWLEY ESTATES HOMEOWNERS ASSOCIATION, INC.

This is to certify that, upon proper notice given, a [the] Special [Annual] Meeting of the Members of Hawley Estates Homeowners Association, Inc., was held on [Date and Year] at [Time]. The purpose [One of the purposes] of the meeting, as set forth in the Notice of Meeting, was to: *[State action for which Member approval is required.]*

At such meeting, at which a quorum was present, in person or by proxy, a total of _____ votes were cast: _____ votes were cast in favor of such action, and _____ votes were cast against such action. Accordingly, the motion to approve [described the action approved] was approved by at least _____% of the Members as required by the Declaration and Bylaws of the Association.

Section 11. Number and Gender. Whenever the context requires, the singular shall include the plural, and vice versa, one gender shall include the other and neuter, and neuter shall include both genders.

Section 12. Captions. Captions are for the purpose of reference only and shall not be deemed to be in any manner interpretive of any provision of this Declaration.

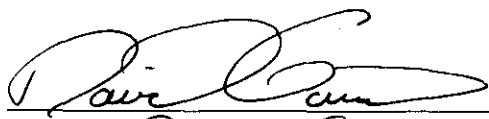
Section 13. Conflicts. In the event of a conflict between this Declaration and the Article of Incorporation of the Association, the Articles of Incorporation shall control. In the event of a conflict between this Declaration and the Bylaws, this Declaration shall control.

Specific provisions shall control general provisions. Notwithstanding the foregoing, a construction consistent with the Act, the North Carolina Nonprofit Corporation Act (N.C.G.S. Chapter 55A), and the ordinances of the County shall in all cases control over any construction inconsistent therewith. The provisions of the Act and the Nonprofit Corporation Act shall in all cases control any conflicting provisions of the Code.

Section 14. Rule Against Perpetuities. As provided in §47F-2-103(b) of the Act, the rule against perpetuities may not be applied to defeat any provision of the Declaration, Bylaws, or rules and regulations adopted pursuant thereto and §47F-2-102(1) of the Act. In the absence of the protection provided in §47F-2-103(b) of the Act, if any provision of this Declaration violates any applicable rule against perpetuities, such provision shall be deemed amended to be and remain in effect for the maximum period of time that such provision could be in effect without violating the applicable rule against perpetuities.

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

DECLARANT: **McFARLAND PROPERTIES, LLC**

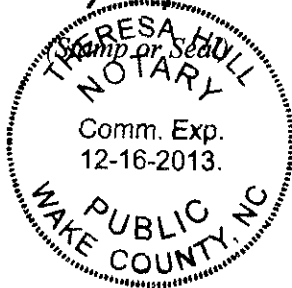
By: 
Name: DAVID GAINES
Title: MEMBER

STATE OF NORTH CAROLINA – COUNTY OF WAKE

I certify that the following person(s) personally appeared before me this day and acknowledged to me that he signed the foregoing document for the purposes stated therein and in the capacity indicated:

David Gaines, member

Date: 04/07/2010



Theresa Hull
Signature of Notary

Printed Name: Theresa Hull

My commission expires: 12/16/2013

EXHIBIT A

Lying and being in Granville County, North Carolina, and being more particularly described as follows:

EXHIBIT A

BEING all of the property more particularly described as follows, as shown on the Survey for David Gaines, dated July 27, 2006 and revised December 4, 2006, located in Fishing Creek Township, Granville County, North Carolina, and being more particularly described as follows:

TRACT 1: BEGINNING at a iron pipe located at the northeast corner of Tract 3 and the southeast corner of Tract 2 of the Property of The Willie Hawley Heirs as shown on that map recorded in Plat Book 11, page 155, Granville County Registry; running THENCE along the eastern line of said Tract 2, N 03° 33' 06" W 342.05 feet to an existing iron pipe; THENCE along the northern line of said Tract 2 S 83° 37' 10" W 637.51 feet to a new iron pipe set; THENCE along the eastern boundary of Tract 4 now or formerly owned by Frances J. Hawley, N 04° 35' 28" W 731.53 feet to an existing iron pipe; THENCE along the southern lines of various lots shown on the map recorded in Plat Book 10, Page 186, N 88° 32' 41" E 1105.46 feet to an existing iron pipe; THENCE along the common line of property now or formerly owned by Tony and Paula Archer N 88° 31' 24" E 100.01 feet to an existing iron pipe; THENCE cornering and running along the common line of the Archer property S 00° 08' 10" E 147.29 feet to an existing iron pipe; THENCE along the property now or formerly owned by McFarland Properties, LLC and Stephen and Carol Schandel S 00° 11' 25" E 949.88 feet to an existing iron pipe; THENCE cornering and running along the common line of property now or formerly owned by Danny and Cindy DeVoto S 82° 48' 51" W 352.62 feet to a cedar stake; THENCE cornering and running along the common line of the aforesaid Tract 3, N 15° 17' 25" W 555.57 feet to an existing iron pipe; BEING THE POINT AND PLACE OF BEGINNING, containing 25.708 acres more or less, identified as Tract 1 on the aforesaid plat.

BEING all of the property more particularly described as follows, as shown on the Survey for David Gaines, dated July 27, 2006 and revised September 5, 2006, located in Fishing Creek Township, Granville County, North Carolina, and being more particularly described as follows:

TRACT 2: BEGINNING at a iron pipe located at the northeast corner of Tract 3 and the southeast corner of Tract 2 of the Property of The Willie Hawley Heirs as shown on that map recorded in Plat Book 11, page 155, Granville County Registry; THENCE from said POINT AND PLACE OF BEGINNING, along the northern boundary of said Tract 3, S 83° 35' 46" W 637.51 feet to an existing iron pipe; THENCE cornering and running along the common line of the property now or formerly owned by Francis J. Hawley, N 03° 33' 15" W 342.31 feet to a new iron pipe set; THENCE cornering and running along the common line of property now or formerly owned by Jason Edwards and Samuel Cox N 83° 37' 10" E 637.51 feet to an existing iron pipe; THENCE cornering and continuing along the common line of the Edwards/Cox property S 03° 33' 06" E 342.05 feet to the POINT AND PLACE OF BEGINNING, containing 5.002 acres, more or less and being identified as Tract 2, owned by Jason Edwards on the aforesaid plat.

BEING all of the property more particularly described as follows, as shown on the Survey for David Gaines, dated July 27, 2006 and revised September 5, 2006, located in Fishing Creek Township, Granville County, North Carolina, and being more particularly described as follows:

TRACT 3: BEGINNING at a iron pipe located at the northeast corner of Tract 3 and the southeast corner of Tract 2 of the Property of The Willie Hawley Heirs as shown on that map recorded in Plat Book 11, page 155, Granville County Registry; THENCE from said POINT AND PLACE OF BEGINNING, with the common line of Tract 1, now or formerly owned by Jason C. Edwards and Samuel Cox, S 15° 17' 25" E 555.57 feet to a cedar stake; THENCE along the common line of property now or formerly owned by Danny and Cindy DeVoto and Jerry and Donna Rose, S 00° 05' 12" E 529.68 feet to an existing iron pipe; THENCE crossing the creek, S 00° 05' 12" E for a distance of 15.46 feet to an existing iron pipe in the southern bank of the creek; THENCE along the common line of the property now or formerly owned by William and Hazel Ramsey, S 00° 05' 12" E 571.67 feet to a new iron pipe set; THENCE cornering and running along the common line of property, now or formerly owned by the James Williams heirs, S 87° 56' 06" W 174.08 feet to an axle; THENCE continuing along the Williams property line, S 87° 20' 46" W 107.31 feet to a new iron pipe set; THENCE cornering and running along the eastern boundary of Tract 4, now or formerly owned by Frances Hawley, N 03° 35' 11" W 1614.53 feet to an existing iron pipe; THENCE cornering and running along the southern boundary of Tract 2 now or formerly owned by Jason Edwards, N 83° 35' 46" E 637.51 feet to the POINT AND PLACE OF BEGINNING, containing approximately 26.622 acres, more or less and being identified as Tract 3, owned by Estelle Hawley, as shown on the aforesaid plat.

BEING all of the property more particularly described as follows, as shown on the Survey for David Gaines, dated July 27, 2006 and revised September 5, 2006, located in Fishing Creek Township, Granville County, North Carolina, and being more particularly described as follows:

TRACT 4: BEGINNING at a iron pipe located at the northeast corner of Tract 3 and the southeast corner of Tract 2 of the Property of The Willie Hawley Heirs as shown on that map recorded in Plat Book 11, page 155, Granville County Registry; THENCE from said BEGINNING point S 83° 35' 45" W 637.51 feet to an iron pipe marking the TRUE POINT AND PLACE OF BEGINNING; THENCE from said TRUE POINT AND PLACE OF BEGINNING, S 03° 35' 11" E 1614.53 feet to a new iron pipe set; THENCE cornering and running along the common line of property now or formerly owned by the James Williams heirs, S 87° 20' 46" W 808.00 feet to a control corner marked by an axle; THENCE cornering and running along the common line of property now or formerly owned by Michelle and Mark Harris and Charles and Vivian Harris, N 03° 34' 40" W 2704.69 feet to an existing iron pipe; THENCE cornering and running along the common line of various lots in the Stone Ridge Subdivision, N 88° 32' 41" E 795.41 feet to an existing iron pipe; THENCE cornering and running along the common line of Tract 1 now or formerly owned by Jason Edwards and Samuel Cox S 04° 35' 28" E 731.53 feet to a new iron pipe set; THENCE along the common line of Tract 2 now or formerly owned by Jason C. Edwards, S 03° 33' 15" E 342.31 feet to an existing iron pipe, being the TRUE POINT AND PLACE OF BEGINNING, containing approximately 49.890 acres, more or less, identified as Tract 4, owned by Frances J. Hawley, on the aforesaid map.

TRACT 5: Being all of that certain 1.527 acre tract, designated as Tract 2 on plat and survey prepared by Charles E. Thompson, Jr., Professional Land Surveyor, dated May 19, 2006, of record in Plat Book 33, Page 197, Granville County Registry, to which plat reference is hereby made for a more particular description of same.

For further reference see Deed recorded in Book 558, page 153, Granville County Registry.

SAVE AND EXCEPT all of Lots 1 and 55 as shown on plat entitled "Final Plat For Hawley Estates, Phase 1, 9 Lots", prepared by Larry K. Allen, PLS, dated December 18, 2009, and recorded in Plat Book 38, Page 142, Granville County Registry, to which plat reference is hereby made for a more particular description of same.

SAVE AND EXCEPT all publicly dedicated or private streets, and all property which is or may become a Common Area or Common Areas under Section 8 in the Declaration of Covenants recorded in Book 1338, Page 454, Granville County Registry, as amended from time to time, or as shown on the plat recorded in Plat Book 38, Page 142, Granville County Registry.