Prepared by & Return to:
City of Oaks Law
PO Box 6356
Raleigh NC 27628

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR SHERRON ESTATES SUBDIVISION (as may be amended or supplemented as set forth herein, "Declaration") is made this ___ day of ____, 2021 by Sherron Estates LLC, a North Carolina limited liability company, whose address is 5711 Six Forks Road, Ste 103, Raleigh North Carolina 27609 (the "Declarant").

WITNESSETH:

A. Declarant is the owner and developer of certain real estate in Granville County,
North Carolina, and more particularly described on Exhibit A attached hereto and made a part hereof (the "Property" or "Subdivision"); and

B. Declarant is developing the Property known as "Sherron Estates Subdivision" by
subdividing it into "Lots" that are to be used for residential purposes as well as common real estate and improvements that are to be owned by a homeowners association to which the Owner of a Lot must belong and pay lien-supported maintenance assessments; and

C. At the time of the conveyance of a Lot to an Owner, the Declarant intends to make available the common amenities on the Property, if any, as they are built, and, at the time of completed development, the entire Property, excluding the Lots and dedicated streets, if any, shall be conveyed without cost or charge to the Association.

THEREFORE, the Declarant hereby declares that all of the Lots and Common Areas (defined below) located within the Subdivision are held and shall be held, conveyed, hypothecated or encumbered, leased, rented, used, occupied and improved, subject to the following covenants, conditions and restrictions, all of which are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Subdivision as a whole and of each of said Lots. All of these restrictions shall run with the land and shall be binding upon the Declarant and upon the parties having or acquiring any right, title or interest, legal or equitable in and to the Property or any part or parts thereof subject to such restrictions, and shall inure to the benefit of the Declarant and every one of the Declarant's successors in title to any of the Property.

ARTICLE I

DEFINITIONS

Section 1.1 "Annual Organizational Board Meeting" means the annual organizational board meeting of the Board, which shall take place immediately after each Annual Meeting of the Members.

Section 1.2 "Annual Meeting" means the annual meeting of the Members held in Granville County, North Carolina, within the last quarter of each calendar year, upon proper notice, at a date, time and at a place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (1) year from the date of incorporation on such date as the initial Board shall determine.

Section 1.3 "Articles" or "Articles of Incorporation" shall mean those articles, filed with the Secretary of State of North Carolina, incorporating Sherron Estates Homeowners Association, Inc., as a nonprofit corporation under the provisions of North Carolina State law, as the same may be amended from time to time.

Section 1.4 "Assessments"' means Regular Assessments, Special Assessments, Individual Assessments and Fine Assessments.

Section 1.5 "Association" shall mean and refer to WESLEY MANOR HOMEOWNERS ASSOCIATION, INC., to be formed as a non-profit corporation, its successors and assigns.

Section 1.6 "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 1.7 "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 1.8 "Class A Members" shall mean as defined in Section 4.5.1 below.

Section 1.9 "Class B Members" shall mean as defined in Section 4.5.2 below.

Section 1.10 "Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation, and the Rules and Regulations, if any, and any other basic documents used to create and govern the Subdivision.

Section 1.11 "Common Areas" shall mean all the real estate (including retention ponds, storm drainage improvements, entrance signage, and all landscaping and other improvements thereon) owned by the Association for the common use and enjoyment of the Owners, streets dedicated to the public until the same are accepted for maintenance by the North Carolina Department of Transportation or a municipality, and stormwater management facilities as described in Article X. Common Areas shall include, but not be limited to, parcels designated on the Subdivision plat as "Community Well Lot," "Wetlands Area,""COS," "Open Space," "Common Area" or reserved as an access drive or street.

Section 1.12 "Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Subdivision, including, without limitation thereof, operation of the Subdivision, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefor; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Subdivision; all costs incurred in acquiring a Lot pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas of the Subdivision. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly.

Section 1.13 "Declarant" shall mean and refer to SHERRON ESTATES LLC, a North Carolina limited liability company, its successors and assigns as a Declarant.

Section 1.14 "Default" shall mean any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

Section 1.15 "Development Period" means the period commencing on the date on which this Declaration is recorded in the Granville County Register of Deeds and terminating on the earlier to occur of (i) when Declarant no longer owns a Lot in the Subdivision; (ii) the date that Declarant relinquishes in writing Declarant's right to appoint Directors; or (iii) the occurrence of the date ten (10) years from the date of recording the Declaration, renewable for an additional ten (10) year period with the consent of a majority of Lot Owners other than the Declarant.

Section 1.16 "Fine Assessment" means the charge established by Section 5.5.2 of this Declaration.

Section 1.17 "Individual Assessment" means the charge established by Section 5.4 of this Declaration.

Section 1.18 "Lot" shall mean and refer to any parcel of land designated on the Plat upon which a residence has been or is to be constructed. The Declarant has initially created thirty six (36) Lots in the Subdivision and has the right to establish additional Lots in accordance with the terms of this Declaration.

Section 1.19 "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article IV below.

Section 1.20 "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot located within the Subdivision.

Section 1.21 "Plat" shall mean and refer to the record plat of the Subdivision recorded by Declarant, as the same may be amended or supplemented by Declarant from time to time.

Section 1.22 "Planned Community Act" shall mean and refer to the North Carolina Planned Community Act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time.

Section 1.23 "Property" or "Subdivision" shall mean and refer to that certain real estate described in Exhibit A and all other real estate that may be annexed into this Declaration and the Association by the Declarant.

Section 1.24 "Regular Assessment" means the charge established by Article V of this Declaration.

Section 1.25 "Resident" shall mean and refer to any person, not an Owner, living in the residence on the Owner's Lot, including, but not limited to, temporary guests and Tenants.

Section 1.26 "Restrictions" shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration.

Section 1.27 "Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 4.3 below.

Section 1.28 "Special Assessment" means the charge established by Section 5.2 of this Declaration.

Section 1.29 "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

Section 1.30 "Working Capital Assessment" means the charge established by Section 5.3 of this Declaration.

When applicable for the sense of this instrument, the singular should be read as including the plural and the male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION

The Property, each portion thereof, and any annexations thereto shall be held, transferred, sold, conveyed, leased, mortgage and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

ARTICLE III

PROPERTY RIGHTS IN COMMON AREAS

Section 3.1 Title to Common Areas. The Declarant shall convey by deed all Common Areas to the Association in fee simple absolute after the final platting of all Lots in the Subdivision. Any such conveyance shall be subject to taxes for the year of conveyance, and to restrictions, conditions, limitations and easements of record.

ARTICLE IV

HOMEOWNERS ASSOCIATION

Section 4.1 Homeowners Association. There has been created a North Carolina non-profit corporation, known as Sherron Estates Homeowners Association, Inc., which shall be responsible for the maintenance, management and control of the Common Areas and upon each Lot as more specifically set forth in this Declaration.

Section 4.2 Board of Directors and Officers. The Board of Directors, and such officers as the may elected or appointed in accordance with the Articles or the Bylaws, shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents who shall, subject to the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association.

Section 4.3 Rules and Regulations. By a majority vote of the Board of Directors, the Association may, from time to time adopt, amend and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities and duties under this Declaration. The Rules and Regulations may, without limitation, govern use of the Subdivision, including prohibiting, restricting or imposing charges for the use of any portion of the Subdivision by Owners, Residents or others, interpret this Declaration or establish procedures for operation of the Association or the administration of this Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles, Bylaws or the terms of the Roadway Declaration or the Recreational Facilities Easement Agreement. A copy of the Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.

Section **4.4** Membership of Association. Every Owner of a Lot shall be a Member of the Association. Such Owner and Member shall abide by the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration, when due, and shall comply with decisions of the Association's governing body. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment.

Section 4.5 Classes of Membership. The Association shall have two (2) classes of Membership:

Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a residence has been erected within the Property, shall automatically be a Class A Member of the Association except the Declarant during the Development Period; provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a residence has been constructed that is subject to Assessment. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.

Class B Members. The Class B Member during the Development Period shall be the Declarant. The Class B Membership shall cease and be converted to Class A membership upon the expiration of the Development Period.

Voting. Each Member shall have one vote with respect to each Lot owned by such Member, but a Class A Member shall not be entitled to exercise any vote until the expiration of the Development Period.

Section 4.6 Maintenance Obligations of the Association. The Association, at its expense, shall maintain, operate and keep in good repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the Common Areas and all improvements located thereon for the common benefit of the Subdivision. This maintenance obligation also includes the Facilities, which are defined as one or more stormwater control devices and/or areas that are created for the purpose of detaining and/or treating stormwater including any and all ditches, pipes, and other conveyance structures, access easement areas, and other area, land, or structures located within any easement area shown on the plat or described herein. Such facilities may include but are not limited to dry detention areas, wet detention ponds, wetlands, level spreaders, conveyance structures, access easement areas, natural areas and all associated constructed and natural features that allow such devices or areas to function as intended.

The Association shall make the determination as to when maintenance, repair, replacement and care shall be done, and its determination shall be binding provided, however, maintenance shall be done in such a manner and to such an extent as required by applicable law, rule, regulation, ordinance, permit requirement, or in accordance with the terms of any agreement with a unit of government or governmental entity. Declarant shall have the right to
employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this instrument or the Association's Rules and

Regulations. For the avoidance of doubt, the maintenance obligations set forth in Granville County Land Development Ordinance (LDO) are covered in this Section 4.6.

Section 4.7 Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include:

To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot. Any repair, replacement and maintenance work to be done by an Owner must comply with any Rules and Regulations of the Association including architectural control and visual harmony.

To perform his responsibilities in such manner so as not unreasonably to disturb other persons residing within the Subdivision.

Not to impair the use of any easement without first obtaining the written consents of the Association and of the Owner or Owners for whose benefit such easements exists.

Each Lot Owner shall be deemed to agree by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any invitee, tenant, licensee family member, including, but not limited to any repairs necessary which result from damage incurred by pets or vehicles owned by the Lot Owner, or owned by any guest, invitee, Tenant or licensee of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an Individual Assessment in accordance with Section 5.4 below.

Section 4.8 Construction Defects. The obligations of the Association and of Owners to repair, maintain and replace the portions of the Subdivision for which they are respectively responsible shall not be limited, discharged or unreasonably postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in materials or workmanship in the construction of the project. The undertaking of repair, maintenance or replacement by the Association or Owners shall not constitute a waiver of any rights against any warrantor but such rights shall be specifically reserved. Likewise, this Section 4.8 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by Association may be delayed if Association does not have the means or the funds to repair the defect or if by repairing the defect, Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

Section 4.9 Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Association and/or any Lot Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantee or insurance coverage shall not excuse any unreasonable delay by the Association or any Lot Owner in performing his obligation hereunder. Likewise, this Section 4.9 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by Association may be delayed if Association does not have the means or the funds to repair the defect or if, by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

Section 4.10 Roadways. Declarant has reserved for the benefit of, and grants to, all Lot Owners and the Association the non-exclusive right of ingress and egress on, over and across all public roadways (the "Roadways") located on or to be located on a portion of the Subdivision. Roadways shall be maintained, insured, and repaired by the Association in accordance with this Declaration, and the requirements of the North Carolina Department of Transportation for state-maintained streets, until the Roadways have been accepted by the applicable governmental authority for maintenance. The Declarant hereby reserves the right (but not the obligation), in its sole discretion, to annex additional Roadways into the Subdivision. Notwithstanding the foregoing to the contrary, no part of the Roadway shall be dedicated or transferred to a unit of government without acceptance of the unit of government involved.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 5.1 Regular Assessments. Regular Assessments for the payment of the Common Expenses shall be made in the manner provided herein, and in the manner provided in the Bylaws. The Regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses.

Section 5.2 Special Assessment. In addition to levying Regular Assessments, and to the extent that the reserve fund is insufficient, the Board of Directors may levy Special Assessments to construct, structurally alter, or replace improvements which are a part of the Common Areas, provided that funds shall not be assessed for any capital improvement in excess of One Thousand and 00/100 Dollars ($1,000.00) for any one item or in excess of Five Thousand and 00/100 Dollars ($5,000.00) in the aggregate in any one calendar year ("Capital Expenditure Limit") without the prior written consent of two-thirds (2/3) of the votes of each Class of Members who are voting either in person or by proxy at a meeting duly called for such purpose or unless expressly stated in the annual budget. The Board of Directors shall have the authority to adjust the Capital Expenditure Limit annually to account for inflation, which adjustment shall be effective each January (hereinafter referred to as the "Adjustment Date") commencing January 1 of the next year following the year during which the sale of the first Lot by Declarant. As of each Adjustment Date, the Capital Expenditure Limit shall be increased from the Capital Expenditure Limit on the date of this Declaration ("Effective Date") by a percentage equal to the percentage increase, if any in the Consumer Price Index, All Urban Consumers ("CPI-U"), (1982-1984=100), All Items, as compiled and published by the Bureau of Labor Statistics, U.S. Department of Labor ("CPI") from the Effective Date to the Adjustment Date. If after the date of this Declaration the CPI is converted to a different standard reference base or otherwise revised or ceases to be available, the determination of any new amount shall be made with the use of such conversion factor, formula or table for converting the CPI as may be published by any other nationally recognized publisher or similar statistical information reflected by the Board. Until the expiration of the Development Period or the date on which Declarant no longer owns a Lot, whichever is earlier, Declarant shall be one of the consenting Members, or the capital improvement shall not be made. The Board of Directors shall calculate each Lot's proportionate share of the Special Assessment for the capital improvements, and shall give the Lot Owner(s) written notice of the proportionate share and of the date(s) that the Special Assessment is due and payable. Notwithstanding the foregoing, Declarant shall have no obligations to pay any Special Assessment with respect to any Lot owned by it unless there is a dwelling located upon the Lot that is occupied as a residence.

Section 5.3 Working Capital Assessment. Upon the initial transfer of record of the Lot from the Declarant (or successor declarant or designated declarant) to the Lot Owner (other than a successor declarant or designated declarant), the purchaser is required to pay a sum equal to two (2) full months of the Regular Assessment due on his or her Lot as his or her initial contribution to the working capital of the Association. This sum is not an advance payment of the monthly Regular Assessment; rather the sum is allocated to a working capital fund to meet unforeseen expenditures and operating expenses or to purchase any additional equipment or services. While the Declarant is in control of the Association, it cannot use any of the working capital funds to defray its expenses, reserve contributions, or construction costs. When control of the Association is transferred to the Lot Owners, the working capital fund shall be transferred to the Association for deposit to a segregated fund. After control of the Association is transferred to the Lot Owners the Declarant shall be responsible to collect the initial contribution to the working capital account and forward such funds to the Association. Additionally, at the closing, each purchaser of a Lot is required to pay a pro-rata share of the Regular Assessment due in the month of closing.

Section 5.4 Individual Assessment. In the event that the need for maintenance, repair or replacement of any improvement on the Property, for which the Association has the maintenance, repair and/or replacement obligation, is caused through the willful or negligent act of an Owner, his family, his pet(s), Resident, the cost of such maintenance, repairs or replacements shall be paid by such Owner. The Board shall have the maintenance, repair or replacement done and the cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter, unless an earlier date is otherwise set forth herein.

Section 5.5 Date of Commencement of Assessments; Due Dates; Determination of Regular Assessments; Fine Assessments.

The monthly Regular Assessment provided for herein shall commence as to each Owner of a Lot, except Declarant, on the first day following the initial conveyance of the Lot with a dwelling to the Owner and shall be adjusted according to the number of days remaining in the month. The Declarant, its successors and assigns, shall not be required to pay the Regular Assessment for any Lot which it owns until such time as Declarant transfers the Lot to a third party. The Board of Directors shall fix the amount of the monthly Regular Assessment to be paid by each Class A Member against each Lot at the beginning of each calendar year. Written notice of the monthly Regular Assessment shall be sent to every Class A Member subject thereto. The Board of Directors shall establish the due dates.

The Board of Directors, or an adjudicatory panel established by the Board of Directors, may levy a reasonable Fine Assessment, as a fine or penalty for violation of this Declaration, all in accordance with the Planned Community Act. A lien may be filed for this Fine Assessment and this Fine Assessment may be enforced by foreclosure and otherwise treated as a Regular Assessment.

Both Regular and Special Assessments for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the aggregate number of Lots located on the Property, except those owned by Declarant which are not assessed in accordance with Section 5.5.1 above. The Association's governing body may, at its discretion, waive the Regular Assessment for any year or part of a year for any Lot not occupied as a residence.

Section 5.6 Billing. The Association shall inform each Lot Owner of the amount of the total Regular Assessment due from the Owner of that particular Lot. This Regular Assessment may be paid in monthly installments or as otherwise required by the Association. The Owner of each Lot must pay his Lot's required Regular Assessment in advance on the first calendar day of each month, unless the Association otherwise directs. Payment is to be made to such person at such an address as Association determines. Special Assessments are due thirty (30) days after the bill for the Special Assessment has been mailed or otherwise sent out by Association, unless the Association otherwise directs. The Owners of the initial Lots in the Subdivision, except Declarant, shall be obligated to begin paying the Regular Assessment as of the first day of the initial conveyance of the Lot from Declarant to the Owner. If the Subdivision is expanded and additional Lots are brought into the Subdivision during a given Assessment year, those additional Lots shall begin paying the Regular Assessment on the first day of the initial conveyance of the Lot from Declarant to the Owner.

Section 5.7 Common Surplus. If the Regular Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment as for the Regular Assessment for the following year; or (c) apply the Common Surplus to the reserve.

Section 5.8 Assessment Certificate. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for Assessments a certificate in writing signed by an Officer or other authorized agent of the Association, setting forth the status of said Assessments; i.e., "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Association for each certificate.

Section 5.9 Books and Records of the Association. The Association shall keep full and correct books of account. The Association shall make available to all Lot Owners and the holders of all first mortgages on Lots, current copies of the books, records and financial statements of the Association upon reasonable request during normal business hours. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and shall be deemed to be held for the use, benefit and account of the Association and all of the Lot Owners. All books and records must be kept in accordance with good accounting procedures and must be reviewed at least once a year by an independent accounting firm.

Section 5.10 Non-Payment of Assessment. Any Assessments levied pursuant to these covenants which is not paid on the date when due shall be delinquent and shall, together with such interest and other costs as set out elsewhere in this Declaration, thereupon become a continuing lien upon the Lot which shall bind the Lot in the hands of the then Owner and the Owner's successors and assigns.

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at a reasonable rate of ten percent (10%) per year or at such other reasonable rate set by Association in its minutes, not to exceed the maximum amount allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot, in either of which events interest, costs and reasonable attorneys' fees shall be added to the amount of each Assessment. No Owner may waive or otherwise escape liability for the Assessments by non-use or waiver of use of the Common Areas or by abandonment of his Lot.

Section 5.11 Priority of Association Lien. The lien provided for in this Article V shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages which have been filed of record before a claim of this lien hereunder has been docketed in the office of the clerk of superior court in Granville County, and may be foreclosed in the same manner as a mortgage on real property under power of sale in an action brought by the Association in accordance with the Planned Community Act. The Association is entitled to recover its reasonable attorneys' fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

Section 5.12 Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Lot, for which an assessment lien has been filed by the Association, has been improperly charged against his or her Lot, may bring action in an appropriate court of law.

Section 5.13 Purchaser at Foreclosure Sale Subject to Declaration, Bylaws, Rules and Regulations of the Association. Any purchaser of a Lot at a foreclosure sale shall automatically become a Member of the Association and shall be subject to all the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 5.14 Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the holder of a first mortgage or first deed of trust of record or other purchaser of a Lot acquires title to the Lot as a result of foreclosure of the first mortgage first deed of trust or by deed in lieu of foreclosure, such acquirer of title, his, her or its successors and assigns, shall not be solely liable for the share of the Common Expenses or other Assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to the Lot by such acquirer, other than Assessments for which a claim of lien has been docketed with the Granville County clerk of superior court prior to the recordation of the lien being foreclosed. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Lots, including that of such acquirer, his, her or its successors or assigns. This provision shall not relieve the party acquiring title or any subsequent Owner of the subject Lot from paying future Assessments.

Section 5.15 Liability for Assessments Upon Voluntary Conveyance. In a voluntary conveyance of a Lot, any grantee or his or her first mortgagee shall inform the Board of Directors in writing of such contemplated conveyance and such grantee or first mortgagee shall be entitled to a statement from the Board of Directors of the Association setting forth the amount of all unpaid Assessments (including current Assessments) against the grantor due the Association. Neither the grantee nor the mortgagee shall be personally obligated for any delinquent Assessments, but such delinquent Assessments, along with interest, late charges, costs and reasonable attorneys fees shall be a lien against the Lot in accordance with Section 5.10 and Section 5.11 herein.

Section 5.16 Late Charge. The Association may impose a charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within ten (10) days after such Assessments are due and payable and who fails to exercise his rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be the greater of (a) twenty and 00/100 Dollars ($20.00), or (b) twenty percent (20%) of the delinquent amount, or such other amount as may be determined by the Association from time to time. Additionally, if a Lot Owner shall be in Default in payment of an installment upon an assessment or of a single monthly assessment, the Association has the right to accelerate all monthly Assessments remaining due in the current fiscal year. The total of such Assessments, together with the delinquent Assessments shall then be due and payable by the Lot Owner no later than ten (10) days after the delivery of written notice of such acceleration to the Lot Owner or twenty (20 days) days after mailing of such notice to him by certified mail, whichever occurs first. If such acceleration amount is not paid by the due date, the above-described late charge may be imposed on the part of such accelerated amount not paid by the due date.

Section 5.17 Miscellaneous.

The Association may change the interest rate due on delinquent Assessments (including any late charges), except that the rate cannot be changed more often than once every six (6) months. As of its effective date, the new interest rate will apply to all Assessments then delinquent.

The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise notice sent by Association to the Lot is sufficient for any notice requirement under this Declaration.

The lien under this Article V arises automatically, and no notice of lien need be recorded to make the lien effective.

The Assessment lien includes all collection costs, including demand letters, preparation of documents, reasonable attorneys' fees, court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment.

Any Assessment otherwise payable in installments shall become immediately due and payable in full without notice upon Default in the payment of any installment. The acceleration shall be at the discretion of the Board.

No Owner of a Lot may exempt himself or herself from liability for his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his or her Lot.

This Section 5.17 applies to every type of Assessment.

ARTICLE VI

ASSOCIATION

Section **6.1** Association. The administration of the Subdivision shall be vested in the Association. The Owner of any Lot, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his ownership of such Lot ceases for any reason, at which time his membership in the Association shall automatically cease. The Association shall have full power and responsibility to administer, operate, sustain, maintain, and govern the Subdivision including but not limited; to make reasonable Rules and Regulations; to make Assessments; to bring lawsuits and defend lawsuits; to enter into contracts; to enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, alternation of the Subdivision. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in *Section 47F-3-102* of the Planned Community Act.

Section 6.2 Board of Directors. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors (the "Board"). The Association in accordance with the Bylaws shall choose the Board. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for that purpose by the Board.

Section 6.3 Limitations on Association's Duties.

The Association did not construct any improvements. The Association does not warrant in any way or for any purpose, the improvements in the Subdivision. Construction defects are not the responsibility of the Association.

The Association shall have a reasonable time in which to make any repair or do any other work, which it is required to do under the Constituent Documents. The Association must first have actual knowledge of a problem. Any determination of the reasonableness of the Association's response, must allow for the facts that the Association is volunteer and that the funds available to the Association are limited.

In case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as Declarant owns any portion of the Property; and such interpretation cannot be enforce against the Declarant, its successors or assigns.

ARTICLE VII

HARMONY, ENVIRONMENTAL CONTROLS

Section 7.1 Architectural Control Committee. The Board of Directors may appoint an Architectural Control Committee. During the Development Period, the Architectural Control Committee shall consist of one (1) or more Persons designated by Declarant. Upon the termination of the Development Period, Declarant shall assign to the Association the rights, powers, duties and obligations of the Architectural Committee. Upon the assignment of Declarant's architectural review rights, the Board of Directors shall appoint three (3) or more persons as the members of the Architectural Committee. After approval by the Board of Directors or Architectural Control Committee is given, no alterations may be made in such plans except by and with their prior written consent. One copy of all plans, specifications and related data shall be furnished the Board of Directors or Architectural Control Committee for its records.

Section 7.2 Powers. The Architectural Committee shall have the right to refuse approval of any plans and specifications for Improvements proposed to be constructed on a Lot (the "Plans & Specifications") which are not suitable or desirable, in its sole discretion, for aesthetic or any other reasons, provided such approval is not unreasonably withheld. In approving or disapproving Plans & Specifications, the Architectural Committee shall consider the suitability of the proposed Improvements, color, and materials to be used in those Improvements, the site upon which they are proposed to be erected, and the effect of the Improvements on adjacent or neighboring property. There is specifically reserved unto the Architectural Committee the right to enter and inspect any Lot for the purpose of determining whether there exists thereon any Improvements which violate the terms of any approval by the Architectural Committee or the terms of this Declaration or of any other applicable covenants, conditions and restrictions. If an Owner fails to construct Improvements on its Lot(s) in accordance with the Plans & Specifications approved therefore, or if an Owner constructs Improvements without obtaining approval of the Plans & Specifications therefore, as required by this Article IX, the Declarant (during the Development Period), the Association, or the Architectural Committee may, but shall not be required to, remedy the non-compliance or remove the unauthorized Improvements, and the Owner of such Improvements shall indemnify the Declarant, the Association or the Architectural Committee, as applicable, for the reasonable expense incurred in performing such remedial work or removal. If an Owner fails to commence construction of initial Improvements on its Lot within ninety (90) days after the Lot is conveyed by Declarant to the Owner, the Declarant (during the Development Period) shall have the right, but not the obligation, to re-purchase the Lot from the Owner at the same price paid to Declarant by the Owner. The Board of Directors is specifically empowered to enforce the provisions of this Declaration by any legal or equitable remedy. In the event it becomes necessary to resort to litigation to determine the propriety of any Improvements, or to remove any unauthorized Improvements, the prevailing party shall be entitled to recovery of all court costs and expenses (including reasonable attorneys' fees).

Section 7.3 Approval of Plans & Specifications. No Improvement shall be constructed upon the Property, nor shall any Improvement be repaired or rebuilt after casualty damage until completed Plans & Specifications showing the nature, kind, space, height, materials, and location of them shall have been submitted to and approved in writing by the Architectural Committee. An Owner's proposed contractor(s) and/or architect for any Improvement shall be subject to the reasonable prior written approval of the Architectural committee. A failure to approve or disapprove completed Plans & Specifications, the proposed contractor(s), and/or the proposed architect within sixty (60) days after they have been submitted shall be deemed to be a disapproval thereof. Any Plans & Specifications containing inaccurate information or omitting information of a material nature shall not be deemed to be approved notwithstanding any prior approval by the Architectural Committee. Neither the Association, the Association's Board of Directors, the Declarant, the Architectural Committee or any officer, employee, director or member thereof shall be liable for damages to any Person by reason of mistake in judgment, negligence or nonfeasance arising out of or in connection with the approval, disapproval or failure to approve any Plans & Specifications, contractor(s) or architect. Every Person who submits Plans & Specifications for approval agrees, by submission of such Plans & Specifications, that it will not bring any action or suit to recover any such damages.

ARTICLE VIII

USE RESTRICTIONS

Section 8.1 Use and Occupancy. The Association may make Rules and Regulations to govern the use and occupancy of the Subdivision. In addition, the following covenants, conditions, and restrictions, as to use and occupancy shall run with the land and shall be binding upon each Lot Owner, his heirs, tenants, licensees and assigns.

Section 8.2 Lots. Each Lot, as approved by the appropriate governmental entity, shall constitute a building site (a "Building Site") and shall be used for single-family residential purposes only. The lay of each Lot as shown on the recorded plat shall be substantially adhered to provided, however, that the size and shape of any Lot may be altered with the prior written approval of the Declarant (during the Development Period), the Board of Directors or the Architectural Committee and the appropriate governmental authority. More than one Lot may be used as one Building Site. In no event, however, shall any Lots be re-subdivided or recombined in violation of any applicable zoning or other laws in force at the time of the change.

Section 8.3 Setbacks. Building setbacks of the Improvements on any Lot shall be as set forth in the zoning ordinances of any governmental authority having jurisdiction over the Property. However, no Building shall be constructed closer to the front property line than fifty (50) feet. Declarant (so long as Class B membership exists), the Board of Directors or the Architectural Committee may approve a violation of these requirements by written waiver, provided such violation otherwise complies with the applicable zoning ordinances and setback requirements.

Section 8.4 Improvements. Except as may otherwise be authorized herein, Improvements on any Lot shall be limited to a single-family, residential structure, and the accessory uses thereto. All improvements constructed upon the Lots shall be of new construction. No residential structure shall be constructed or placed on any Lot which is more than three (3) stories in height and has less than 2,500 sq. ft. of heated living space. No structures of a temporary character, manufactured home, modular home, trailer, basement, tent, shack, garage, barn or other out-building shall be used on any portion of the Property at any time as a residence, either temporarily or permanently. No storage shed, garage or other out-building shall be constructed, used or permitted on any portion of the Property without the prior written approval of the Declarant (during the Development Period), the Board of Directors or the Architectural Committee.

Section 8.5 Purpose of Subdivision. Except as otherwise provided in this Declaration, no part of the Subdivision shall be used for other than housing and the common purposes for which the property was designed, and each Lot shall be used only for residential purposes, unless the Board of Directors authorizes some other use. Except for the construction, sales and management activities of the Declarant, no business, trade, industry, occupation or profession of any kind, whether for profit or not for profit, may be conducted, maintained, or permitted on any part of the Subdivision property. To the extent permitted by law, an Owner may use a portion of his or her home for an office or studio (other than a music and/or dance studio) provided that the activities conducted therein shall not interfere with the quiet enjoyment or comfort of any other owner or occupant; and provided further that such activities do not increase the normal flow of traffic or individuals in and out of the Subdivision or in and out of said Owner's Lot.

Section 8.6 Obstruction of Common Areas. There shall be no storage or parking of any items, including baby carriages, playpens, bicycles, wagons, toys, vehicles, benches or chairs in any part of the Common Areas, except as permitted by the Rules and Regulations. Notwithstanding the foregoing, a boat, trailer, recreational vehicle, commercial vehicle or camper may not be stored or parked on a homeowners driveway and must be stored or parked in a homeowners garage.

Section 8.7 Parking. Adequate off-street parking shall be provided by the Owner of each Lot for the parking of automobiles owned by that Owner. Owners and their tenants shall not be permitted to park their automobiles on the streets in the Subdivision.

Section 8.8 Animals and Pets. No animals of any kind shall be raised, bred, or kept on any Lot that it is kept, bred or maintained for any commercial purpose. Dogs, cats or other household pets must be kept within the confines of the Owner's Lot except when being held on hand leash by the pet owner of the animal. No Lot Owner shall install a fence and/or electric fence on any portion of the Common Area without the prior written consent of the Board. No pet may be "staked", housed, tied up or otherwise left in any Common Area. A Lot Owner shall be responsible for cleaning up after his household pet. Notwithstanding the above, the Association shall have the right to promulgate Rules and Regulations pertaining to the size, number and type of such household pets and the right to levy fines and enforcement charges against persons who do not clean up after their pets. Additionally, the right of an occupant to maintain an animal in a dwelling on a Lot shall be subject to termination if the Board in its full and complete discretion, determines that maintenance of the animal constitutes a nuisance or creates a detrimental effect on the Subdivision or occupants. No dog house or other structure used or intended for the housing or keeping of animals may be constructed, placed or maintained on any part of the Common Areas. Notwithstanding the foregoing, chickens and chicken coops are expressly allowed and provided such that coop is secure and kept in a clean and tidy fashion on such terms and conditions as the Board may further require.

Section 8.9 Nuisances. No noxious or offensive activity shall be carried on in any dwelling on a Lot, or in the Common Areas or on the Lot of an Owner, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to the other Lot Owners or occupants.

Section 8.10 Leasing. No Lot or any portion of the Improvements situated thereon shall be leased for transient or hotel purposes, or for purposes of operating a group home; and no Lot or any portion of the Improvements situated thereon may be leased to an individual with prior felony convictions. Notwithstanding the foregoing, an Owner may lease not less than the entire residential structure on its Lot, provided that the lease must be in writing, must be for a period of not less than three hundred sixty five (365) days, and must provide that it is subject to this Declaration and the Bylaws, and that any failure by a tenant to comply with such documents shall be a default under the lease. Failure to include this provision in the lease shall not relieve the tenant from complying with the Declaration and the Bylaws.

Section 8.11 Above-Ground Tanks. No exposed above-ground tanks will be permitted for the storage of fuel or water or any other substance.

Section 8.12 Lawn Ornaments. Decorative lawn ornaments shall be approved in writing by the Architectural Committee prior to installation or placement thereof on any Lot.

Section 8.13 Fences; Pools.

Fences in general. The construction plans for any fence must be submitted to Declarant (during the Development Period), the Board of Directors or the Architectural Control Committee for prior written approval, Perimeter fencing and privacy fencing may not exceed six (6) feet in height. Wooden fences are prohibited.

Pool Fences. Notwithstanding anything to the contrary contained herein, any pool constructed within the Property shall be surrounded by a non-climbable perimeter fence at least five (5) feet, but no more than six (6) feet, in height, and equipped with a self-closing mechanism on all gates. Wooden swimming pool fences are prohibited. The construction plans for any swimming pool and fence will not be approved unless such plans include a perimeter fence in compliance with 8.13.1. All requests for approval must be submitted in writing and must be accompanied by a survey showing the proposed location of the fence. The minimum fence requirement contained in Section 8.13.1 shall apply to any pool fences constructed within the property.

Pools. No above-ground pools will be permitted within the Property.

Section 8.14 Prohibited Activities. Except as otherwise provided in this Declaration, no business, trade, industry, occupation or profession of any kind, whether for profit or not for profit, shall be conducted, maintained or permitted on any part of the Subdivision. A Lot Owner is permitted to place and maintain a standard "For Sale" or "For Rent" sign; provided, however it is of a typical size within the industry. No other sign that is visible from the outside of dwelling may be placed on any part of the Subdivision except as expressly permitted by the Board of Directors. Declarant and/or the Board shall have the right to immediately remove and dispose of those items in violation of this Declaration.

So long as the Declarant owns a Lot no action may be taken nor may any Rule or Regulation be adopted or amended that would (a) directly or indirectly alter the exterior appearance of any part of the Subdivision; (b) reduce or discontinue any maintenance standard or practice in effect as of the date when the Declarant no longer controls the Board; (c) adversely affect the Declarant's sale or leasing of any Lots; or (d) otherwise adversely affect the Declarant, any of its rights, or any Lot owned by it without, in each case, first obtaining the Declarant's written consent.

Section 8.15 Alteration of Common Areas. Nothing shall be altered or constructed in or removed from the Common Areas except as otherwise provided in this Declaration and except upon the written consent of the Association.

ARTICLE IX

ENFORCEMENT

Section 9.1 Enforcement.

The Association or any Lot Owner may enforce these covenants, conditions and restrictions. Enforcement of these covenants, conditions and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate ("Violating Party") any covenant, condition or restriction, either to restrain or enjoin violation or to recover damages, and against the land to enforce any lien created by these covenants. In addition to all other amounts due on account of said violation or attempted violation, the Violating Party shall be liable to the parties enforcing the covenants and/or restrictions of this Declaration (the "Enforcing Parties") for all reasonable attorney's fees and court costs incurred by the Enforcing Parties. Failure or forbearance by the Association or any Owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any lawsuit filed to enforce this Declaration by injunction or restraint, there shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants, conditions or restrictions cannot be adequately remedied by action at law or by recovery of damages.

In addition to all other remedies of the Association, the Association shall have the right to assess a maximum fine of $150.00 per day (or such higher amount as may be allowed by law) per violation against any Owner who violates any provision of this Declaration or the Articles, Bylaws or Rules and Regulations of the Association after such Owner has been given notice of the violation and an opportunity to be heard with respect to the violation in accordance with such policies and procedures as may be adopted from time to time by the Board of Directors or as may be set forth in the Bylaws. In addition to the above rights, the Association may also enter upon a Lot or any land upon which a violation exists to remove any violation, perform maintenance or make repairs thereon which is the responsibility of a Lot Owner who has failed to remove said violation or to perform such maintenance or make such repairs (i) after having given such owner at least ten (10) days prior notice, or (ii) without giving notice in the event of an emergency.

Any action brought by the Association hereunder may be brought in its own name, in the name of its Board or in the name of its managing agent. In any case of flagrant or repeated violation by a Lot Owner, he or she may be required by the Association to give sufficient surety or sureties for his or her future compliance with the covenants, conditions and restrictions contained in this Declaration, the Bylaws and the Rules and Regulations.

Section 9.2 Severability. Invalidation of any one of these covenants, conditions or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 9.3 Restrictions Run With Land. The easements or other permanent rights or interests are herein created, the covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors, and assigns.

Section 9.4 Amendment. The Declarant (until the expiration of the Development Period) may amend this Declaration at any time, as long as consistent with the design, scheme and purposes of this Declaration. Any amendment must be recorded in the Register of Deeds of the County in which the Property is located. Following the end of the Development Period, no such agreement to amend, in whole or in part, shall be effective unless written notice of the proposed amendment is sent to every Member at least thirty (30) days in advance of any action taken and is approved by a majority of the Members, and no such amendment shall be effective with respect to any permanent easements or other permanent rights or interests relating to the Common Areas herein created (unless such amendment is consented to in writing by Declarant and all other beneficiaries of such permanent easements, rights of interests).

Section 9.5 Management and Service Contracts. Any agreement for the professional management of the Subdivision of the Common Areas may not exceed three (3) years and shall provide for termination by either party without cause and without payment of a termination fee upon reasonable notice.

Section 9.6 Binding Determination. In the event of any dispute or disagreement with or between any Owner(s) relating to, or of any other disputes, disagreements or questions regarding, the interpretation or application of the provisions of this Declaration or the Articles or

Bylaws of the Association, the determination thereof (i) by Declarant for so long as Declarant retains control of the Association; and (ii) thereafter by the Board of Directors of the Association shall be final and binding on each and all such Owners; providing that any determination which directly or indirectly affects Declarant shall require Declarant's prior consent to become binding upon Declarant.

Section 9.7 Captions and Titles. All captions, titles or headings in this Declaration are for the purpose of reference and convenience only and are not deemed to limit, modify or otherwise affect any of the provisions hereof, or to be used in determining the intent or context thereof.

Section 9.8 Notices. Except as otherwise provided in this Declaration, any notice to any Owner under this Declaration shall be in writing, shall be effective on the earlier of (i) the date when received by such Owner, or (ii) the date which is three days after mailing (postage prepaid) to the last address of such Owner set forth in the books of the Association. The address of an Owner shall be at his Lot (or any of them if more than one) unless otherwise specified in writing to the Association. The Articles and Bylaws shall specify the permissible manner of giving notice for voting and all other Association matters for which the manner of giving notice is not prescribed in this Declaration.

Section 9.9 Governing Law. This Declaration shall be deemed to be made under, and shall be construed in accordance with and shall be governed by, the laws of the State of North Carolina, and suit to enforce any provision hereof or to obtain any remedy with respect hereto shall be brought in state court in Granville County, and for this purpose each Owner by becoming such hereby expressly and irrevocably consents to the jurisdiction of said court.

ARTICLE X

Obligations Regarding Stormwater Facilities

The Property includes one or more stormwater management facilities (hereafter "Facility/ies") that is/are the perpetual responsibility of the Association. Such Facilities are the subject of a Stormwater Facility Agreement and Covenants ("Stormwater Agreement") between Declarant, the Association, and the County of Granville ("the County") that is binding on the Association. The Stormwater Agreement is recorded at Deed Book _______ Page _______, Granville County Register of Deeds. Defined terms shall have the meaning given to them in the Stormwater Agreement. The Property subject to that Stormwater Agreement is the "Property" referred to in this Article. The Stormwater Facilities must be maintained in accordance with County Requirements, which include all ordinances, policies, standards, and maintenance protocols and in accordance with the recorded Stormwater Agreement. In particular, the North Carolina Department of Environmental Quality Stormwater Design Manual as amended from time to time, or such successor publication issued by the North Carolina Department of Environmental Quality or its successor agency or as may be adopted by the County (together with any modifications thereto), and the operation and maintenance manual prepared specifically for the Facility/ies contain requirements that apply to the Association's Facilities.

Nothing in the remaining Articles of these Restrictive Covenants filed by Declarant as part of this Declaration or any subsequent modifications of this Declaration may reduce the Association's or Lot Owners' obligations with regard to the Facility/ies. Such additional covenants may increase the obligations or provide for additional enforcement options.

The Stormwater Facility/ies and their location are as follows: Those certain Stormwater Facilities described in the recorded Stormwater Agreement shown on that survey and plat by Cawthorne, Moss & Panciera, P.C., Professional Land Surveyors, entitled "Easement Plat for Sherron Estates" which plat is dated April 15, 2021 and recorded at Plat Book ______, Page ______, Granville County Registry (the "Plat It is part or all of the property acquired by Permittee in deed recorded in Deed Book 1823, Page 732, Granville County Registry. The Facilities are described specifically, without limitation, as follows:

i. That certain "Total Proposed Variable Width Stormwater Wetland Access & Maintenance Easement" consisting of 89,502 Sq. Ft. (2.055 acres) as shown on the Plat.

ii. That certain "20'x20' Public Drainage Easement" consisting of 400 Sq. Ft. (0.009 acres) as shown on the Plat.

iii. Those certain 20' Public Drainage Easements as shown on the Plat.

iv. That certain "30' Public Drainage & SCM Access Easement" as shown on the Plat.

v. That certain "20' Public Drainage Easement" consisting of 4,520 Sq. Ft. (0.104 acres) as shown on the Plat.

vi. All Neuse River Riparian Buffers shown on the Plat which shall be measured 50' From Top of Bank", Zone 1 of which shall be a 30' undisturbed buffer and Zone 2 of which will be a 20' vegetated buffer which shall be maintained as a perpetual easement even if the Neuse Buffer Rule changes in the future.

vii. County shall have access for ingress/egress construction maintenance and inspections and all other purposes consistent with the terms of this Agreement over and across that certain "Proposed 50' Access Easement" consisting of 113,960 Sq. Ft. (2.616 acres) shown on the Plat.

viii. Any other easement area reasonably necessary in connection with access to or construction or maintenance of stormwater control measures shown on the Plat not referenced above or not specifically labeled.

ix. Any other access easement not shown on the plat but benefitting the Property.

In addition to the above obligations, the Association's obligations with regard to the Facilities/ies are:

1. **<u>Inspections/Routine Maintenance</u>.** In accordance with County Requirements, the Association shall cause the Facility/ies to be inspected i) annually; ii) after major storm events that cause visual damage to the Facility/ies; and iii) upon notification from the County to inspect. The inspection shall be performed by a registered North Carolina Professional Engineer or a North Carolina Registered Landscape Architect or by a person who has been awarded a Stormwater BMP Inspection and Maintenance Certification by the North Carolina State University Cooperative Extension. The inspection shall occur annually during the month in which the Facility/ies' as-built certification was accepted by the County, which month may be determined through contact with the County Planner. The inspection shall be reported to the County as further described below.

2. **<u>Repair and Reconstruction</u>.** The Association shall repair and/or reconstruct the Facility/ies as it determines is necessary, and, at a minimum, as set forth in County Requirements or as directed by the County to allow the Facility/ies to function for its intended purpose, and to its design capacity. The Association shall provide written reports regarding major repair or reconstruction to the County in accordance with County Requirements. Without limitation, the Association shall make or cause to be made any repairs identified in the inspection report provided under paragraph 1 above and as may be reasonably directed by the County from time to time based on County requirements or County inspections of the Facility/ies. Compliance with inspection reports or County directives shall not limit Association's repair obligations.

3. **<u>Stormwater Budget Line Items & Funding</u>.** The dues of the Association shall include amounts for upkeep and reconstruction of the Facilities and charges for these purposes shall be included in the dues charged to Lots from the point that Lots are charged dues for other common purposes. The Association shall maintain two (2) separate funds in its budget for the Facility/ies. The first ("Inspection and Maintenance Fund") shall be for routine, yearly Facility expenditures -- annual inspections, maintenance, and routine repairs (the "Routine Annual Expenditures") – and the funds for this purpose may be maintained as part of the Association's general account. The second ("Escrow Account") shall be dedicated to the separate Escrow Account that will build over time and provide money for sediment removal, structural, biological or vegetative replacement, major repair, and reconstruction of the engineered stormwater controls (the "Major Expenditures"), provided that the County shall first consent to the expenditure. The Escrow Account shall be maintained in an account that is separate from the HOA's general account as described below. At a minimum, the Association shall earmark $2,350.00 annually from its collected dues for the Inspection and Maintenance Fund as determined by the County for Routine Annual Expenditures and $710.00.00 annually for the Escrow Account for Major Expenditures determined as set out in the section entitled "Escrow Account". The Routine Annual Expenditures shall be increased annually by 3% per year over the prior year's amount unless the County Planner determines that such an increase is not necessary for a given year. The Association may set a higher amount in its discretion. The Association shall set a higher amount if the County Planner determines, in his/her reasonable discretion that additional amounts are necessary to provide for Routine Annual Expenditures. Contributions to the Escrow Account for Major Expenditures shall be determined as set out in the section of the Stormwater Agreement entitled "Escrow Account". No additional contributions shall be required to the Escrow Account for Major Expenditures once the account balance reaches $17,745.00, which amount shall be the sinking fund budget for the

engineered stormwater controls. Withdrawals from and additions to the Escrow Account shall be required as set out in section of the Stormwater Agreement entitled "Escrow Account" and elsewhere herein. The Association shall set dues at a sufficient amount to fund Routine Annual Expenditures and the Escrow Account for Major Expenditures in addition to the Association's other obligations. The Association may compel payment of dues through all remedies provided in the Covenants for the Property or otherwise available under law.

4. **Assessments/Liens**. In addition to payment of dues, each Lot shall be subject to assessments by the Association for the purpose of fulfilling the Association's obligations under this Article and under the Stormwater Agreement. Such assessments shall be collected in the manner set forth in these Covenants. As allowed under NCGS §47F, or successor statutes, or, for condominiums, as allowed under NCGS 47C, or successor statutes, all assessment remaining unpaid for thirty (30) days or longer shall constitute a lien on the Lot when the requirements set forth in the applicable North Carolina General Statutes are met. Such lien and costs of collection may be filed and foreclosed on by the Association. In addition, the Association's rights may, in the discretion of the County, be exercised by the County, as a third party beneficiary of the recorded Stormwater Agreement and/or as Attorney in Fact for the Association, as provided in Section 8 of the recorded Stormwater Agreement.

5. **Stormwater Expenditures Receive Highest Priority**. Notwithstanding any contrary provisions of the covenants of which this Article is a part, to the extent not prohibited by law, the inspection, maintenance, repair, and replacement/reconstruction of the Facility/ies shall receive the highest priority (excluding taxes and assessments and other statutorily required expenditures) of all Association expenditures.

6. **Separate Account for Escrow Account. Engineer's Report.** The Association shall maintain the Escrow Account for the Facility/ies in an account separate from the Association's general account. The Association shall use the Fund only for major repairs and reconstruction of the Facility/ies. No withdrawal shall be made from this fund unless the withdrawal is approved by two Association officials who shall execute any documents allowing such withdrawal. Prior to withdrawing funds from this account, the Association shall (i) obtain a written report from an engineer approved in accordance with County Requirements regarding repairs or reconstruction needed and approximate cost of such repair or reconstruction; and (ii) submit such report to the County Planner, and notify the County Planner of the repairs or reconstruction to be undertaken on the Facility, the proposed date, and the amount to be withdrawn from the Escrow Account. In the event of an emergency, withdrawal and expenditure of funds may be made after telephone notification to the County Planner.

7. **Annual Reports to County**. The Association shall provide to the County annual reports in substance and form as set forth in County Requirements. This annual report shall be signed by an officer of the Association, who shall attest as to the accuracy of the information in such report. If prepared by a professional management company hired to manage the Association's affairs, the report shall so indicate. The officer's signature and attestation shall be notarized. At a minimum each report shall include:

i. the annual Facilities inspections report described in Section 1 above;
ii. a bank or account statement showing the existence of the separate Escrow Account

described in Section 6 above and the balance in such fund as of the time of submission of the report;

iii. a description of repairs exceeding normal maintenance that have been performed on the Facility/ies in the past year, and the cost of such repairs;

iv. the amount of Association dues being set aside for the current year for each of the two stormwater funds – the Inspection and Maintenance Fund and the Escrow Account.

8. **Facility/ies to Remain with Association; Lot Owners' Liability**. To the extent not prohibited by law, the Facility/ies shall remain the property of the Association and may not be conveyed by the Association. In the event the Association ceases to exist or is unable to perform its obligations under this Agreement, in addition to and not in limitation of any other remedies County may have under these Covenants or under the Stormwater Agreement, all Lot Owners as defined in the Stormwater Agreement referenced above shall be proportionately liable to the County to fulfill the Association's obligations under this Agreement. Each Lot's proportional obligation shall be calculated as set forth in these Covenants. In addition, the County may also exercise the rights described in Section 8 of the recorded Stormwater Agreement and all other remedies provided by law and this provision is in no way intended to limit the County's rights under the Stormwater Agreement or under any other provision of these Covenants.

9. County Rights; Liens Against Owners. In addition to rights granted to the County by ordinance or otherwise, the County shall have the following rights, generally summarized below, and more explicitly set forth in the Stormwater Agreement referenced above:

Direct the Association in matters regarding the inspection, maintenance, repair, and /or reconstruction of the Facility/ies.

If the Association does not perform the work required by ordinance, by these covenants, and by the Stormwater Agreement referenced above, do such work itself, upon thirty (30) days' written notice to the Association.

Access the Facility/ies for inspection, maintenance, and repair, crossing as necessary the lot(s) on which the Facility/ies are located and all other private and public easements that exist within the Property subject to these covenants.

Require reimbursement by the Association of the County's costs in inspecting, maintaining, repairing, or reconstructing the Facility/ies, as provided in the Stormwater Agreement referenced above.

Enforce any debts owed by the Association as described in the Stormwater Agreement referenced above against Lot Owners if such debts are not fully paid by the Association. The debt may be allocated to Lot Owners as provided in the other sections of these Covenants, and may be made a lien on each owner's property, may be added to each owner's utility bills, and may result in foreclosure, as provided in Section 8 of the Stormwater Agreement referenced above.

10. **No Dissolution**. To the extent not prohibited by law, the Association shall not enter into voluntary dissolution unless the Facility is transferred to a Person who has been approved by the County and has executed a Stormwater Agreement with the County assuming the obligations of the Association. Under the Stormwater Agreement referenced above, individual Lots and Lot Owners continue to be liable for the Facility/ies in the event the Association is dissolved without a new Stormwater Agreement between the County and a responsible party that is assuming the Association's obligations.

11. **No Amendment**. Without the prior written consent of the County, which may be given by the Granville County Manager, and notwithstanding any other provisions of these Restrictive Covenants, the Association may not amend or delete this Article with the exception of supplementing its provisions in a more detailed manner to better describe members' or Lot Owners' obligations regarding each other.

12. **Stormwater Agreement Supersedes.** The Stormwater Agreement referenced above supersedes any limiting provisions contained elsewhere in other Articles of these Covenants. However, such other Articles of these Covenants may supplement the obligations of the Association as set forth in the Stormwater Agreement, and/or the obligations of and remedies against individual Lot Owners or members bound by these Covenants. In the event of a conflict between these Covenants and the Stormwater Agreement, the Stormwater Agreement shall control.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed as of the day and year first above written.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURES FOLLOW]

Sherron Estates LLC

By: ____________________

Michael J. Poupard, Manager

STATE OF NORTH CAROLINA
COUNTY OF ____________________

This __________ day of ______________, 2021, personally came before me ______________________, Notary Public of __ County, State of North Carolina Michael J. Poupard, who, being by me duly sworn, says that he is Manager of Sherron Estates LLC, a North Carolina limited liability company, and that said writing was signed and sealed by him on behalf of said limited liability company by its authority duly given. And the Manager acknowledged the said writing to be the act and deed of said limited liability company.

Witness my hand and official stamp or seal this ________________ day of ________________, 2021.

____
Notary Public

My commission expires:

____

[NOTARY SEAL]

EXHIBIT A

Legal Description

BEING located in Granville County, North Carolina, and being more particularly depicted as ____________ (__) subdivided residential building Lots, together with associated community well lot and a wetlands area on a plat of survey entitled "Sherron Estates Subdivision" and recorded in
Plat Book _____ , Page _____, Granville County Registry.