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Franklin County North Carolina
Linda H. Stone Register of Deeds
BK 1617 PG 649-676

by: Betty Harrington Deputy

Prepared by and hold for: Elizabeth M. Gillikin Whitworth
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STATE OF NORTH CAROLINA

COUNTY OF FRANKLIN

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WINSTON RIDGE SUBDIVISION

THIS DECLARATION is made on the date hereinafter set forth by MARCUS EDWARDS DEVELOPMENT, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant", and DEN-MARK CONSTRUCTION, INC., a North Carolina corporation, hereinafter referred to as "Den-Mark".

WHEREAS, Declarant and Den-Mark are the owners of certain Property located in Franklin County, State of North Carolina, which will include lots for detached single family dwellings as well as patio homes and townhomes, and is more particularly described on Exhibit A attached hereto and incorporated herein by reference; and

WHEREAS, it is in the best interest of the Declarant and Den-Mark and to the benefit, interest and advantage of every party hereafter acquiring any of the described property that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the property be established; and

WHEREAS, Declarant and Den-Mark desire to provide for the preservation of the amenities and continued maintenance and operation of the amenities; the preservation of desirability and attractiveness of the property in Franklin County; and the preservation and maintenance of the Open Space.

NOW, THEREFORE, Declarant and Den-Mark hereby declare that all of the Property described hereinafter shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of enhancing and protecting the value and desirability of, and which shall run with the Property and be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to WINSTON RIDGE HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, its successors and assigns.

Section 2. "Board of Directors" shall mean the elected body governing the Association as provided by North Carolina corporate law.

Section 3. "Builder" shall mean and refer to any person who purchases a Lot without a completed dwelling thereupon.

Section 4. "Bylaws" shall mean the duly adopted bylaws of the Association, as may be amended from time to time.

Section 5. "Common Expenses" shall mean and include, as applicable:

(a) All sums lawfully assessed by the Association against its members;

(b) Expenses for the maintenance of roads, streets, any private roads, rights of way, Department of Transportation right-of-way easements as shown on any recorded plat of the subdivision and any amenities as provided in this Declaration;

(c) Expenses of administration, maintenance, repair, or replacement of the Open Space;

(d) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws, including, but not limited to, the expenses of operating, maintaining and repairing a swimming pool and other amenities;

(e) Hazard, liability or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase or as the Association may deem appropriate to purchase;

(f) Ad valorem taxes and public assessment charges lawfully levied against Common Areas;

(g) The expense of the maintenance of all easements and landscaping and improvements thereon, conveyed to the Association;

(h) Any other expenses determined by the Board or approved by the Members to be common expenses of the Association.

Section 6. "Declarant" shall mean and refer to MARCUS EDWARDS DEVELOPMENT, LLC, a North Carolina corporation, its successors and assigns.

Section 7. "Declarant Development Period" shall mean and refer to that period of time during which: (i) the Declarant is the owner of any portion of the Property, including any Lot; (ii) Declarant is in any way involved in the maintenance of streets, landscaping, or Open Space; (iii) Declarant is in any way involved in the marketing of the Property through advertisements, signs, listings or providing an on-site real estate agent; or (iv) Declarant is providing funds to the Association.

Section 8. "Entry Features" shall mean those portions of the Open Space upon which permanent identification signs or monuments shall be initially installed and erected by Declarant at the various entrances of WINSTON RIDGE SUBDIVISION and which shall be maintained by the Association in accordance with this Declaration.

Section 9. "Lot" shall mean and refer to any numbered or lettered plot of land shown upon any recorded subdivision map of the Property which is intended for residential purposes, including detached single family lots, patio home lots and townhome lots with the exception of the Open Space.

Section 10. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 11. "Open Space" or "Common Area" shall mean those certain portions of the Property (including any improvements thereto) owned by the Declarant or the Association for the common use and enjoyment of the Owners, including any landscaping. The Open Space shall include any easement rights granted to the Association.

Section 12. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 13. "Property" shall mean and refer to that certain real property shown on Exhibit A and any additional property subject to this Declaration by the filing of a Supplemental Declaration.

Section 14. "Supplemental Declaration" shall mean an amendment or supplement to this Declaration and may impose, expressly or by reference, additional restrictions and obligations on said additional property described therein.

ARTICLE II
PROPERTY

The Property is hereby made subject to this Declaration and the Property shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association and each Owner subject to this Declaration and the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth in this Declaration.

The Declarant hereby reserves the right to subject other real property to this Declaration and to bring such additional property within the jurisdiction of the Association, without the consent of the other Members, by filing a Supplemental Declaration in the Franklin County, North Carolina Registry. Such additional property must be contiguous (which terms includes on the opposite side of a street right of way) to some portion of the Property already subject to this Declaration

Each Supplemental Declaration shall be effective upon recordation in the Franklin County, North Carolina Registry, and shall incorporation, either expressly or by reference, the provisions of this Declaration. Such Supplemental Declaration need not be in any specific form, but shall clearly indicate the intention to subject additional property to this Declaration. A Supplemental Declaration may contain such other terms and conditions, no inconsistent herewith, as the parties subjecting the additional property to this Declaration may agree upon. In addition, as to any Supplemental Declaration which adds property to this Declaration, Declarant or the Association may include such additional or different covenants, conditions, restrictions, easements, sues, privileges, charges, assessments, liens, options, rights, terms and provisions as Declarant or the Association, in its sole discretion, may determine.

Each Owner of a Lot subject to the Supplemental Declaration shall be a Member of the Association and shall be subject to assessment by the Association in accordance with the terms of this Declaration.

ARTICLE III
PROPERTY RIGHTS

Section 1. Owners' Easements or Enjoyment. Every Owner shall have a right and easement of enjoyment in and to and right of ingress and egress over the Open Space, which rights shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to permit the charge of reasonable fees for the enjoyment of any portion of the Open Space and fees for Common Expenses;

(b) the right of the Association to suspend the voting rights during which any assessment against his Lot remains unpaid or for any infraction of its published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the Open Space to any public agency, authority or utility;

(d) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Open Space and facilities and in aid thereof to mortgage said Open Space which is affected, and the rights of such mortgagee in said portion of the Open Space shall be subordinate to the rights of the homeowners hereunder;

(e) the right of the Association to formulate, publish, impose and enforce rules and regulations for the enjoyment of the Open Space.

Section 2. Delegation of Use. Subject to Section 1 above, any Owner may delegate, in accordance with the Bylaws, his rights of enjoyment in and to the Open Space, to the members of his family, his lawful tenants, or contract purchasers who reside on such Owner's Lot, and to his guests, invitees and licensees.

Section 3. General Easements and Associated Undertakings. All of the Property, including Lots, and Open Space, shall be subject to such easements for private roads or drives, public streets, water lines, sanitary sewers, storm drainage facilities, gas lines, cable communication transmission, telephone and electric power lines and other public utilities, whether above or below ground, as shall be established by the Declarant, by its predecessor in title prior to the subjecting of the Property to this Declaration, or as shown on any recorded subdivision map of any portion of the Property. The Association shall have the power and authority to grant and establish upon, over, under and across the Open Space conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Property. Sight easements, if any, as may be shown upon any recorded subdivision map of the Property are hereby reserved by the Declarant.

An easement is hereby established for the benefit of any agency or utility performing any of the following services over all Open Space and over an area of all Lots within the Property five (5) feet from the right-of-way line of any street or roadway established within the Property hereby or hereafter established for the setting, removal and reading of water and electricity meters, the maintenance and replacement of water, electricity, sewer and drainage facilities. In addition thereto, an easement is hereby established over all of the Property for the benefit of the County of Franklin and all other agencies and personnel performing any of the following duties and services for the fighting of fires, mail delivery, collection of garbage ambulance services and police protection.

Section 4. Title to the Open Space. The Declarant hereby covenants for itself, its heirs and assigns that it will convey fee simple title or, as applicable, easement rights for the Open Space to the Association, free and clear of all encumbrances and liens, except public streets, private roads or drives, utility easements and any use restrictions of record, including this Declaration, upon completion by Declarant of any initial improvements thereto, including landscaping.

Section 5. Entry Features. At all times during the term of this Declaration, the Association shall maintain and/or improve any Entry Features created within the Property in a manner at least comparable to the initial creation and construction thereof.

Section 6. Parking Areas and Rights. Ownership of each patio home or townhome Lot shall entitle the Owner thereof to the use of not more than two (2) automobile parking spaces, together with the right of ingress and egress in and upon said parking areas. Title to the parking areas shall remain with the Association as part of the Open Space. The Association may regulate the parking of boats, trailers and other such items on the Open Space.

Section 7. Contract for Street Lighting. Declarant reserves the right to subject the Property to a contract with Progress Energy Carolinas, Inc. for the installation of street lighting. Such contract shall require continuing monthly payments to Progress Energy Carolinas, Inc., its successors or assigns, by each Owner.

ARTICLE IV
MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot which is subject to assessment.

Section 2. The Association shall have the following two classes of voting membership:

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any such Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote or a fractional vote be cast with respect to any Lot, and in no event shall fractional votes be allowed. Class A membership shall be divided into three classifications: Class A-1 members who shall be Owners of detached single family Lots; Class A-2 members who shall be Owners of patio home Lots; and Class A-3 members who shall be Owners of townhome Lots.

Class B. The Class B Member shall be the Declarant and shall be entitled to a certain number votes for each Lot owned as defined herein. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) eighty-five percent (85%) of the Lots have been sold by Declarant; or

(b) on December 31, 2017.

Class B membership shall be divided into three classifications: Class B-1 shall entitle the Declarant to six (6) votes for each detached single family dwelling Lot owned; Class B-2 shall entitle the Declarant to six (6) votes for each patio home Lot owned; and Class B-3 shall entitle the Declarant to six (6) votes for each townhome Lot owned.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) maximum assessments or charges and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, late charges, costs, reasonable attorneys' fees, and a fee of up to $150.00 charged by the Association's managing agent for offsetting the costs of collection (the "management fee"), shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, late charges, costs, reasonable attorneys' fees, and management fee shall also be the personal obligation of the person(s) who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an Owner's successors in title unless expressly assumed by them. All assessments relating to all Open Space in any portions of the Property containing detached single family dwelling Lots shall be shared equally by all the Owners of detached single family dwelling Lots. All assessments relating to all Open Space and lawn maintenance in any portion of the Property containing patio homes shall be shared equally by all the Owners of patio home Lots. All assessments relating to all Open Space and exterior maintenance in any portion of the Property containing townhomes shall be shared equally by all the Owners of townhome

Lots. All assessments relating to Open Space in phases containing recreational facilities and amenities shall be shared equally by all Lot Owners.

The Association may, upon an affirmative vote by the majority of the Board of Directors, amend the amount charged by the Association, or the Association's managing agent, for offsetting the costs of collection provided that notice is given to all Owners at the time of said change.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the welfare of the residents in the Property for the improvement and maintenance of the Open Space, including Entry Features, for the establishment of adequate reserves for the replacement of capital improvements, if any, located within the Open Space, payment of insurance premiums for contracts of hazard and liability insurance on the Open Space, exterior maintenance of townhomes and lawn maintenance of patio homes situated upon the Property, payment of local ad valorem taxes or governmental charges, if any, on the Open Space, any other major expense for which the Association is responsible, and such other needs as may arise.

Section 3. Budget and Reserves. The Association shall establish and maintain separate budgets and adequate separate reserve fund or funds for detached single family dwellings, patio homes, and townhomes for the periodic maintenance, repair and replacement of improvements to the Open Space and those other portions of the Property, which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense for the Owners of the kind of Lots that require the reserve fund or funds.

Section 4. Assessment Amount and Due Date. Until December 31st of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be eight hundred dollars ($800.00) for each Lot which includes single family dwellings, patio homes, and townhomes. In addition to the master assessments, patio home Lots shall be subject to a maximum monthly assessment of eighty dollars ($80.00) per month and townhome Lots shall be subject to a maximum monthly assessment of one hundred sixty five dollars ($165.00) per month. The maximum annual assessment and the maximum monthly assessment collectively shall be referred to as the "maximum assessment".

From and after December 31st of the year immediately following the conveyance of the first Lot to an Owner, the maximum assessment may be increased by not more than ten (10%) percent over the prior years assessment by the Board of Directors of the Association or the Declarant during the Declarant Development Period without a vote by the Members.

On and after December 31st of the year immediately following the conveyance of the first Lot to an Owner, the maximum assessment may be increased ten (10%) percent above the prior years assessment by a vote of two-thirds (2/3rds) of the appropriate and affected class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

Section 5. Special Assessments for Capital Improvements. In addition to the maximum assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only 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 Open Space, any extraordinary maintenance, including vegetation, fixtures and personal property related thereto and any property for which the Association is responsible, provided, however, any such assessment shall have the assent of two-thirds (2/3) of the votes of each appropriate and affected class of Members who are voting in person or by proxy at a meeting duly called for this purpose. Provided, however, the Board of Directors, at its option may declare that a special assessment be levied against all lots, unless ninety (90%) percent of the total vote of each class of Members vote to reject it ("a Board Issued Assessment"). This Board Issued Assessment shall be in an amount not to exceed $250.00 per lot and may be used to defray the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Open Space.

Special assessments related only to the lawn maintenance of patio home Lots shall require a one-thirds (1/3) affirmative vote of A-2 and B-2 members, and the assessments shall be levied only against Owners of patio home Lots. Special assessments related only to the exterior maintenance of townhome Lots shall require a one-thirds (1/3) affirmative vote of A-3 and B-3 members, and the assessments shall be levied only against Owners of townhome Lots.

Section 6. Notice and Quorum for any Action Authorized Under Sections 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 or 5 or this Article shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty percent (60%) of all the votes of each appropriate and affected class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Maximum assessments must be fixed at a uniform rate for all detached single family dwelling Lots; a separate uniform rate for all patio home Lot; and a separate uniform rate for all townhome Lots owned by each class of Member. Maximum assessments may be collected on an annual, monthly or quarterly basis; provided, however, annual and special assessments for all Lots owned by Declarant and not occupied as a residence shall be twenty-five percent (25%) of such assessments for other similarly located Lots. The Association shall have the power, right and authority to issue a special assessment against any Lot and its Owner if such Owner shall fail to reimburse the Association or the Declarant. Owners who purchase lots for the purpose of constructing a dwelling shall not be assessed unless and until dwellings are occupied by residents.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10.0%) per annum and shall be subject to a late charge of Twenty Five and No/100 Dollars ($25.00) per month. The Association may bring an action at law against the Owner personally obligated to pay the same for such delinquent assessment, interest, late charges, costs, management fee and reasonable attorneys' fees of any such action, or foreclose the lien against the Lot. For purposes of this Section 8, the amount of delinquent assessment, plus accrued interest and late charges shall be considered evidenced by this Section 8 and, therefore, evidence of indebtedness shall exist hereby. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Open Space or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 10. Exempt Property. All Properties dedicated to, and accepted by, a local public authority and all Properties 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. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11. Working Capital Fund. At the time of closing of the sale of each Lot a sum equal to at least two months assessment for each Lot shall be collected and transferred to the

Association to be held as a working capital fund. The purpose of said fund is to insure that the Association Board will have adequate cash available to meet unforeseen expenses, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI
EXTERIOR MAINTENANCE

In addition to maintenance of the Open Space, the Association shall provide "Exterior Maintenance" upon each townhome Lot which is subject to assessment hereunder, and which shall be defined to include: paint and/or stain the exterior, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, mailboxes, fences installed by Declarant or the Association, exterior post lights (excluding electricity thereof and light bulbs), and other Exterior Improvements as determined by the Board of Directors. Such Exterior Maintenance shall not include, and is not limited to, any glass surfaces, screening, doors or door frames, windows or window frames, driveways, patios, decks or exterior light fixtures. The determination of whether a maintenance item is considered Exterior Maintenance shall be in the sole discretion of the Board of Directors.

In addition to maintenance of the Open Space, the Association shall provide "Lawn Maintenance" upon each patio home Lot which is subject to an assessment hereunder, and which shall be defined to include: grass, plants, shrubs, trees, landscaping, or other items determined by the Board of Directors.

The Association's responsibility for "Exterior Maintenance" and "Lawn Maintenance" shall not include the obligation to replace any plant, shrub, or tree for any reason.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family or guest, or invitees, contract sellers, tenant or an independent contractor of the Owner, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject. The Association is hereby granted an easement right of access to go upon any Lot for performance of repairs or maintenance, the responsibility of which is the Association's hereunder.

ARTICLE VII
STORM WATER MANAGEMENT

Association shall also provide for maintenance of all erosion and storm water drainage efforts, whether preventative, remedial, routine or otherwise. This includes the maintenance of all storm water and detention ponds or natural areas, the surrounding vegetation, and any drains, pipes and other equipment or apparatus used for handling storm water drainage.

Provided, however, such maintenance obligations shall cease and terminate, or be reduced, at such time as any governmental entity, through a department of public works or some other agency or division, elects to maintain, in whole or in part, the erosion and storm water drainage efforts, or some other person is providing the necessary maintenance. Following any such assumption of maintenance by the governmental entity or other person, the Association may, without obligation, continue to provide maintenance to the extent that the governmental entity or other person fails to provide adequate maintenance, in the opinion of the Board of Directors.

ARTICLE VIII
PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the townhomes upon the Property and placed on the dividing line between the townhome Lots and all reconstruction or extensions of such walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-ground construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing and Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cot of restoration thereof in proportion to such use without prejudice, however, the right of any such owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Easement and Right of Entry for Repair, Maintenance and Reconstruction. Every Owner shall have an easement and right of entry upon the Lot of another Owner to the extent necessary to perform repair, maintenance or reconstruction of a party wall. Such repair, maintenance or reconstruction shall be done expeditiously. Upon completion of such construction, such Owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.

Section 5. Weatherproofing. Notwithstanding any other provisions of this Article, an Owner who, by his negligence or willful act, causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Certification by Adjoining Property Owner that No Contribution is Due. If any Owner desires to sell his Lot, he may, in order to assure a prospective purchaser that no adjoining Lot Owner has a right of contribution as provided in this Article, request of the adjoining Lot Owner or Lot Owners a certificate that no contribution exists, whereupon it shall be the duty of each adjoining Lot Owner to make such certification immediately upon request without charge; provided, however, that where the adjoining Lot Owner claims a right of contribution, the certification shall contain a recital of the amount claimed. In the event a property Owner refuses or neglects to do so, it shall be deemed a waiver to proceed against the Members who are Owners of patio homes and townhome Lots.

Section 8. Arbitration. In the event of any dispute arising concerning party walls, or under the provision of this Article, such dispute shall be settled by arbitration as provided by the laws of the State of North Carolina as then existing.

ARTICLE IX
INSURANCE

Section 1. Ownership of Policies. Contracts of insurance upon the Open Space and townhome Lots shall be purchased by the Association for the benefit of the Association and the Owners and their mortgagees as their interest may appear, and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of townhome Owners. The Association may reevaluate its coverage from time to time and may provide, subject to Section 2 of this Article, for such insurance coverage as it deems appropriate. Townhome Owners may, at their option, obtain insurance coverage at their own expense upon their own personal property and for their personal liability and living expense and such other coverage as they may desire.

Section 2. Coverage. All improvements and personal property included in the Open Space shall be insured in an amount equal to at least eighty percent (80%) of their insurable replacement value as determined annually by the Association with the assistance of the insurance company underwriting the coverage. Such coverage shall provide protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as from time to time shall be customarily covered with respect thereto.

Section 3. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to at least one-half (1/2) the maximum assessment plus reserves accumulated.

Section 4. Premiums. Premiums for contracts of insurance purchased by the Association shall be paid by the Association and shall be considered a common expense paid from the maximum assessments; provided that premiums on account of hazard insurance coverage for townhome Lots shall be paid from the maximum monthly assessments.

Section 5. Proceeds. All contracts of insurance purchased by the Association shall be for the benefit of the Association and its mortgagees, if any, as their interests may appear, and the Owners, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein in the following shares:

(a) Proceeds on account of damage to Open Space and facilities held for the Association.

(b) Proceeds on account of damage to townhomes shall be held in undivided shares for the Owners of the Lots of the damaged townhomes in proportion to the cost of repairing the damage suffered by each Owner, which cost shall be determined by the Association.

(c) In the event a mortgagee endorsement has been issued for any townhome Lot, the share of the Owner shall be held in trust for the mortgagee and the Owner as their interests may appear.

Section 6. Distribution of Insurance Proceeds. Proceeds of contracts of insurance received by the Association as insurance trustee shall be distributed to or for the benefit of the beneficiary or beneficiaries thereof in the following manner:

(a) The proceeds shall be paid first to defray the cost of reconstruction and repair of casualty or liability so covered.

(b) Any expense of the insurance trustee may be paid from proceeds after payment of reconstruction or repair expenses or liability. Any proceeds remaining thereafter shall be distributed to the beneficiary or beneficiaries of the trust.

ARTICLE X
ARCHITECTURAL AND APPEARANCE CONTROL

Section 1. General. Anything contained in this Declaration which may be construed to the contrary notwithstanding, no tree removal, site preparation on any Lot or change in grade or slope of any Lot or erection of buildings or exterior additions or alterations to any building situated upon the Property or erection of or changes or additions in fences, hedges, walls and other structures, or construction of any swimming pools or other Improvements, shall be commenced, erected or maintained on any Lot until the architectural control committee appointed as hereinafter provided (the "Architectural Control Committee"), has approved the plans and specifications therefor and the location of such Improvements.

Section 2. Composition. During the Declarant Development Period, Declarant shall annually appoint the members of the Architectural Control Committee, which will be composed of three (3) individuals, each generally familiar with residential and community development design matters and knowledgeable about the Declarant's concern for a high level of taste and design standards within WINSTON RIDGE SUBDIVISION. In the event of the death or resignation of any member of the Architectural Control Committee, Declarant, for so long as it has the authority to appoint the members of the Architectural Control Committee, and thereafter, the remaining members of the Architectural Control Committee, shall have full authority to designate and appoint a successor. No member of the Architectural Control Committee shall be liable for claims, causes of action or damages (except where occasioned by gross negligence or willful misconduct of such member) arising out of services performed pursuant to this Declaration. Upon final termination of Declarant's membership in the Association, the Board of Directors of the Association shall appoint the members of the Architectural Control Committee on an annual basis. At any time Declarant may elect not to appoint the members of the Architectural Control Committee and may assign this right to the Board of Directors of the Association.

Section 3. Procedure. No Improvement of any kind or nature shall be erected, remodeled or placed on any Lot until all plans and specifications therefor and a site plan therefor have been submitted to and approved in writing by the Architectural Control Committee, as to:

(i) quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, and facing of main elevation with respect to nearby streets.

(ii) conformity and harmony of the external design, color, type and appearance of exterior surfaces;

(iii) location with respect to topography and finished grade elevation and effect of location and use on neighboring Lots and improvements situated thereon and drainage arrangement; and

(iv) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the Architectural Control Committee, or matters in which the Architectural Control Committee has been vested with the authority to render a final interpretation and decision.

Any modification or change to the Architectural Control Committee approved set of plans and specifications must again be submitted to the Architectural Control Committee for its inspection and approval. The Architectural Control Committee's approval or disapproval, as required herein, shall be in writing.

The Architectural Control Committee may, but shall not be so required, from time to time publish and promulgate architectural standards bulletins which shall be fair, reasonable and uniformly applied in regard to the Lots and shall carry forward the spirit and intention of these covenants, conditions and restrictions. Although the Architectural Control Committee shall not have unbridled discretion with respect to taste, design and any standards specified herein, the Architectural Control Committee shall be responsive to technological advances or general changes in architectural designs and materials and related conditions in future years and use its best efforts to balance the equities between matters of taste and design (on the one hand) and use of private property (on the other hand). Such bulletins, if any, shall supplement these covenants, conditions and restrictions and are incorporated herein by reference.

Section 4. Jurisdiction. The Architectural Control Committee is authorized and empowered to consider and review any and all aspects of the construction of any Improvements on a Lot which may, in the reasonable opinion of the Architectural Control Committee, adversely affect the living enjoyment of one or more Owners or the general value of the Property.

Section 5. Enforcement. The Architectural Control Committee and/or the Association shall have the specific, nonexclusive right (but not obligation) to enforce the provisions contained in this Article and/or to prevent any violation of the provisions contained in this Article by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions contained in this Article.

Section 6. Definition of "Improvement". The term "Improvement" shall mean and include all buildings, storage sheds or areas, roofed structures, parking areas, loading areas, trackage, fences, walls, hedges, mass plantings, poles, driveways, ponds, lakes, changes in grade or slope, site preparation, swimming pools, tennis courts, signs, exterior illumination, changes in any exterior color or shape and any new exterior construction or exterior improvement exceeding $1,000.00 in cost which may not be included in any of the foregoing. The definition of Improvement does not include shrub or tree replacements or any other replacement or repair of any magnitude which ordinarily would be expensed in accounting practice and which does not change exterior colors or exterior appearances. The definition of Improvements does include both original Improvements and all later changes to Improvements.

Section 7. Failure of the Architectural Control Committee to Act. If the Architectural Control Committee fails to approve or disapprove any plans and specifications and other submittals which conform (and which relate to Improvements which will conform) with the requirements hereof or to reject them as being inadequate or unacceptable within forty-five (45) days after submittal thereof, it shall be conclusively presumed that the Architectural Control Committee has approved such conforming plans and specifications and other submittals. If plans and specifications or other submittals are not sufficiently complete or are otherwise inadequate, the Architectural Control Committee may reject them as being inadequate or map approve or disapprove part, conditionally or unconditionally, and reject the balance.

Section 8. Limitation of Liability. Neither the Architectural Control Committee nor the members thereof nor Declarant shall be liable in damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence, except for gross negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications.

Section 9. Miscellaneous. No member of the Architectural Control Committee shall be entitled to compensation for services performed pursuant to this Article. The Association shall reimburse members of the Architectural Control Committee for reasonable out-of-pocket expenses.

ARTICLE XI
USE RESTRICTIONS

Section 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, publish and enforce reasonable rules and regulations concerning the use and enjoyment of each Lot and the Open Space. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

Section 2. Use of Property. No portion of the Property shall be used except for residential purposes incidental or accessory thereto. Each Lot shall be occupied and/or used as follows:

1. Each Lot, but not to include Open Space, will be used for residential purposes only (except for temporary office of the Declarant and/or model used by Declarant or assigns).

2. Each detached single family dwelling shall have a heated, enclosed floor area as follows: if one story, at least 2000 square feet and shall not exceed one and one-half stories in height. Each patio home shall have a heated, enclosed floor area of at least 1400 square feet and shall not exceed one and one-half stories in height. Each townhome shall have a heated, enclosed floor area of at least 1400 square feet and shall be two stories in height. Heated, enclosed floor area shall not include unfinished basements, open porches, breeze-ways, screened porches, garages, walk-up attics, carports, steps, stoops. Notwithstanding these terms, a ten percent (10%) variance in the square feet of the enclosed floor area shall be allowed with written approval of the Architectural Control Committee.

3. No dwelling or other approved structure shall be located on any Lot nearer to the front lot line than 25 feet; rear, 15 feet; side corner, six feet. No approved single family dwelling or patio home shall be located on any lot nearer to the side lot line than six feet. For the purpose of this covenant, eaves, steps, open porches and fences shall not be considered as part of the building, PROVIDED, however, that this shall not be construed to permit any portion of a dwelling on a Lot site to encroach upon another Lot.

4. Before a dwelling on a Lot is occupied by residents, each such Lot shall have at least one (1) tree for every forty (40') feet of Lot street frontage. Such tree must be a maple at least two and one-half inches (2 ½") in diameter, and the tree and placement of the tree must be approved by the Architectural Control Committee. At any time thereafter, if such tree should become decayed or diseased or should it otherwise become necessary to remove the tree, the Owner must obtain prior written approval for such action from the Architectural Control Committee. Further, the Owner must replace the tree with a maple at least two and one-half inches (2 ½") in diameter at Owner's expense.

5. Any vehicle which has advertising of any type, whether a display, a name or logo painting on the vehicle, an attached sign, or otherwise, must be parked in a garage. Absolutely no vehicles, boats or any other type of personal property shall be placed in the front or side yard of any residence with a "for sale" sign upon it, any other such sign, or information which might indicate that the property is for sale.

6. Any boats, motor homes, trailers, campers, or any other type of recreational vehicles such as ATVs or dirt bikes must be kept inside a garage. Any such boat, motor home, trailer, camper,

recreational vehicles, car, truck or other vehicle must be used regularly and be in operational use. If not used regularly, licensed if necessary, and kept in operational use, it shall not be kept in the subdivision.

7. No noxious or offensive trade or activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become any annoyance or nuisance to the neighborhood. No signs or billboards shall be erected or maintained on the premises other than real estate signs. No trade materials or inventories may be stored on the premises. No business activity or trade of any kind shall be conducted on any Lot except that an office may be maintained in a residence if there is not client or customer traffic to the office.

8. No shelter of a temporary or permanent character such as a mobile home, trailer, basement, tent, shack, garage or barn shall be used on any Lot at any time as a residence, either temporarily or permanently. No trailer, modular or mobile home shall be placed on any building site covered by these covenants.

9. Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and over the front and rear ten feet of each Lot and five feet on each side line unless these are in excess of such distances on recorded plats, in which case the plats shall control. Within these easements, no structure, planting, or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities and drainage facilities, or which may change the direction or flow of drainage channels in the easements. The easement area of each Lot and all improvements in it shall be maintained continuously by the Owner of the Lot, except for those improvements for which a public authority or utility company is responsible. In the event that any Owner of two or more adjacent Lots shall prepare plans for the construction of a house on the line separating two or more such Lots, then the easement along this Lot line shall become void.

10. No animals, livestock or poultry of any kind shall be raised, bred or kept on building site, except that a reasonable number of dogs, cats or other household pets may be kept, provided that they are not bred or maintained for any commercial purposes. Owners with dogs, cats or other household pets will be responsible for their animals and will insure that they do not make objectionable noise and are not a nuisance to other Lot owners. The Board, in its sole discretion, may remove any household pets that cause damage or injury to the Property or otherwise endangers the health of any Owner.

11. No Lot or portion thereof shall be dedicated or used for a public street unless approved by Owner.

12. Adequate off street parking shall be provided by the Owner of each Lot for the parking of automobiles owned by such Owner.

13. All telephone, electric and other utility lines and connections between the main utility lines and residence and other buildings located on each Lot shall be concealed and located underground so as not be visible.

14. Declarant shall install an irrigation system for the entry way of the subdivision. As determined by Declarant, Lot Owners will be required to pay the local utility company (or companies) a proportionate monthly service charge for the irrigation system and maintenance. In addition, Declarant reserves the right to subject each Lot to a contract with the local utility company for street lighting.

15. Roads constructed in all phases of this subdivision shall be maintained by the Association until such time as the North Carolina Department of Transportation takes over the streets for maintenance.

16. The exterior walls of each dwelling, its garage and any outbuilding approved by the Architectural Control Committee as set forth herein shall be made of stone, brick, wood, Hardiplank, or equivalent cement-based siding.

17. Any mailbox or newspaper tube shall be only as prescribed by the Architectural Control Committee. It is the intention of the Committee to create a standard design to be used by all residences in the subdivision. The mailbox and newspaper tube shall be located at the site as set by the Architectural Control Committee.

18. During construction of the dwelling or any other type of construction being carried out on a Lot, any damage caused by such construction must be cleaned up and repaid by the party causing it. Any mud clods or other debris which get into the right-of-way area of a street must be cleaned up within 48 hours. During construction on any Lot, there shall be a gravel area of at least 40 feet in length leading from the street onto said Lot, this gravel area being the entrance to the Lot, in order to prevent mud and other debris from being tracked into the street. During construction on any Lot, the Owner shall keep all construction vehicles off the shoulder of the road. During construction, the Lot Owner may burn trash in trash barrels only if a safe distance from neighboring houses and such burning does not constitute a disregard for any local building or fire codes.

19. Each Lot Owner shall keep his Lot free of tall grass, undergrowth, dead trees, trash and rubbish. Such Lots shall be maintained so as to present a pleasing appearance. In the event an Owner does not properly maintain his Lot as set forth in this paragraph, the Architectural Control Committee has the right to do whatever work is required to give the Lot a pleasing appearance with any such cost incurred in doing this being the liability of the owner of the Lot.

20. There shall be no more than two yard sales per calendar year for any one Lot in the subdivision. Any such yard sale shall not extend longer than six hours on the day it is held.

21. Except as outlined in Paragraph 18 herein, there shall be no burning of trash in the subdivision. All garbage and other refuse must be kept in stable, sanitary containers, and said containers shall be cleaned on a regular basis. Such garbage and refuse must be picked up and disposed of at least weekly. Storage facilities for garbage, trash and other refuse shall be out of sight of streets in the subdivision, either by placing such receptacles in the rear of the residence or providing a screening for them.

22. Motorbikes, go-carts and any other type of motorized vehicle that produces excessively loud noises shall not be allowed in the subdivision. Any use of the shoulders of the paved streets by motorized vehicles is expressly prohibited.

23. Any hobbies regularly conducted on any Lot shall not be a nuisance to the neighbors. Separate buildings for hobbies shall be constructed only when approved by the Architectural Control Committee. If a detached building is used mainly for a hobby, the Architectural Control Committee shall consider the type of hobby during the approval process. Any hobby which produces a product for sale is expressly prohibited.

24. There shall be no signs displayed to the public view on any Lot except for one sign advertising that the dwelling is "For Sale" or "For Rent". The Architectural Control Committee may, in its sole discretion, approve signs displaying information regarding security or personal protection systems. Notwithstanding the foregoing, signs of not more than ten (10) square feet expressing support of or opposing to political candidates or other issues which will appear on the ballot of a primary, general or special election are allowed provided that such political signs shall not be placed on a Lot earlier than forty-five (45) days before such election and shall be removed within seven (7) days after such election. The Declarant reserves the right to erect and maintain signs of any type and size on any Lot which it owns and on the Common Area in connection with the development and sale of Lots.

25. No above-ground swimming pools shall be located on any Lot.

ARTICLE XII
GENERAL PROVISIONS

Section 1. Enforcement. The Association, Declarant or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration.

Failure by the Association, Declarant or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Expenses. Should any proper party undertake a legal proceeding to enforce a violation or breach of any of these restrictions, such party shall be reimbursed for any legal expenses, court costs or other financial obligations undertaken in enforcing these covenants against the violating party. It is the intention that anyone violating these covenants pay for any expenses undertaken by a proper party in seeing that these covenants are enforced. The violating party must be given a written notice of a violation and given ten days to correct such violation.

Section 3. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

Section 4. Effect and Amendment. The covenants, conditions and restrictions of this Declaration shall run with and bind the Property for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument approved by not less than seventy-five percent (75%) of the Lot Owners, and thereafter by an instrument approved by not less than sixty-seven percent (67%) of the Lot Owners. Notwithstanding these provisions, this Declaration may be amended by the Declarant during the Declarant Development Period without the approval of any other Lot Owners. Any amendment must be recorded in the Franklin County Registry.

Section 5. Amendment Form. If any amendment to these covenants, conditions and restrictions is so approved, each such amendment shall be delivered to the Board of Directors of the Association. Thereupon, the Board of Directors shall within thirty (30) days, do the following:

(a) Reasonably assure itself that the amendment has been validly approved by the Owners of the required number of Lots. (For this purpose, the Board may rely on its roster of Members and shall not be required to cause any title to any Lot to be examined).

(b) Attach to the amendment a certification as to its validity, which certification shall be executed by the Association in the same manner that deeds are executed. The following form of certification is suggested:

CERTIFICATION OF VALIDITY OF AMENDMENT TO COVENANTS CONDITIONS AND RESTRICTIONS FOR WINSTON RIDGE SUBDIVISION

By authority of its Board of Directors, WINSTON RIDGE HOMEOWNERS ASSOCIATION, INC. hereby certifies that the following instrument has been duly approved by the Owners of ___ percent of the Lots of WINSTON RIDGE SUBDIVISION and is, therefore a valid amendment to the existing covenants, conditions and restrictions of WINSTON RIDGE SUBDIVISION.

This the _____ day of _______________, 20__.

WINSTON RIDGE HOMEOWNERS ASSOCIATION, INC.

By:___________________________

_________ President

(c) Immediately, and within the thirty (30) day period aforesaid, cause the amendment to be recorded in the Franklin County Registry.

All amendments shall be effective from the date of their recordation in the Franklin County Registry, provided, however, that no such instrument shall be valid until it has been indexed in the name of the Association in each Registry. When any instrument purporting to amend the covenants, conditions and restrictions has been certified by the Board of Directors, recorded and indexed as provided by this Section, it shall be conclusively presumed that such instrument constitutes a valid amendment as to all persons thereafter purchasing any Lots.

Section 6. Lender's Notice. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any mortgage holder, insurer or guarantor will be entitled to timely written notice of:

(a) Any condemnation or casualty loss that affects either a material portion of the project or the Lot securing its mortgage.

(b) Any sixty (60) day delinquency in the payment of assessments owed by the Owner of the Lot on which it holds the mortgage.

(c) A lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(d) Any proposed action that requires the consent of a specified percentage of mortgage holders.

(e) The Association's financial statement for the immediately preceding fiscal year.

Section 7. Duty of Maintenance. The Owner of each detached single family Lot in the Property shall have the duty and responsibility, as such Owner's sole cost and expense, to keep that part of the Property so owned, including Improvements, ground and drainage easements or other rights-of-way incident thereto, in accordance with the terms and provisions of the Declaration and in a well-maintained, safe, clean and attractive condition at all times. Such maintenance includes, but is not limited to, the following:

(1) Prompt removal of all litter, trash, refuse and waste;

(2) Lawn mowing on a regular basis;

(3) Tree and shrub pruning;

(4) Watering by means of a lawn sprinkler system or hand watering as needed;

(5) Keeping exterior lighting and mechanical facilities in working order;

(6) Keeping lawn and garden areas alive;

(7) Removing and replacing any dead plant material;

(8) Keeping vacant land well-maintained and free of trash and weeds;

(9) Keeping parking areas and driveways in good repair;

(10) Complying with all governmental health and police requirements;

(11) Repainting of Improvements; and Repair of exterior damage to Improvements

Section 8. Enforcement. If any such Owner or occupant has failed in any of the duties or responsibilities as set forth in this Declaration, then the Board of Directors of the Association or Declarant may give such person written notice of such failure and such person must within ten (10) days after receiving such notice (which notice shall be deemed to have been received upon deposit in an official depository of the United States mail, addressed to the party to whom it is intended to be delivered, and sent by certified mail, return receipt requested), perform the care and maintenance required or otherwise perform the duties and responsibilities of such Owner. Should any such person fail to fulfill this duty and responsibility within such period, then the Association, acting through its authorized agent or agents, or the Declarant, acting through its authorized agent or agents, shall have the right and power to enter onto the premises and perform such care and maintenance without any liability for damages for wrongful entry, trespass or otherwise to any person. The Owner of a Lot on which such work is performed shall be liable for the cost of such work together with interest on the amounts expended by the Association or the Declarant in performing such work computed at the highest lawful rate from the date(s) such amounts are expended until repaid to the Association or the Declarant, as the case may be, and for all costs and expenses incurred in seeking the compliance of such Owner with his duties and responsibilities hereunder and shall reimburse the Association or the Declarant, as the case may be, on demand for such costs and expense (including interest as above provided). If such Owner shall fail to reimburse the Association or the Declarant, as the case may be, within thirty (30) days after mailing to such Owner of a statement for such costs and expense by the Association or Declarant, the Association may issue a special assessment against such Owner.

In addition, the Board of Directors of the Association or the Declarant during the Declarant Development Period, may impose fines or other sanctions for a violation of the Declaration, which shall be assessed as provided in the North Carolina Planned Community Act. Failure to comply with this Declaration, the Bylaws, or any applicable rules and regulations shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, the Declarant, or, in a proper case, by an aggrieved Owner. Failure to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board or the Declarant shall have the right to record in the appropriate land records a notice of violation of the Declaration, Bylaws, rules and regulations, use restrictions, or design guidelines and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing. The Association shall also have the right to suspend the voting rights of a Lot Owner for any period during which any assessment against such Owner's Lot which is hereby provided for remains unpaid; and, for an infraction of the Declaration, the Bylaws or any rules and regulations applicable to such Owner for a period no longer than sixty (60) days after the infraction has been corrected.

Nothing contain herein shall serve to limit any enforcement procedures provided in the North Carolina Planned Community Act.

ARTICLE XII
RIGHTS RESERVED FOR DECLARANT

Notwithstanding anything contained herein to the contrary, during the Declarant Development Period, Declarant expressly reserves the right to (i) subject additional property to this Declaration by the method described herein; (ii) reasonably amend this Declaration without the consent of any Owners or Members by the method described herein; (iii) select, appoint and remove members of the Architectural Control Committee who need not be Members of the Association; (iv) select, appoint and remove the Officers and the Board of Directors of the Association who need not be Members of the Association. The Declarant may waive or assign any of the rights reserved herein to a Member, a non-Member, another entity (such as a management company) or the Association.

The Declarant Development Period shall automatically terminate on December 31, 2017. At any time, Declarant may terminate the Declarant Development Period by executing a Notice of Termination of Declarant Development Period and assigning all rights reserved herein to the

Association. The Notice of Termination of Declarant Development Period shall be effective when filed in the Franklin County Registry.

ARTICLE XIV
LOT TRANSFER RESTRICTION

For a period of five (5) years following the date on which a Builder purchases a Lot, Builder shall not sell or transfer title to that Lot without first completing the construction of a dwelling thereon, pursuant to the terms and conditions in the purchase agreement between Declarant and Builder for the Lot. An Institutional Lender to whom any Purchase Loan Deed of Trust or Construction Loan Deed of Trust is given by Builder is **not** subject to these Lot Transfer Restrictions in the event of a Lot transfer pursuant to any foreclosure or conveyance by Builder in lieu of foreclosure to or as directed by the Institutional Lender following any uncured default by Builder under either the Purchase Loan Deed of Trust or Construction Loan Deed of Trust. For the purposes of this Section:

1. A "Purchase Loan Deed of Trust" is a deed of trust executed by Builder to secure a loan obtained by Builder SOLELY to provide funds to pay for part or all of the portion of the purchase price of a Lot.
2. A "Construction Loan Deed of Trust" is a deed of trust executed by Builder to secure a loan obtained by Builder SOLELY to provide financing for acquisition of a Lot and construction of a dwelling thereon, or construction of a dwelling on a Lot and, if necessary, release of the Lot from a Purchase Loan Deed of Trust.
3. "Institutional Lender" is defined as any one or more of the following: a commercial or savings bank, a savings and loan association, a trust company, a credit union, an industrial loan association, an insurance company, a pension fund, a business trust (including a real estate investment trust), or any other entity regularly engaged in lending money to finance the purchase, construction or improvement of real property.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto caused this Declaration to be executed, this 19th day of March, 2007.

MARCUS EDWARDS DEVELOPMENT, LLC,
A North Carolina Limited Liability Company

By: Mark E. Dowdy
Manager

DEN-MARK CONSTRUCTION, INC.
A North Carolina corporation

By: Mark E. Dowdy
Vice President

NORTH CAROLINA - COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Mark E. Dowdy, personally came before me this day and acknowledged that he is Manager of MARCUS EDWARDS DEVELOPMENT, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed in its name by its Manager. Witness my hand and official stamp or seal, this 19th day of March, 2007.

My Commission Expires: 4-12-11 Frances Picinic
Notary Public

Frances Picinic NOTARY PUBLIC Wake County, NC

NORTH CAROLINA - COUNTY OF WAKE

I, a Notary Public of the County and State aforesaid, certify that Mark E. Dowdy, personally came before me this day and acknowledged that he is Vice President of DEN-MARK CONSTRUCTION, INC., a North Carolina corporation, and that by authority duly given, the foregoing instrument was signed in its name by its Vice President. Witness my hand and official stamp or seal, this 19th day of March, 2007.

My Commission Expires: 4-12-11 Frances Picinic
Notary Public

Frances Picinic NOTARY PUBLIC Wake County, NC

Exhibit A

Tract 1
BEING all of 196.767 acres as shown on plat entitled "Survey for Marcus Edwards Development, LLC" a copy of which is recorded in Book of Maps 2005, Page 360, Franklin County Registry, less 0.892 acres conveyed by Deed Book 1515, Page 150, and less 0.187 acres conveyed by Deed Book 1603, Page 573, Franklin County Registry.

Tract 2
Being all of 14.835 acres as shown on plat entitled "Survey for Soloman Pace Holding, III" a copy of which is recorded in Book of Maps 2005, Page 423, Franklin County Registry.

Tract 3
BEING all of 0.006 acres as shown on plat entitled "Recombination Survey for Marcus Edwards, LLC, a copy of which is recorded in Book of Maps 2006, Page 353, Franklin County Registry.

Excepted from the above is the following:

A 0.197-acre tract conveyed to Henry M. Denmark, a deed recorded in Book 1603, Page 573, Franklin County Registry.

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Doc ID: 002902020003 Type: CRP
Recorded: 07/31/2007 at 02:49:53 PM
Fee Amt: $20.00 Page 1 of 3
Franklin County North Carolina
Linda H. Stone Register of Deeds
BK 1635 PG 703-705

by: Betty Harrington Deputy

Prepared by and hold for: Warren, Perry & Anthony, PLLC
P. O. Box 1187
Wake Forest, NC 27587

NORTH CAROLINA

FRANKLIN COUNTY

AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WINSTON RIDGE SUBDIVISION

THIS AMENDMENT TO DECLARATION is made on the date hereinafter set forth by MARCUS EDWARDS DEVELOPMENT, LLC, a North Carolina Limited Liability Company (hereinafter referred to as "DECLARANT").

WITNESSETH:

WHEREAS, DECLARANT subjected property to the Declaration of Covenants, Conditions and Restrictions for Winston Ridge Subdivision, recorded in Book 1617, Page 649, Franklin County Registry on May 1, 2007 (hereinafter referred to as "Declaration"); and

WHEREAS, the Declaration provides in Article XII entitled "Rights Reserved for Declarant" that during the Declarant Development Period, Declarant expressly reserves the right to reasonably amend the Declaration without the consent of any Owners or Members by the methods described therein; and

WHEREAS, the Declarant Development Period has not expired or been terminated; and

WHEREAS DECLARANT desires to amend the Declaration.

NOW, THEREFORE, DECLARANT hereby declares:

1. Article I, entitled "Definitions", shall be amended to include the following definition:

   "Patio Home" shall mean each detached, single family home upon which Lawn Maintenance, as defined herein, is provided by the Association.

2. Article XI, entitled "Use Restrictions", Section 2, entitled "Use of Property", Paragraph 2 shall be amended as follows:

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Each detached, single family dwelling in Phase 1-A of Winston Ridge Subdivision, as shown on Book 2007, Page 42, Franklin County Registry, which includes Lots 1 through 42, shall have a heated enclosed floor area as follows: if one (1) story, at least 1800 square feet; if one and one-half (1 ½) stories, at least 1900 square feet; and if two (2) stories or more, at least 2000 square feet.

Each detached, single family dwelling, with the exception of the Patio Homes, in Phase 1-B of Winston Ridge Subdivision as shown on Book 2007, Page 149, Franklin County Registry, which includes Lots 43 through 76 and Lots 85 through 96, shall have a heated enclosed floor area as follows: if one (1) or one and one-half (1 ½) stories, at least 2300 square feet and if two (2) stories or more, at least 2400 square feet.

Each Patio Home, including those Patio Homes in Phase 1-B of Winston Ridge Subdivision, as shown on Book 2007, Page 149, Franklin County Registry, which includes Lots 77 through 84, shall have a heated, enclosed floor area of at least 1300 square feet and shall not exceed one and one-half (1 ½) stories in height.

Each town home shall have a heated, enclosed floor area of at least 1400 square feet and shall be two (2) stories in height.

Heated, enclosed floor area shall not include unfinished basements, open porches, breeze-ways, screened porches, garages, walk-up attics, carports, steps or stoops. Notwithstanding these terms, a ten-percent (10%) variance in the square footage of the enclosed floor area shall be allowed with the written, recorded approval of the Architectural Control Committee.

3. Article XI, entitled "Use Restrictions," Section 2, entitled "Use of Property", Paragraph 16 shall be amended as follows:

The exterior walls of each dwelling, its garage and any outbuildings shall be made of stone, brick, wood, hardiplank or equivalent cement-based siding, or vinyl and must be approved by the Architectural Control Committee. The Architectural Control Committee has the right to determine which of the above materials may be used. Notwithstanding anything contained herein to the contrary, no vinyl shall be allowed on the detached, single family homes in Phase 1-B of Winston Ridge Subdivision as shown on Book 2007, Page 149, Franklin County Registry, which includes Lots 43 through 76 and Lots 85 through 96, and does not include the Patio Homes.

4. Declarant hereby affirms that it has complied in all respects with the requirements for amendment as provided in the Declaration.

All other covenants, conditions, and restrictions shall remain unchanged.

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This the 30 day of July 2007.

MARCUS EDWARDS DEVELOPMENT, LLC

BY: Mark E Dowdy
Member/Manager

NORTH CAROLINA
WAKE COUNTY

I, a Notary Public of the County and State aforesaid, certify that Mark E. Dowdy, personally came before me this day and acknowledged that he is Member/Manager of MARCUS EDWARDS DEVELOPMENT, LLC, a North Carolina Limited Liability Company, and that by authority duly given and as the act of the company, the foregoing instrument was signed.

Witness my hand and official stamp or seal, this 30 day of July 2007.

My Commission Expires: 10-3-10

James S. Warren
Notary Public

JAMES S. WARREN NOTARY PUBLIC WAKE COUNTY, N.C.

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Doc ID: 004637690003 Type: CRP
Recorded: 08/30/2011 at 10:39:31 AM
Fee Amt: $20.00 Page 1 of 3
Franklin County North Carolina
Brandi S. Davis Register of Deeds
BK 1818 PG 930-932

By: Betty Harrington Deputy

Prepared by & Return To: Ellis & Anthony LLP
343 South White Street, Suite C
Wake Forest, NC 27587

NORTH CAROLINA

FRANKLIN COUNTY

AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WINSTON RIDGE SUBDIVISION

This Amendment to Declaration is made on the date hereinafter set forth by WINSTON RIDGE DEVELOPMENT, LLC, a North Carolina limited liability company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Marcus Edwards Development, LLC and Den-Mark Construction, Inc. subjected property to the Declaration of Covenants, Conditions and Restrictions for Winston Ridge Subdivision recorded in Book 1617, Page 649, Franklin County Registry on May 1, 2007 and as later amended (hereinafter referred to collectively as "Declaration"); and

WHEREAS, the property was subsequently transferred to CRM Mid-Atlantic Properties, LLC, which ratified and confirmed the Declaration by the Ratification and Confirmation of Covenants, Conditions and Restrictions for Winston Ridge Subdivision recorded on October 20, 2010 in Book 1791, Page 129, Franklin County Registry; and

WHEREAS, the property was subsequently transferred to NC Properties I, LLC, which was assigned the rights of Declarant by the Assignment of Declarant Rights recorded on October 20, 2010 in Book 1791, Page 145, Franklin County Registry, and

WHEREAS, the property was finally transferred to WINSTON RIDGE DEVELOPMENT, LLC with the rights of Declarant being properly assigned to WINSTON RIDGE DEVELOPMENT, LLC (hereinafter the "Declarant") by Assignment of Declarant Rights recorded on February 23, 2011 in Book 1805, Page 815, Franklin County Registry; and

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WHEREAS, the Declaration provides in Article XII entitled "Rights Reserved for Declarant" that, during the Declarant Development Period, Declarant expressly reserves the right to amend the Declaration without the consent of any Owners or Members; and

WHEREAS, the Declarant Development Period has not expired or terminated; and

WHEREAS, Declarant desires to amend the Declaration;

NOW, THEREFORE, Declarant hereby declares, notwithstanding anything contained in the Declaration to the contrary:

1. There shall be no requirement that Lawn Maintenance be provided by the Association for any detached, single family dwelling, including Patio Homes. Nothing contained herein shall serve to limit the Association or the Declarant from electing to provide Lawn Maintenance to certain Lots or all Lots in the future. Declarant specifically reserves the right to require the Association to provide Lawn Maintenance for townhome Lots.

2. There shall be no requirement that trash collection and/or pick up be the responsibility of the Association except for those Lots or Common Areas owned by the Association. Nothing contained herein shall serve to limit the Association or the Declarant from electing to provide trash collection and/or pick up to certain Lots or all Lots in the future. Declarant specifically reserves the right to require the Association to provide trash collection and/or pick up for townhome Lots.

3. The minimum heated, enclosed floor area of a dwelling located on Lots 63 through 75 as shown on plat entitled "Final Plat For Winston-Ridge Subdivision Phase 1-B" recorded in Book of Maps 2007, Page 149, Franklin County Registry shall be reduced to 2,000 square feet. No variance of the minimum heated, enclosed floor area for the above referenced Lots shall be allowed.

4. Lot 76 as shown on plat entitled "Final Plat For Winston-Ridge Subdivision Phase 1-B" shall here forth have the same square footage, building, architectural, etc. requirements as Lots 1 through 42 as shown on plat entitled "Final Plat For Winston-Ridge Subdivision Phase 1-A" recorded in Book of maps 2007, Page 42, Franklin County Registry.

5. A dwelling with a stem wall slab foundation, or substantially similar foundations, may be allowed with the approval of the Architectural Control Committee; however, monolithic slab foundations are prohibited.

6. Article V, Section 11 entitled "Working Capital Fund" shall be amended to add the following clarification:

   This working capital assessment shall only apply to the closings of Lots with a dwelling thereon.

7. Declarant hereby affirms that it has complied in all respects with the requirements for amending as provided in the Declaration. Except for as modified herein, all other covenants, conditions and restrictions shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto caused this document to be executed this the 27th day of June, 2011.

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WINSTON RIDGE DEVELOPMENT, LLC

BY: ______________________

Title: Manager

NORTH CAROLINA
Wake COUNTY

I, Mary A Siebigteroth, a Notary Public of the County of Franklin, State of North Carolina, hereby certify that Bobby C Sumner personally appeared before me and acknowledged that he is Manager of **Winston Ridge Development, LLC**, a North Carolina limited liability company, and that by authority duly given, the foregoing instrument was signed by him/her in the Company name as the act of the Company.

Witness my hand and seal, this the 27th day of June, 2011.

____
Notary Public

My Commission expires:

3/23/2014

MARY A SIEBIGTEROTH
NOTARY PUBLIC
FRANKLIN COUNTY, NC
My Commission Expires 3-23-2014