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Franklin County North Carolina
Brandi S. Davis Register of Deeds

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STATE OF NORTH CAROLINA

COUNTY OF FRANKLIN

AMENDED AND RESTATED
DECLARATION OF COVENANTS, CONDITIONS
AND RESTRICTIONS FOR LANCE RIDGE SUBDIVISION

THIS AMENDED AND RESTATED DECLARATION is made on the date hereinafter set forth by LANCE RIDGE HOMEOWNERS ASSOCIATION, INC. and consented to by all current Lot Owners.

WHEREAS, the real property is a single family development approved by the appropriate governmental authorities of Franklin County, North Carolina, now known as LANCE RIDGE SUBDIVISION; and

WHEREAS, Declarant previously subjected the LANCE RIDGE SUBDIVISION to that certain Declaration of covenants, conditions and restrictions recorded in the

Registry of Franklin County, North Carolina, in Book 1639 beginning at Page 193, as amended from time to time, which provides the right to amend said Declaration in Article X, Section 5; and

WHEREAS, Declarant has released all rights to development of LANCE RIDGE SUBDIVISION and the Association has assumed all duties and obligations of management of LANCE RIDGE SUBDIVISION.

WHEREAS, Association desires to impose pursuant hereto, such amended easements, covenants, conditions and restrictions upon all of the Property and henceforth otherwise subject all of the Property to Chapter 47F of the North Carolina General Statutes, N.C. Gen. Stat. § 47F-1-101 *et seq.* ("North Carolina Planned Community Act");

WHEREAS, this amendment was duly voted on and approved by the requisite number of Owners in the LANCE RIDGE SUBDIVISION;

NOW, THEREFORE, Association hereby declares that all of the Property described hereinafter, and any additional property subjected to the Declaration, as hereinafter authorized, including the improvements constructed or to be constructed thereon, are hereby subjected to the North Carolina Planned Community Act at N.C. Gen. Stat. § 47F-1-101 *et seq.* as well as the provisions of this Declaration, which hereby expressly replaces that former Declaration recorded at Book 1639 beginning on Page 193 in the Franklin County Registry, North Carolina, and shall be held, sold, transferred, conveyed, used, occupied and mortgaged or otherwise encumbered subject to the following easements, restrictions, covenants and conditions, assessments and liens, hereinafter set forth, which are for the purpose of enhancing and protecting the

value and desirability of, and which shall run with the Property hereby or hereafter made subject hereto, and shall be binding on all persons 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. "Amenities" shall mean any facilities constructed, erected or installed on the Common Area, if any, for the use, benefit and enjoyment of Members.

Section 2. "Architectural Control Committee" shall mean the Architectural Control Committee appointed by the Board of Directors, pursuant to the Bylaws, or, in the absence of such Committee, the Board of Directors.

Section 3. "Articles" shall mean the Articles of Incorporation for the Association, including any amendments thereto, filed with the Office of the North Carolina Secretary of State.

Section 4. "Assessment" and "Special Assessment" shall mean an Owner's share of the Common Expenses assessed from time to time against the Owner and his Lot by the Association in the manner herein provided.

Section 5. "Association" shall mean and refer to LANCE RIDGE HOMEOWNERS ASSOCIATION, INC., a North Carolina nonprofit corporation, its successors and assigns.

Section 6. "Board of Directors" shall mean the elected body governing the Association as provided by North Carolina corporate law.

Section 7. "Building" shall mean and refer to a residential structure, single outbuilding or detached garage constructed or erected on said property.

Section 8. "Bylaws" shall mean the duly adopted bylaws of the Association, as may be amended from time to time, to govern the Association's administration and operation.

Section 9. "Common Area" shall mean all real property together with all amenities and equipment, fixtures and personal property located thereon owned or leased by the Association for the common use and enjoyment of all Members including, but not limited to, all land, open space, all utility lines located outside public street rights-of-way and public utility easements, and not located on an individual Lot, and all water lines of County of Franklin easements located outside of the public street rights-of-way , except water located on any Lot, storm pipes and facilities serving more than one Lot and not accepted for maintenance by any governmental unit, any site or facility designated a common area on any recorded plat or in any declaration of covenant, and any Code-required shared facility or open space not conveyed to the government.

Section 10. "Common Expenses" shall mean and include those expenses common to all Owners including, but not limited to, (a) expenses for administration of the Association; (b) expenses of administration, maintenance, repair or replacement of the Common Areas and the Entry Features, landscaping, street lighting, utilities used in connection with the Common Areas and maintenance of any easement rights granted to the Association; (c) expenses declared to be common expenses by the provisions of this Declaration of the Bylaws; (d) expenses agreed upon by the Members to be common expenses of the Association; (e) hazard, liability and such other insurance premiums as this Declaration or the Bylaws may require the Association to purchase; (f) ad valorem taxes and public assessments or charges lawfully levied against the

Common Areas; (g) and unpaid Assessments resulting from the purchase of a Lot at foreclosure sale (such Assessment shall be collectible from all Members of the Association, including the purchaser at the foreclosure sale, his successors and assigns), and all other expenses declared to be Common Expenses by the Members.

Section 11. "Community Wide Standard" shall mean and refer to those standards for maintenance and/or improvements of individual Lots as set forth or promulgated from time to time by the Board of Directors or Architectural Control Committee.

Section 12. "Declarant" shall mean and refer to JAMES CHARLES WILSON, his successors and assigns to whom the rights of Declarant hereunder may be expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose in the transfer thereof.

Section 13. "Declaration" shall mean this Declaration of Covenants, Conditions and Restrictions for Lance Ridge subdivision and all amendments thereto filed for record in the Office of the Register of Deeds of Franklin County, North Carolina as permitted hereunder. However, references to "Declaration" shall not mean or refer to the old declaration recorded in the Office of the Register of Deeds of Franklin County, North Carolina at Book 1639 beginning at Page 193, and subsequently amended.

Section 14. "Entry Features" shall mean the area upon which permanent identification signs or monuments shall be initially installed and erected by Declarant. The Entry Features shall be maintained by the Association in accordance with this Declaration.

Section 15. "Lot" shall mean and refer to any numbered or lettered plot of land,

which is intended for residential purposes, shown upon the subdivision map of the Property, recorded in Plat Book 2007, Page 264 Franklin County Registry, which is incorporated herein by this reference. The term, Lot, specifically excludes any Common Area.

Section 16. "Member" shall mean and refer to every Owner of a Lot, including Declarant so long as it owns any Lot. No Owner shall have more than one membership per Lot.

Section 17. "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 18. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee, limited liability company or other legal entity.

Section 19. "Property" shall mean and refer to Lot 1 through Lot 19 and all Common Area as shown on that plat of LANCE RIDGE SUBDIVISION, a copy of which is recorded in Plat Book 2007, Page 264 Franklin County Registry and incorporated herein by this reference.

Section 20. "Subdivision" shall mean and refer collectively to the Property and Common Area as shown on that plat of LANCE RIDGE SUBDIVISION, a copy of which is recorded in Plat Book 2007, Page 264, Franklin County Registry, and attached hereto as Exhibit "A" and incorporated herein by reference.

Section 21. "Executive Board" shall mean the Board of Directors for the Association.

ARTICLE II PROPERTY

Section 1. Property Subject to Declaration. The Property is, by the recording of this Declaration, hereby made subject to this Declaration and the Property shall be owned, held, leased, transferred, sold, mortgaged conveyed, used and occupied or otherwise encumbered by 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.

Section 2. Other Property. Only the real property described in Section 1 of this Article II is hereby made subject to this Declaration; provided, however, the Association hereby reserves the right to bring within the plan and operation of this Declaration, additional properties, whether currently owned or hereafter acquired, at future stages of the development. The additions authorized under this and the succeeding subsection, shall be made by filing a record of Annexation of Additional Property and applicable Supplementary Declarations in the Franklin County Register of Deeds to subject other real property to this Declaration.

ARTICLE III ASSOCIATION, MEMBERSHIP AND VOTING RIGHTS

Section 1. Purpose. Prior to the date this Declaration has been filed for record with the Register of Deeds for Franklin County, North Carolina, the Declarant has caused the Association to be formed, and the Association does now exist, under its Articles of Incorporation and Bylaws.

The Association is and shall be responsible for the ownership, management and operation of the Common Area, the enforcement of the covenants and restrictions set

forth in this Declaration, the collection of all assessments provided for in Article IV of this Declaration, and the performance of such other duties and the provision of such services as the Board of Directors shall deem to be in the best interests of the Members. The Association shall have all the power and authority provided in the Association by the provisions of Section 47F-3-102 of the North Carolina Planned Community Act.

Section 2. Membership. Every Owner of a Lot shall be a Member of the Association and shall be subject to an assessment. Membership shall be appurtenant to and may not be separated from ownership of a Lot which is subject to assessment.

Section 3. Classes of Membership; Voting Rights. The Association shall have the one class of voting membership being denoted as Class A. Class A Members shall be all Owners 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.

ARTICLE IV COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the welfare, common benefit, use and enjoyment of the Owners and Occupants of the Lots. This specifically includes, but is not limited to, maintenance of real and personal property and Entry Features, all as may be more specifically authorized from time to time by the Board of Directors.

Without limiting the generality of the foregoing, the purpose for which the assessments provided for herein shall be used include the costs of: repair and

maintenance of all Common Area; payment of all governmental charges, taxes and assessments which shall be levied against all Common Area; payment of all costs and expenses incurred in connection with a utility company for street lighting and the maintenance and repair of the same; and payment of the fees for provision of such professional services as the Executive Board shall determine to be required by the Association, including legal, accounting, subdivision entry lights, common property maintenance and architectural services. Any and all fees associated with the street lights shall be paid by each respective Owner. Payment by each Owner shall be by means of his or her monthly electric bill to Wake Electric or such other utility company that provides power to the street lights.

Section 2. Creation of the Lien and Personal Obligation of Assessments. 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: (a) annual assessments or charges; (b) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with interest, late charges, costs and reasonable attorneys' fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made in favor of the Association. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage. Second

mortgages from any source shall be subordinate to the lien for such assessments. All other Persons acquiring liens or encumbrances on any Lot after this Declaration shall have been recorded in such public registry shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances. Each such assessment, together with interest, late charges, costs and reasonable attorneys' fees actually incurred, 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.

Section 3. Assessment Amount and Due Date. Until January 1 of the year immediately following recordation of this Declaration, the annual assessment shall be Three Hundred and No/00 Dollars (\$300.00) per Lot.

- a. From and after January 1 of the year immediately following the recordation of this Declaration, the maximum annual assessment may be increased by the Association each year not more than ten percent (10%) above the maximum assessment for the previous year without a vote by the Members.
- b. From and after January 1 of the year immediately following the recordation of this Declaration, the maximum annual assessment may be increased above ten percent (10%) by a vote of two-thirds (2/3) of the Members who are voting in person or by proxy, at a meeting duly called for this purpose.

- c. Owners who purchase Lots for the purpose of constructing dwellings shall be assessed thirty-three percent (33%) of the annual assessment unless and until the dwellings are occupied by residents.

Section 4. Special Assessments for Capital Improvements. In addition to the annual 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 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. Any such special assessments shall be paid as determined by the Board, and the Board may permit such special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Section 5. Specific Assessments. The Board shall have the power to specifically assess pursuant to this Section as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. Fines levied pursuant to Article XIII, Section 1 of this Declaration and the costs of maintenance performed by the Association for which the Owner is responsible under Article V, Section 2 of this

Declaration shall be specific assessments. The Board may also specifically assess Owners for the following Association expenses:

- a. expenses of the Association which benefit less than all of the Lots may be specifically assessed equitably among all of the Lots which are benefited according to the benefit received; and
- b. expenses of the Association which benefit all Lots, but which do not provide an equal benefit to all Lots, may be assessed equitably among all Lots according to the benefit received.

Section 6. Computation, Notice and Quorum. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least 30 days prior to the end of the current fiscal year (or, if the assessment has not been established at the time an Owner purchases such Owner's Lot, at least 30 days prior to the due date of the first installment in the case of the initial budget). Notwithstanding the foregoing, however, in the event the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Within 30 days after adoption of any proposed budget for the planned community, the Board of Directors shall provide to all Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement

that the budget may be ratified without a quorum. The Board of Directors shall set a date for a meeting of Owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 60 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting a majority of all Owners in the Association rejects the budget. In the event the proposed budget is rejected, the periodic budget last ratified by Owners shall be continued until such time as Owners ratify a subsequent budget proposed by the Board of Directors.

For any action authorized under Section 3 or 4 of this Article, written notice shall be sent to all Members not less than 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. Both annual and special assessments must be fixed at a uniform rate for all Lots owned by each class of Member and annual assessments may be collected on an annual, monthly or quarterly basis; provided, however, annual and special assessments for Lots not occupied as a residence shall be thirty-three percent (33%) of such assessments for other similarly located Lots.

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 and No/100 Dollars (\$20.00) 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 and reasonable attorneys' fees of any such action, or foreclose the lien against the Lot. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse or abandonment of his Lot.

No diminution or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or the Bylaws or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner. All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

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.

ARTICLE V
MAINTENANCE; CONVEYANCE OF PROPERTY TO ASSOCIATION

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Area, except any portion of such property which is maintained on an ongoing basis by a local governmental entity. This maintenance shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Area. The Association shall also be responsible for maintenance of and all liability associated with all drainage detention and retention ponds and areas originally maintained by Declarant, to the extent such responsibility has not been assumed on an ongoing basis by a local governmental entity. The Association shall also maintain: (a) all Entry Features for the Community including the expenses for landscaping (whether such landscaping is on a Lot or public right-of-way) irrigation systems, water and electricity, if any, provided to all such Entry Features; (b) streetscapes located at other street intersections within the Community; (c) all cul de sac or median islands located in the Community; and (d) all property outside of Lots located within the Community which was originally maintained by Declarant.

In addition, the Association shall have the right, but not the obligation, to maintain other property not owned by the Association, whether within or without the Community, where the Board has determined that such maintenance would benefit all Owners.

In the event that the Association determines that the need for maintenance,

repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the family, guests, lessees, invitees or contractors of any Owner, and is not covered and paid for by insurance, in whole or in part, then the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot of such Owner.

The foregoing maintenance shall be performed consistent with the Community Wide Standard.

Section 2. Owner's Responsibility. Except as set forth above, all maintenance of the Lot and all structures, parking areas, landscaping, and other improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain such Lot in a manner consistent with the Community Wide Standard and this Declaration. The Owner of each 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:

- a. prompt removal of all litter, trash, refuse and waste;
- b. lawn mowing on a regular basis;
- c. tree and shrub pruning;
- d. watering by means of a lawn sprinkler system or hand

watering as needed;

- e. keeping exterior lighting and mechanical facilities in working order;
- f. keeping lawn and garden areas alive;
- g. removing and replacing any dead plant material;
- h. keeping vacant land well-maintained and free of trash and weeds;
- i. keeping parking areas and driveways in good repair;
- j. complying with all governmental health and police requirements;
- k. repainting of Improvements; and
- l. repair of exterior damage to Improvements.

In furtherance of the covenants contained above, it shall be the responsibility of each Lot owner to prevent and correct unclean, unsightly or unkempt conditions of building or Lots. All Lots shall be kept clean and free of tall grass, undergrowth, dead trees, garbage, junk, trash, debris, non-operable vehicles and apparatus, and any substance and conditions that might contribute to an unsightly condition, health hazard or the breeding and habitation of snakes, rats or insects. Such Lots shall be maintained so as to present a pleasing appearance. The Owners of Lots shall be responsible for the mowing of their lawn as needed, the maintenance and protection of landscaping including trees within the street right-of-way, the proper drainage of the lot so as to prevent soil erosion, and the maintenance of the home and other structures and improvements located on said lot so as to insure their good conditions and appearance. "Lot" as used in this section also includes that portion of the lot between the right of way and the pavement. The pursuit of hobbies or other activities, including specifically, without limiting the generality, the assembly and disassembly of motor vehicles and

other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken in any part of the Subdivision except in an enclosed garage.

If the Board of Directors determines that any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair, or replacement of items for which such Owner is responsible herein, the Association shall, except in an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice within which to complete such maintenance, repair, or replacement, or, if such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at such Owner's sole cost and expense, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot. The remedies provided in this Section shall be in addition to, and not in lieu of, other remedies provided in this Declaration for a violation of the Declaration.

Section 3. Conveyance of Property by Declarant to Association. Declarant may transfer or convey to the Association any personal property and any improved or unimproved real property, leasehold, easement, or other property interest. Such

conveyance shall be free and clear of all encumbrances except utility, drainage and greenway easements and accepted by the Association and the property shall thereafter be Common Property to be maintained by the Association, for the benefit of all or a part of its members. Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section except for any improvements required by governmental entities to be made by Declarant.

ARTICLE VI 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 landscaping or erection of or changes or additions in fences, hedges, walls and other structures, or construction of any swimming pools or other Improvements, as defined in this Article, shall be commenced, erected or maintained on any Lot until the Architectural Control Committee appointed as hereinafter provided ("ACC"), has approved, upon written request, the plans and specifications therefor showing at least the nature, kind, shape, height, materials, color, texture and the location of such Improvements.

Section 2. Composition. The Board of Directors of the Association shall appoint three (3) individuals as members of the ACC on an annual basis. In the event of the death or resignation of any member of the ACC, the Board of Directors shall have full authority to designate and appoint a successor. No member of the ACC 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.

Section 3. 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 4. 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 ACC as to:

- a. quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, and facing of main elevation with respect to nearby streets.
- b. conformity and harmony of the external design, color, type and appearance of exterior surfaces;
- c. 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

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

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

The ACC 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 ACC shall not have unbridled discretion with respect to taste, design and any standards specified herein, the ACC shall be the sole arbiter of such plans and may withhold approval for any reason within the confines of requirements as set forth in this Declaration, including aesthetic considerations to maintain community standards, and it shall be entitled to stop any construction in violation of these restrictions as set forth in this Declaration. The ACC 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 5. Jurisdiction. The ACC 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 ACC, adversely affect the living enjoyment of one or more Owners or the general value of the Property.

The Board may employ architects, engineers, or other persons as it deems necessary to enable the ACC to perform its review. The ACC may, from time to time, delegate any of its rights or responsibilities hereunder to one or more duly licensed architects or other qualified Persons, which shall have full authority to act on behalf of the committee for all matters delegated. Written design guidelines and procedures may be promulgated for the exercise of this review, which guidelines may provide for a review fee.

Section 6. Enforcement. The ACC 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.

Any member of the Board or its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any property to inspect for the purpose of ascertaining whether or not these restrictive covenants have been or are being complied with. Such person or persons shall not be deemed guilty of trespass by reason of such entry.

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 thirty (30) days after submittal thereof, it shall be conclusively presumed that the Architectural Control Committee has approved such conforming plans and specifications and other submittals. However, all activities commenced pursuant to such plans which have been deemed approved shall be consistent with such plans. In addition, no approval, whether expressly granted or deemed granted as provided herein, shall be inconsistent with this Declaration or any design guidelines promulgated hereunder unless a variance has been granted in writing pursuant to Article XIII, Section 17 of this Declaration.

If plans and specifications or other submittals are not sufficiently complete or are otherwise inadequate, the ACC may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject the balance.

Section 8. Limitation of Liability. PLANS AND SPECIFICATIONS ARE NOT APPROVED FOR ENGINEERING OR STRUCTURAL DESIGN OR QUALITY OF MATERIALS; AND BY APPROVING SUCH PLANS AND SPECIFICATIONS NEITHER THE ACC, THE MEMBERS THEREOF, NOR THE ASSOCIATION ASSUMES LIABILITY OR RESPONSIBILITY THEREFOR, NOR FOR ANY DEFECT IN ANY STRUCTURE CONSTRUCTED FROM SUCH PLANS AND SPECIFICATIONS. NEITHER DECLARANT, THE ASSOCIATION, THE ACC, THE BOARD, NOR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM SHALL BE LIABLE IN DAMAGES TO ANYONE SUBMITTING PLANS AND SPECIFICATIONS TO ANY OF THEM FOR APPROVAL, OR TO ANY OWNER OF PROPERTY AFFECTED BY THESE RESTRICTIONS BY REASON OF MISTAKE IN

JUDGMENT, NEGLIGENCE, OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS OR SPECIFICATIONS. EVERY PERSON WHO SUBMITS PLANS OR SPECIFICATIONS AND EVERY OWNER AGREES THAT SUCH PERSON OR OWNER WILL NOT BRING ANY ACTION OR SUIT AGAINST DECLARANT, THE ASSOCIATION, THE ACC, THE BOARD, OR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM TO RECOVER ANY DAMAGES AND HEREBY RELEASES, REMISES, QUITCLAIMS, AND COVENANTS NOT TO SUE FOR ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH ANY JUDGMENT, NEGLIGENCE, OR NONFEASANCE AND HEREBY WAIVES THE PROVISIONS OF ANY LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS, AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

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

ARTICLE VII USE RESTRICTIONS

Section 1. General. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, amend, delete, publish and enforce reasonable rules and regulations concerning the use and enjoyment of each Lot.

Section 2. Residential use of Property. No portion of the Property shall be used except for residential purposes incidental or accessory thereto. Each Lot will be

used for residential purposes only, and each Lot shall constitute a building site. No dwelling shall be erected, altered, placed or permitted to remain on any building site other than one detached, single-family dwelling not to exceed two and one half stories in height and an attached, side-loading garage for not less than two cars.

Each dwelling shall have a heated, enclosed floor area as follows: if one story, at least 2200 square feet and if one and one-half stories or more, at least 2600 square feet. Heated, enclosed floor area shall not include unfinished basements, open porches, breeze-ways, screened porches, garages, walk-up attics, carports, steps, stoops. No dwelling or other approved structure shall be located on any Lot site nearer to any property line than allowed by County regulations. For the purpose of this covenant, eaves, steps and open porches 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 site.

Section 3. No Business Activity or Trade. 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.

Section 4. Vehicles. The term "vehicles," as used herein, shall include, without limitation, motor homes, boats, personal or work trailers ("trailer"), motorcycles, minibikes, scooters, all-terrain vehicles, go carts, trucks, campers, buses, vans, limousines and automobiles. Adequate off street parking shall be provided by the Owner of each Lot for the parking of automobiles owned by such Owner, occupants or tenants, and Owners of Lots shall not be permitted to park their boats, campers, travel trailers or

any other vehicles on the streets in the subdivision. One vehicle which has advertising of any type, whether a display, a name or logo painting on the vehicle, an attached sign, or otherwise, may be parked in the driveway; additional similar vehicles or trailers must be parked in the garage or in the rear of the residence and behind a screen so that such vehicle cannot be seen from the street. 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.

Any boats, motor homes, campers, trailers, or similar vehicles must be kept inside a garage or at the rear of the house and behind a screening so that they are not visible from the street. No boats, motorhomes, trailers or camper units whatsoever may be kept in the front yard of the dwelling. Any camper, boat, motorhome, car, truck or other vehicle must be used regularly and be in operational use. If not used regularly and kept in operational use, it shall not be kept in the subdivision. No vehicle may be left upon any portion of the Property, except as set forth herein, if it is unlicensed or if it is in a condition such that it is incapable of being operated upon the public highways. Any such vehicle shall be considered a nuisance, as set forth herein, and may be removed from the subdivision. Licensed motorbikes and any other licensed motorized vehicles must use only the paved streets of the subdivision. Any use of the shoulders of the paved streets by any motorized vehicles is expressly prohibited. Any type of motorized vehicle that produces excessively loud noises and/or operated in a hazardous manner shall not be allowed in the subdivision. No motorized vehicles shall be permitted on pathways or unpaved Common Area except for public safety vehicles and vehicles

authorized by the Board. All parking shall be subject to such rules and regulations as the Board may adopt.

Section 5. Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on such Owner's Lot. No Lot within the subdivision shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive trade or activity shall be carried on upon any Lot or streets of the Subdivision, nor shall anything be done thereon which may be, become or cause embarrassment, discomfort, annoyance or nuisance to any Person using the Property within the Subdivision.

There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Subdivision. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Lot unless required by law.

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 ACC. If a detached building is used mainly for a hobby, the ACC shall consider the

type of hobby during the approval process. Any hobby which produces a product for sale is expressly prohibited.

Section 6. Signs. No sign of any kind shall be erected, exhibited or maintained by an Owner or Occupant within the Subdivision without the prior written consent of the ACC except (a) a "For Sale" or "For Rent" sign or other real estate sign, but not more than one (1) professionally lettered sign consistent with the standards promulgated by the ACC, (b) professional security signs consistent with the standards promulgated by the ACC, and (c) any signs required by legal proceedings. Notwithstanding the foregoing, the Board shall have the right to erect reasonable and appropriate signs.

Notwithstanding any provision in this Article, no restriction on the use of land shall be construed to: (a) regulate or prohibit the display of the flag of the United States or North Carolina, of a size no greater than four feet by six feet, which is displayed in accordance with or in a manner consistent with the patriotic customs set forth in 4 U.S.C. §§ 5-10, as amended, governing the display and use of the flag of the United States, and shall apply to Owners who display the flag of the United States or North Carolina on Lots owned exclusively by them and does not apply to common areas, easements, rights-of-way, or other areas owned by others; and (b) regulate or prohibit the indoor or outdoor display of a political sign by a Member on property owned exclusively by the Member; provided, however, the Association (i) may prohibit the display of political signs earlier than 45 days before the day of the election and later than seven (7) days after an election day, and (ii) may regulate the size and number of political signs that may be placed on a Member's Lot if the Association's regulation is no more restrictive than any applicable city, town, or county ordinance that regulates the

size and number of political signs on residential property.

If the local government in which the property is located does not regulate the size and number of political signs on residential property, the Association shall permit at least one political sign with the maximum dimensions of 24 inches by 24 inches on a Member's Lot. For the purposes of this Section, "political sign" means a sign that attempts to influence the outcome of an election, including supporting or opposing an issue on the election ballot. This Section shall apply to Owners of Lots who display political signs on property owned exclusively by them and does not apply to common areas, easements, rights-of-way, or other areas owned by others.

Section 7. Outbuildings and Similar Structures. No structure or shelter of a temporary or permanent character such as a mobile home, trailer, basement, tent, shack, garage or barn, unless approved in writing by the ACC, 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 Lot covered by these covenants. However, this Section shall not be construed to prevent those engaged in development, construction, marketing, property management or sales from using sheds, trailers or other temporary structures for any of the foregoing purposes. In addition, nothing in this Declaration shall be construed to prevent any builder from developing, constructing, marketing, or maintaining model homes or speculative housing within the Subdivision.

Section 8. Utility and Drainage Lines. 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.

Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may obstruct or re-channel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. The Association hereby reserves for the benefit of the Association and their respective successors and assigns (perpetually) an easement across the Property for the purpose of altering drainage and water flow. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected Lot(s), reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

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 except for temporary lines as required during construction.

Section 9. Animals and Pets. No livestock or poultry of any kind shall be allowed on a Lot or in a home in the Subdivision. The term "livestock" shall include without limitation, horses, cattle, pigs, goats, swine, sheep, deer, reindeer, yaks,

camels, donkey and mule. The term "poultry" shall include, without limitation, chickens, roosters, hens, turkey, ducks, geese, swans, ostrich, pheasant and emus. The terms "poultry" and "livestock" as used herein shall have their plain and obvious meaning and shall be construed in their broadest sense to include animals other than household dogs and cats and other small domesticated animals kept primarily inside a home in the Subdivision as set forth herein. Nothing herein shall be deemed or construed to prevent a reasonable number of dogs and cats from being kept on a Lot or small interior household pets such as gerbils, hamsters, ferrets and similar small domesticated interior animals from being kept on a Lot.

Section 10. Entry Features and Street Lighting. The Association shall pay for the entrance lighting as billed by the electric utility company to the Association. The Owners shall pay for all service charges associated street lighting as pro-rated by the electric utility company, Wake Electric Membership Corp, or such other utility company that provides power to the street lights.

Owners shall not alter, remove or add improvements to any Entry Features constructed by Declarant or the Association on the Common Area or any Lot, or any part of any easement area associated therewith without the prior written consent of the ACC.

Section 11. Exteriors. The exterior walls of each dwelling, its garage and any outbuilding approved by the ACC as set forth herein shall be made of stone, brick, Hardiplank or an equivalent cement-based siding. The front of the dwelling must be *no* less than 35% stone or brick. Any change to the exterior color, finish or texture of any improvement located on a Lot, including, without limitation, the dwelling, the roof on any

dwelling or any fence, must be approved by the ACC.

Section 12. Mailboxes. Any mailbox or newspaper tube shall be only as prescribed by the ACC. All mailboxes shall be of the same design, material, and color and shall be selected by the ACC. It is the intention of the ACC 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 ACC.

Section 13. Garbage Cans and Refuse, Woodpiles, Etc. Except as otherwise in this Article, 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 and shall not be allowed to accumulate. Woodpiles, swimming pool pumps, filters and related equipment and other like items shall be located or screened so as to be concealed from view of neighboring streets and property.

Section 14. Swimming Pools. No above-ground swimming pools shall be constructed, erected, maintained or located on any Lot.

Section 15. Guns. There shall be no discharging of firearms, guns, or pistols of any kind, caliber, type, or method of propulsion and no hunting of any type shall be carried on or conducted on the Property. Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed, or maintained upon any portion of the Subdivision, including any Lot, without the prior written consent of the ACC. The ACC may issue guidelines detailing acceptable fence styles or specification and must approve all fences. In no event shall split rail, chain link, or barbed wired fences be approved.

Section 16. Gardens and Play Equipment. All play sets or outdoor recreational sets, including without limitation, hammocks, and swing sets, shall be kept in the rear of the Lot. Basketball goals may be kept in the driveway, but under no circumstances in or near the street right-of-way.

Section 17. Public Streets. No Lot or portion thereof shall be dedicated or used for a public street unless approved by Owner. The State of North Carolina, Department of Transportation, maintains the streets for maintenance purposes within the subdivision.

Section 18. Driveways. Driveways must be fully constructed with all concrete. Each driveway must be at least 16 feet in width at the road and no less than 10 feet in width at all other portions of the driveway. To the extent that any portion of this section conflicts with the terms of section 1 herein, section 1 shall be deemed to prevail, and the driveway length requirements shall be adjusted to accommodate the provisions of section 1.

Section 19. Lot Construction. 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, 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.

Section 20. Yard sales. 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.

Section 21. Leasing. Lots may be leased for single-family residential purposes. All leases shall have a minimum term of at least twelve (12) months. All leases shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration, the Bylaws, use restrictions, and rules and regulations of the Association. The lease shall also obligate the tenant to comply with the foregoing, and the lease shall provide that the violation of any provision of this Declaration, the Bylaws, use restrictions and rules and regulations of the Association shall be a breach of said lease, subjecting the tenant to termination of the lease and eviction.

Section 22. Occupants Bound. All provisions of the Declaration, Bylaws, and of any rules and regulations, use restrictions or design guidelines promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants even though Occupants are not specifically mentioned. Fines may be levied against Owners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be levied against the Owner.

Section 23. Antennas. The Board may issue rules regarding the erection of exterior antennas, including, without limitation, satellite dishes; provided such rules do not prevent reception of acceptable quality signals or cause an unreasonable delay or cost. Unless screened and located to provide minimum visual impact on neighboring

properties and streets, no exterior antennas of any kind, including without limitation, satellite dishes in excess of one (1) meter in diameter, shall be placed, allowed, or maintained upon any portion of the Property, including any Lot; provided such screening and location do not prevent reception of acceptable quality signals or cause an unreasonable delay or cost. In no event shall any such antenna or satellite dish in excess of one (1) meter in size be permitted in the Subdivision except if installed by the Board as provided in this Section. The Board shall have the right (but shall not be obligated), to erect a master antenna, satellite dish or other similar master system for the benefit of the Subdivision. Each Owner acknowledges that this provision benefits all Owners and each Owner agrees to comply with this provision despite the fact that the erection of an outdoor antenna or similar device would be the most cost effective way to transmit or receive the signals sought to be transmitted or received.

Section 24. Tree Removal. No trees that are more than four (4) inches in diameter (twelve and one-half (12 1/2) inches in circumference) at a point four and one-half (4 1/2) feet above the ground shall be removed without the prior written consent of the ACC except (a) dead, damaged or diseased trees, (b) trees that are located within ten (10) feet of a drainage area, a septic field, a sidewalk, a residence or a driveway, or (c) trees removed during the construction of the original dwelling on a Lot. Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.

Section 25. Subdivision of Lot. No Lot shall be subdivided or its boundary lines

changed except with the prior written approval of the ACC. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations and shall not constitute a violation of this Declaration.

Section 26. Air Conditioning Units. No window air conditioning units may be installed except as may be permitted by the ACC, but in no event shall a window air conditioning unit be installed in any dwelling so as to be visible from the front of any Lot or any adjoining street.

Section 27. Lighting. Except as may be permitted by the ACC, exterior lighting visible from the street shall not be permitted except for (a) approved lighting as originally installed on a Lot; (b) one decorative post light, (c) street lights in conformity with an established street lighting program for the Subdivision; (d) seasonal decorative; or (e) front house illumination.

Section 28. Artificial Vegetation, Exterior Sculpture, Exterior Statuary and Similar Items. No artificial vegetation or plastic animal decorations, such as pink flamingos, etc., shall be permitted on the exterior of any Lot. Exterior sculpture, fountains, flags, bird baths, bird houses, and similar items shall be located so as to not be visible from the front of any Lot or any adjoining street. One mailbox flag no larger than standard 12' x 18' may be attached to the mailbox post.

Section 29. Energy Conservation Equipment. Not inconsistent with N.C. Gen. Stat. § 22B-20, no solar energy collector panels or attendant hardware or other energy conservation equipment ("Energy Conservation Equipment") shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure, including without limitation the location and screening of such Energy

Conservation Equipment, as approved by the ACC in such manner as set forth in this Declaration, such that the following are not visible by a person on the ground:

- a. on the facade of a structure that faces areas open to common or public access;
- b. on a roof surface that slopes downward toward the same areas open to common or public access that the facade of the structure faces; or
- c. within the area set off by a line running across the facade of the structure extending to the property boundaries on either side of the facade, and those areas of common or public access faced by the structure.

The Association shall not be responsible for maintenance, repair, replacement or removal of Energy Conservation Equipment. Owners of the Lot on which such Energy Conservation Equipment is located shall be responsible for all damages caused to the Common Area or other Lots by the installation, existence, or removal of Energy Conservation Equipment and shall hold harmless and indemnify the Association for any damages caused by the installation, existence, or removal of Energy Conservation Equipment. In any civil action arising under this section, the court may award costs and reasonable attorneys' fees to the prevailing party.

Section 30. Clotheslines. No exterior clotheslines of any type shall be permitted upon any Lot.

Section 31. Window Treatments. No foil or other reflective materials shall be used on any windows for sunscreens, blinds, shades or for any other purpose.

Section 32. Fuel or Water Tanks. No fuel tanks or water tanks shall be stored or maintained upon any Lot in such a manner as to be visible from any street or road or from any other Lot, unless used by a contractor in the ordinary course of developing the Community.

Section 33. Erosion Control. No activity which may create erosion or siltation problems shall be undertaken on any Lot without the prior written approval of the ACC of plans and specifications for the prevention and control of such erosion or siltation. The ACC may, as a condition of approval of such plans and specifications, require the use of certain means of preventing and controlling of such erosion or siltation.

ARTICLE VIII INSURANCE

Section 1. Ownership of Policies. As provided in Section 47F-3-113 of the North Carolina Planned Community Act, it shall be the duty of the Association to obtain and maintain in effect at all times a policy of casualty insurance on all improvements located on the Common Area, easements and Entry Features. Contracts of insurance upon the any Common Area, easements or Entry Features shall be purchased by the Board of Directors of the Association, or the duly authorized agent of the Association, for the benefit of the Association. 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.

Section 2. Coverage. All improvements and personal property included upon any Common Area, easements or Entry Features shall be insured with deductibles 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, at a minimum, 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.

The Board shall obtain a public liability policy applicable to the Common Area covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00).

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 determined in the directors' best business judgment, and, if available, equal to at least one-half (1/2) the annual assessment plus reserves accumulated. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be cancelled, subjected to non-renewal or substantially modified without at least thirty (30) days' prior written notice to the Association.

Section 4. Premiums. Premiums for contracts of insurance ("policies") purchased by the Association shall be paid by the Association and charged ratably to the Owners as an assessment. The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

- a. Damage and Destruction – Insured by Owners. The damage or destruction by fire or other casualty to all or any portion of any improvement on a Lot shall be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, where repairs cannot be completed within seventy-five (75) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter.

ARTICLE IX MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders of first Mortgages on Lots in the Subdivision. The provisions of this Article apply to this Declaration and the Bylaws notwithstanding any other provisions contained therein.

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an “eligible holder”), will be entitled to timely written notice of:

- a. any condemnation loss or any casualty loss which affects a material portion of the Subdivision or which affects any Lot on which there is a first Mortgage held, insured, or guaranteed by such eligible holder;
- b. any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the Mortgage of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any

holder of a first Mortgage, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the encumbered Lot of any obligation under the Declaration or the Bylaws which is not cured within sixty (60) days;

- c. any lapse, cancellation, or material modification of any insurance policy maintained by the Association; or
- d. any proposed action which would require the consent of a specified percentage of Mortgage holders.

Section 2. No Priority. No provision of this Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

Section 3. Notice to Association. Upon request, each Lot Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

Section 4. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

Section 5. Amendments by Board. Should the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, HUD or VA subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the

Owners, may cause an amendment to this Article to be recorded to reflect such changes.

ARTICLE X
EASEMENTS AND PROPERTY RIGHTS

Section 1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Lot and such portion or portions of the Common Area adjacent thereto or as between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Lot and the adjacent portion of the Common Area or as between adjacent Lots, as the case may be, along a line perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant or the Association.

Section 2. Easements for Use and Enjoyment.

- a. Every Owner of a Lot shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Area, which shall be appurtenant to and shall pass with the title to such Lot, subject to the following provisions:
 - i. the right of the Association to suspend the right of an Owner to use and enjoy the Common Area for any period during which any assessment against such Owner's Lot which is hereby provided for remains unpaid provided such

suspension does not inhibit access to such Owner's Lot; and, for a reasonable period of time for an infraction of the Declaration, Bylaws, or rules and regulations;

- ii. the right of the Association to borrow money for the purpose of improving the Common Area or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a Mortgage conveying all or any portion of the Common Area if approved by the affirmative vote of the members entitled to at least two-thirds (2/3) of the votes appurtenant to the Lots then subject to the Declaration; provided, however, the lien and encumbrance of any such Mortgage shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Subdivision (Any provision in this Declaration or in any such Mortgage to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of Declarant, or

any Lot or Lot Owner, or the holder of any Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Subdivision.);

- iii. the right of the Association to dedicate or grant licenses, permits or easements over, under and through the Common Area to governmental entities for public purposes;
- iv. the right of the Association to dedicate or transfer all or any portion of the Common Area subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by the affirmative vote of the Owners of at least two-thirds (2/3) of the Lots (other than Lots of Declarant so long as the consent of Declarant is required) and the consent of Declarant (so long as Declarant has the right unilaterally to annex additional property to the Subdivision).
- v. the Declarant and Association do hereby grant an easement in favor of the applicable party across, in, under, over and through the Common Area for the purposes of the construction, installation, repair, maintenance and use of all utility and drainage facilities as exist on the date of this Declaration and as may exist from time to time; and

- b. Any Lot Owner may extend such Owner's right of use and enjoyment granted hereunder to the members of such Owner's family and to such Owner's tenants and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases such Owner's Lot shall be deemed to have delegated all such rights to the lessee of such Lot.

Section 3. Easements for Utilities. There is hereby reserved to the Association blanket easements upon, across, above and under all property within the Subdivision for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Subdivision or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or security system which the Association might decide to have installed to serve the Subdivision. It shall be expressly permissible for the Association, or its designee, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement. Within any easements for the installation and maintenance of utilities and drainage facilities shown on a recorded plat of any portion of the Subdivision, 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, or which may change the direction or flow of drainage channels in the

easements, or which may obstruct or retard the flow of waters through drainage channels in the easements.

Section 4. Easement for Entry. In addition to the right of the Board to exercise self-help as provided in Article XIII, Section 2 hereof, the Board shall have the right, but shall not be obligated, to enter upon any property within the Subdivision for emergency, security, and safety reasons, which right may be exercised by the manager, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Board to enter to cure any condition which may increase the possibility of a fire, slope erosion, or other hazard in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

Section 5. Easement for Maintenance. Declarant hereby expressly reserves a perpetual easement for the benefit of the Association across such portions of the Subdivision, determined in the sole discretion of the Association as are necessary to allow for the maintenance allowed or required under Article V, Section 1 and Article VII, Section 8. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Lots, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense

Section 6. Easement for Entry Features. There is hereby reserved to the Association an easement for ingress, egress, installation, construction, landscaping and maintenance of entry features and similar streetscapes for the Subdivision, over and

upon each Lot in the Subdivision on which entry features and similar streetscapes have been installed by Declarant. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around such entry features and the right to grade the land under and around such entry features.

Section 7. Easements Over the Lots. The Lots shall be subjected to, and the Declarant does hereby grant to the appropriate grantees thereof, the following easements:

- a. Each Lot shall be subject to all easements which are shown and depicted on any recorded plat as affecting and burdening such Lot;
- b. Each Lot shall be subject to an easement for slope control purposes, including the right to grade and plat slopes and prevent the doing of any activity that might interfere with slopes or which might create erosion or sliding problems or which might change, obstruct or retard drainage flow;
- c. Those Lots, if any, shown on the Subdivision Plat, attached hereto as Exhibit "A," as having a "sign easement" shall be subject to an easement for the installation, maintenance and repair of an entrance monument or sign by the Association;
- d. Those Lots, if any, shown on the Subdivision Plat, attached hereto as Exhibit "A," as having a "landscape easement" shall be subject to an easement for the installation and maintenance of the landscaping, walls and fences located on the area designated on the Subdivision Plat. No members, his contractors, tenants or family members shall

remove or damage any landscape situation within the landscape easement;

- e. Those Lots, if any, shown on the Subdivision Plat, attached hereto as Exhibit "A," as having a "pedestrian access easement" shall be subject to an easement for access across, over and through the area designated on the Subdivision Plat;
- f. Each Lot shall be subject to a non-exclusive perpetual access easement for the repair, maintenance or reconstruction of any dwelling located on an adjoining Lot where the dwelling is located closer than five (5) feet from the lot line common to such adjoining lots. The repair, maintenance or reconstruction shall be done expeditiously and, upon completion of the work, the owner of the benefited Lot shall restore the adjoining burdened Lot to as near the same condition as that which prevailed prior to the commencement of such repair work as is reasonably practicable.

ARTICLE XI GENERAL PROVISIONS

Section 1. Enforcement. Each Owner and Occupant shall comply strictly with the Bylaws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and in the deed to such Owner's Lot, if any. Any violating Owner or Occupant must be given a written notice of a violation and given ten (10) days to correct such violation (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).

If said Owner or Occupant fails to correct such violation, to perform the care and maintenance required, to perform the duties and responsibilities of such Owner or otherwise fails to fulfill his duty and responsibility within such period, the Board of Directors may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the Bylaws, or any applicable rules and regulations shall be grounds for an action, in law or equity, to recover sums due for damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, or, in a proper case, by an aggrieved Owner. In any such action for damages or injunctive relief brought by the Association, the Association shall be entitled to recover reasonable attorney's fees actually incurred and court costs incurred by the Association in bringing such action. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board 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.

Section 2. Self Help. In addition to any other remedies provided for herein, the Association or its duly authorized agent shall have the power to enter upon any Lot or any other portion of the Subdivision, without any liability for damages for wrongful entry, trespass or otherwise to any person, and perform such care and maintenance, abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates this Declaration, the Bylaws, the rules and regulations, or the use restrictions. Unless an emergency situation exists, the Board shall give the violating Lot Owner ten (10) days written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice. All costs of self-help, including, without limitation, interest at the highest lawful rate from the date(s) such amounts are expended until repaid to the Association and reasonable attorney's fees actually incurred 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 on demand for such costs and expense (including interest as above provided). If such Owner shall fail to reimburse the Association within thirty (30) days after mailing to such Owner of a statement for such costs and expense by the Association, said costs and expense (including interest and attorney's fees as above provided) shall be assessed against the violating Lot Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Duration. The covenants and restrictions of this Declaration shall run with and bind the Subdivision and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors, and assigns, perpetually to the extent provided by law; provided,

however, so long as, and to the extent that, North Carolina law limits the period during which covenants restricting land to certain uses may run, any provisions of this Declaration affected thereby shall run with and bind the land for a period of twenty (20) years from the date that this Declaration is recorded or so long as permitted by such law, after which time, any such provision shall be (a) automatically extended (to the extent allowed by applicable law) for successive periods of ten (10) years unless a written instrument reflecting disapproval signed by the Owners of at least two-thirds (2/3) of the Lots has been recorded within the year immediately preceding the beginning of a ten (10) year renewal period agreeing to change such provisions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated to the extent specified therein; or (b) extended as otherwise provided by law. Every purchaser or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefor, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

Section 4. Amendment. This Declaration may be amended unilaterally at any time and from time to time by the Association (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule, or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any reputable title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of Mortgage loans, including, for example, the Federal National Mortgage Association or

Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Lots subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or reputable private insurance company to insure or guarantee Mortgage loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent thereto in writing..

In addition to the above, this Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of the Owners of at least two thirds (2/3) of the Lots. Amendments to this Declaration must be recorded and shall become effective upon recordation, unless a later effective date is specified therein.

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 LANCE RIDGE SUBDIVISION

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

This__ of _____, 20__.

LANCE 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.

Any lawsuit challenging any aspect of an amendment to this Declaration must be filed in the appropriate court in the county in which the Subdivision is located within one (1) year of the recordation of such amendment in the public registry of the county in which the Subdivision is located.

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. Books and Records.

- a. Inspection by Members and Mortgagees. This Declaration, the Bylaws, copies of rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of the Association or by the duly appointed representative of any member and by holders, insurers, or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to such Person's interest as a member or holder, insurer, or guarantor of a first Mortgage at the office of the

Association or at such other reasonable place as the Board shall prescribe.

- b. Rules for Inspection. The Board shall establish reasonable rules with respect to:
 - i. notice to be given to the custodian of the records;
 - ii. hours and days of the week when such an inspection may be made; and
 - iii. payment of the cost of reproducing copies of documents.
- c. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 8. Financial Review. A review of the books and records of the Association shall be made annually in the manner as the Board of Directors may decide; provided, however, after having received the financial statements at the annual meeting, by a majority of the Lot Owners present and voting in person or by proxy at any annual meeting, or any special meeting duly called for that purpose, the Owners may require that the accounts of the Association be audited as a common expense by an independent certified public accountant. Upon written request of any institutional holder of a first Mortgage and upon payment of all necessary costs, such holder shall be entitled to

receive a copy of audited financial statements within ninety (90) days of the date of the request.

Section 9. Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 10. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and, to this end, the provisions of this Declaration are declared to be severable.

Section 11. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 12. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 13. Indemnification. To the fullest extent allowed by applicable North Carolina law, the Association shall indemnify every officer and director against any and all

expenses, including, without limitation, attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) to which such officer or director may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. The right to indemnification of officers and directors provided herein shall not apply to any liability of such officers or directors by reason of being or having been a member in the Association. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

Section 14. Notice of Sale or Lease. In the event an Owner sells or leases such Owner's Lot, the Owner shall give to the Association, in writing, prior to the effective date of such sale or lease, the name of the purchaser or lessee of the Lot and such other information as the Board may reasonably require. Upon acquisition of a Lot, each new

Owner shall give the Association, in writing, the name and mailing address of the Owner and such other information as the Board may reasonably request.

Section 15. Agreements. Subject to the prior approval of Declarant (so long as Declarant has the right unilaterally to annex additional property to the Community), all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board of Directors shall be binding upon all Owners, their heirs, legal representatives, successors, assigns, and others having an interest in the Subdivision or the privilege of possession and enjoyment of any part of the Subdivision. Notwithstanding anything to the contrary herein, and pursuant to Section 47F-3-105 of the North Carolina Planned Community Act, the Association shall have the unqualified right to terminate any contracts and/or leases entered into by the Declarant, or by its appointed Board of Directors during the period of Declarant control, without penalty, provided a minimum of ninety (90) days' notice is given.

Section 16. Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation of the Association, any use restriction or rule, and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

Section 17. Variances. Notwithstanding anything to the contrary contained herein, the Board of Directors or its designee shall be authorized to grant individual variances from the provisions of Article VII of this Declaration, and any rule, regulation or use restriction promulgated pursuant thereto if it determines that waiver of application or

enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Subdivision.

Section 18. Security. The Declarant or the Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve safety in the Subdivision. Notwithstanding the providing of any such measures or taking of any such action by Declarant or the Association, each Owner, for himself or herself and his or her tenants, guests, licensees and invitees, acknowledges and agrees that neither the Declarant nor the Association is a provider of security and shall have no duty to provide security in the Subdivision. It shall be the responsibility of each Owner to protect his or her person and property and all responsibility to provide security shall lie solely with each Lot Owner. Neither the Declarant nor the Association shall be held liable for any loss or damage by reason of the failure to provide adequate security or ineffectiveness of security measures undertaken or provided.

Section 19. OBLIGATION TO IMPROVE PROPERTY AND WAIVER THEREOF. IF ANY OWNER (OR ITS SUCCESSORS OR ASSIGNS) OF A LOT DOES NOT, WITHIN ONE (1) YEAR AFTER CONVEYANCE OF TITLE TO SUCH LOT FROM DECLARANT, OBTAIN A PERMIT AND BEGIN THE CONSTRUCTION OF A PERMANENT RESIDENCE ON SUCH LOT, WHICH IS APPROVED BY THE ARCHITECTURAL CONTROL COMMITTEE, DECLARANT SHALL HAVE AN OPTION (BUT NOT AN OBLIGATION) TO REPURCHASE SUCH LOT FOR A CASH PRICE EQUAL TO THE PURCHASE PRICE PAID TO DECLARANT FOR SUCH LOT. THIS OPTION TO REPURCHASE MUST BE EXERCISED IN WRITING WITHIN SIX (6) MONTHS AFTER THE EXPIRATION OF THE ABOVE-REFERENCED ONE (1) YEAR

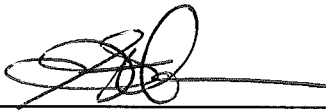
PERIOD. CLOSING OF THE REPURCHASE SHALL TAKE PLACE WITHIN NINETY (90) DAYS AFTER THE EXERCISE OF THE OPTION TO REPURCHASE AND SHALL BE HELD AT THE OFFICE OF THE DECLARANT. THE SUBJECT LOT SHALL BE RECONVEYED TO DECLARANT BY GENERAL WARRANTY DEED SUBJECT ONLY TO THE EXCEPTIONS TO TITLE INCLUDED IN THE DEED FROM DECLARANT TO THE PURCHASER OF SUCH LOT FROM DECLARANT AND SUCH OTHER EXCEPTIONS, IF ANY, AS DECLARANT MAY SPECIFICALLY APPROVE IN WRITING AT THE CLOSING OF SUCH SALE.

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

By authority of its Board of Directors, LANCE RIDGE HOMEOWNERS ASSOCIATION, INC. hereby certifies that the following instrument has been duly approved by the Owners of 75% of the Lots of LANCE RIDGE SUBDIVISION and is, therefore a valid amendment to the existing covenants, conditions and restrictions of LANCE RIDGE SUBDIVISION.

This 12 of FEBRUARY, 2016.

LANCE RIDGE HOMEOWNERS ASSOCIATION, INC.

By: 
President

STATE OF NORTH CAROLINA

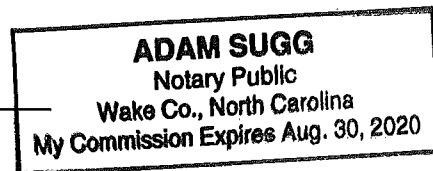
COUNT OF FRANKLIN

I, a Notary Public of the County and State aforesaid, certify that Scott
Clawson, personally appeared before me this day and acknowledged that he is the ____ President of LANCE RIDGE HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by him as ____ President

2016 Witness my hand and official stamp or seal, this 12th of February,
2016

(STAMP/SEAL)


NOTARY PUBLIC



My Commission Expires: 08-30-2020