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Franklin County, North Carolina
Brandi Smith Brinson, Register of Deeds

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NORTH CAROLINA

FRANKLIN COUNTY

Declarations of Covenants, Conditions and Restrictions for Woodland Park II Subdivision

KNOW ALL MEN BY THESE PRESENTS, that this Declaration of Covenants, Conditions and Restrictions for Woodland Park II Subdivision (the "Declaration") is made and entered into on the date set forth in the notary acknowledgment below by Churchill Associates, a North Carolina general partnership (hereinafter referred to as the "Declarant").

RECITALS

1. Declarant is the owner of the real property described in Article One of this Declaration and desires to create thereon a residential community (the "Community") together with any private streets, roads, open spaces, common areas, landscaping, entrances, drainage facilities, access easements, site lighting and signage, and any recreational area(s) and any other common facilities, if any, shown on any Recorded Plat (as hereinafter defined) (sometimes referred to collectively herein as the "Facilities") for the benefit of the Community.

2. Declarant desires to provide for the preservation of the values and amenities in the Community and for the maintenance of the Facilities and Common Area (as hereinafter defined) and, to this end, desires to subject the real property described in Article One hereafter, and any additions thereto, to the covenants, conditions, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is, and are, for the benefit of said real property and each owner of a portion thereof.

3. Declarant's present intention, stated here for information of present intent only and not as warranty or representation of a future fact, is to develop the Community with single-family detached houses of different styles, designs, materials and construction.

4. Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Community, to create an entity to which should be delegated the powers of maintaining, administering, operating and replacing the Community properties and Facilities, administering and enforcing these covenants, conditions and restrictions, and collecting and spending the dues, assessments and charges hereinafter created.

5. Declarant has caused or will cause to be incorporated under the laws of the State of North Carolina, prior to the sale of any Lot (as hereinafter defined) in the Community, a non-profit corporation to be known as Woodland Park II Homeowners Association, Inc., for the purpose of exercising the functions aforesaid.

DECLARATION

NOW THEREFORE, the Declarant declares that the real property described in Article One hereafter, and any additions thereto, is and shall be held, used, transferred, sold, conveyed and occupied subject to the terms, conditions and provisions of the covenants, conditions, restrictions, easements, charges and liens (sometimes referred to herein as "covenants and restrictions") which shall should run with, burden and bind the Property as hereinafter set forth.

ARTICLE ONE:
PROPERTY SUBJECT TO THIS DECLARATION

Section 1.1 Existing Property. The real property which is, and shall be, held, used, transferred, sold, conveyed and occupied subject to this Declaration (the "Existing Property") is located in Franklin County, North Carolina, is or will be commonly known as Woodland Park II Subdivision, and is more particularly described on Exhibit A, attached hereto and incorporated herein by reference.

Section 1.2 Additions to Existing Property. Real property in addition to the Existing Property may hereafter become subject to this Declaration in the following manner:

a) Additions in Accordance with a Master Plan of Development. The Declarant, its successors and assigns, shall have the right but not the obligation, without further consent of the Association or its Members, to bring within the scheme and operation of this Declaration all or any portion of the real property that is contiguous to the Existing Property, or contiguous to any additions to such Existing Property, if the Existing Property is increased from time to time under the terms hereof.

The additions authorized under this and the succeeding subsection shall be made by filing of record in the Office of the Register of Deeds of Franklin County one or more supplementary Declarations of Covenants, Conditions and Restrictions with respect to such additional property or properties, executed by the Declarant and, if different, the owner(s) of the additional property, which shall extend the operation and effect of the Declaration to such additional property or properties (hereinafter sometimes referred to as a "Supplemental Declaration").

Any Supplemental Declaration(s) may specify such specific use restrictions and other covenants, conditions and restrictions to be applicable to the added property and may contain such complementary additions and modifications of this Declaration as may be necessary or convenient, in the sole judgment of the Declarant and, if different owner(s), the owner(s) of the additional property, to reflect and adapt to any differences in character of the added properties. In no event, however, shall any such Supplemental Declaration modify or add to the

covenants and restrictions established by this Declaration so as to negatively affect the Existing Property; however, this proviso shall not be interpreted so as to prohibit or prevent any properly instituted change in the amount of the "assessments" (as hereinafter defined) payable by a Member of the Association by reason of any such additions.

b) Other Additions. Upon approval in writing of the Association, pursuant to authorization by a *two-thirds (2/3)* or more vote of each class of Members, voting as provided in Section 9.2 hereof at a duly called meeting, the owner of any property who desires to add such property to the scheme of this Declaration and subject such property to the jurisdiction of the Association must file of record a Supplemental Declaration as described in subsection (a) of this section. Any approval by the Association pursuant to this subsection shall be evidenced by the Association executing any such Supplemental Declaration(s). The Declarant shall have the exclusive right to approve any such addition to the scheme of this Declaration except during such times when Class B membership is terminated pursuant to Section 9.2(b).

c) Mergers, Combinations or Consolidations. Upon merger, combination or consolidation of the Association with another association, the Property, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the Property, rights, and obligations of another association may, by operation of law, be added to those of the Association as the surviving corporation pursuant to a merger, combination or consolidation. The surviving or consolidated association may administer the restrictions established upon any other properties, as one scheme. No such merger, combination or consolidation, however, shall affect any revocation, change or addition to the covenants and restrictions established by this Declaration within the Existing Property, except as herein provided.

d) Conveyance of Common Areas. Following the recording of this Declaration or any Supplemental Declaration, but prior to the conveyance of the first Lot, the owner of the Property or the additional property, as applicable, shall convey to the Association title to all Common Areas located within such Property or additional property. Title shall be conveyed to the Association in the same manner as set forth in Section 5.3.

Section 1.3 Access Easement Reserved. The Declarant reserves unto itself for the benefit of Declarant, its successors, and/or assigns, a non-exclusive and alienable easement and right of ingress, egress and regress over and across all private streets and roads, stormwater drainage easements and landscaping and sign maintenance easements within the Property or any additional property (as herein defined), if any, for access to and from other real property of Declarant or its successors and/or assigns whether related to the Community or not. Such easement shall include the ability for the Declarant to complete any development obligations or other improvements on Common Area previously conveyed to the Association. Furthermore, such easement shall continue until such time when all new construction has ceased on additions to the Existing Property, inclusive of any additional property, and any damage caused by Declarant, its agents, successors, and/or assigns to any private streets and roads within the Property when exercising its rights created by this Section shall be repaired at the expense of Declarant, its successors, or assigns. In addition, an easement and right of ingress, egress and regress over and across all private streets and roads within the Property, if any, is hereby granted

to any applicable government agency, for the purpose of fulfilling their duties, including, without limitation, law enforcement, fire protection, garbage collection, delivery of the mail, whether by the United States Postal Service, United Parcel Service, Federal Express or other such carrier services, and any other service related to keeping the peace and preserving the general welfare.

ARTICLE TWO:
DEFINITIONS

Section 2.1 Definitions. The following words when used in this Declaration or any amended or Supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

a. "Accessory Building" shall mean and refer to any structure constructed on any Lot for the storage of personal property of any Owner related to their use and occupation of a Dwelling Unit. An Accessory Building shall not be occupied as a Dwelling Unit but shall be built on a permanent foundation and to the extent required by law constructed in accordance with applicable building codes.

b. "Act" shall mean the North Carolina Planned Community Act, General Statutes of North Carolina Section 47F 1-101 through 47F 3-120, as the same may be amended from time to time.

c. "Assessment(s)" shall mean and refer to the assessment(s) and charges levied by the Association against Members who are the Owners of Lots in the Property and shall include annual, special and Special Individual Assessments as described in Article Ten of this Declaration.

d. "Association" shall mean and refer to the Woodland Park II Homeowners Association, Inc.

e. "Board" shall mean and refer to the Board of Directors of the Association.

f. "Bylaws" shall mean and refer to the bylaws of the Association and all amendments thereto.

g. "Committee" shall mean and refer to the architectural control committee established pursuant to Article Six hereof.

h. "Common Areas" shall mean and refer to those areas of land described or referred to as "Common Property", "Common Properties", "Common Area", "Common Areas", "Common Open Space", "Common Open Spaces", "C.O.S.", "Open Space" or "Open Spaces" or any stormwater device in any declaration of covenants, conditions and restrictions to which the

Property is submitted or subjected by the Declarant, any areas designated as buffers, landscape easements, sign and landscape easements or any other term indicating that the area is intended as open space for the Community in any declaration of covenants, conditions and restrictions to which the Property are submitted or subjected by the Declarant, or shown on any Recorded Plat, executed by the Declarant and any other owner of such areas of land, of the Property and labeled thereon as "Common Property", "Common Properties", "Common Area", "Common Areas", "Common Open Space", "Common Open Spaces", "C.O.S.", "Open Space" or "Open Spaces", or shown on a Recorded Plat as access easements or County of Franklin easements (together with all improvements located thereon), or any property conveyed to the Association for use as Common Area which are a part of the Property and as such are intended to be devoted to the common use and enjoyment of the Members, subject to special rights and limitations, if any, granted to or imposed on Owners of particular Lots. The Common Areas shall also include any stormwater device that serves more than one (1) Lot, streets rights-of-way (unless and until such time as they are taken over for maintenance by the North Carolina Department of Transportation or such other governmental agency having jurisdiction over the road system in the Community), any utility line located outside public street rights-of-way, and related components, including but limited to any costs incurred for the maintenance of such utility lines, street rights-of-way, and related components, public utility easements serving more than one (1) Lot, mailbox kiosks, United States Postal Service cluster box units, landscape easements, sign and landscape easements and any shared facility or property required to be shared by governmental regulations. It is intended that the Common Areas shall be conveyed to the Association for the benefit of each of the Owners as Owners in the Community. Roads constructed in all phases of this development shall be maintained by the Declarant until the North Carolina Department of Transportation assumes responsibility for maintenance of such roads. Declarant shall insure all roads are incorporated into the North Carolina Department of Transportation Secondary Road Maintenance Program prior to the termination of the Declarant Control Period.

i. "Common Expenses" shall mean and refer to:

a) Expenses of administration, operation, utilities, maintenance, repair or replacement of the Common Areas, including payment of taxes and public assessments levied against the Common Areas;

b) Expenses declared Common Expenses by the provisions of this Declaration or the Bylaws;

c) Expenses agreed upon from time to time as Common Expenses by the Association and lawfully assessed against Members who are Owners in the Property, in accordance with the Bylaws or this Declaration;

d) Any valid charge against the Association or against the Common Areas as a whole;

e) Any expenses incurred by the Association in connection with the discharge of its duties hereunder and under the Bylaws and its articles of incorporation.

j. "Community" shall have the meaning assigned to it in the Recitals of this Declaration.

k. "Declarant" shall mean and refer to Churchill Associations, a North Carolina general partnership, its successors and assigns, and any person or entity who is specifically assigned the rights and interests of Declarant hereunder or under a separate instrument executed by the Declarant and any such assignee if the Act so requires, and recorded in the Office of the Franklin County Register of Deeds.

l. "Dwelling Unit" shall mean and refer to any improvement or portion thereof situated on an Improved Lot intended for use and occupancy as one (1) single family dwelling, irrespective of the number of Owners thereof (or the form of ownership) located within the Property and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) single family detached homes. Where appropriate by context, the term shall include both the improvements and the real property on which the improvements are situated. Dwelling Unit shall not include an Accessory Building as that term is hereinabove defined.

m. "Existing Property" shall have the meaning assigned to it in Section 1.1 of this Declaration.

n. "Facilities" shall have the meaning assigned to it in the Recitals of this Declaration.

o. "Land" shall be synonymous with Property as that term is herein defined.

p. "Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Dwelling Unit, which shall not include garages, carports, porches, patios, terraces, or unfinished attic or basements.

q. "Lot" or "Lots" shall mean and refer to any improved or unimproved numbered parcel of land within the Property which is intended for use as a site for a Dwelling Unit, as shown upon any Recorded Plat of any part of the Property and labeled thereon as a "Lot", and shall not include Common Areas, or any property in the Property not yet subdivided for sale as an individual lot. No portion of the Property shall be developed as a Dwelling Unit until designated as a Lot on a Recorded Plat. Property designated as a Lot may later be designated for some other use on a Recorded Plat, including but not limited to a roadway linking the Community to adjacent land or developments. At any time and from time to time, Declarant or any related affiliate of the Declarant, without the authorization and approval of the Association, may reconfigure, recombine, substitute or otherwise alter the boundary of a Lot or Lots owned by the said Declarant or such related affiliate of the Declarant within the Community. Such reconfiguration, recombination, substitution or other alteration may in the sole and absolute discretion of the Declarant or such related affiliate increase or decrease the total number of Lots in the Community. In no event, however, shall the total number of Lots in the Community be increased or decreased by any action of any Owner or Owners (other than the Declarant or an

affiliate of the Declarant) of any Lot or Lots in the Community without the express written authorization and approval of the Association.

r. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot situated within the Property. Notwithstanding any applicable theory of any lien or mortgage law, "Owner" shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. (Note: the words "Member" and "Owner" are meant to describe all of the owners of the Community interchangeably as semantics dictate throughout this Declaration.)

s. "Plans" shall have the meaning assigned to it in Section 6.2 of this Declaration.

t. "Plat" shall mean and refer to that certain plat of survey entitled "Final Plat Woodland Park II Subdivision, Phase One" prepared by Puckett Surveyors, PLLC, Professional Land Surveyors, recorded in Map Book 2021, Pages 88-89, in the Office of the Franklin County Register of Deeds, which plat or survey depicts all of the Property to be encumbered and benefited by this Declaration at the time of the recording hereof.

u. "Property" shall mean and refer to all the Existing Property and any additions thereto as are made subject to this Declaration by any Supplemental Declaration(s) under the provisions of this Declaration.

v. "Recorded Instrument" shall mean and refer to any document pertaining to the Property, or any portion thereof, recorded in the Office of the Franklin County Register of Deeds and executed by the Declarant (during Class B membership (as hereinafter defined in Section 9.2(b)) and until two years after termination thereof, and by the Association otherwise) to show its consent thereto (and by any other Owner(s) of property described therein and affected thereby if different). In any case in which the designation or description of the same property described in two different Recorded Instruments is different (for example, property is designated as a Lot in one instrument and a street in another, or legal boundaries of areas are described differently in different Recorded Instruments), the designation and description on the later-recorded of the Recorded Instruments shall control.

w. "Recorded Plat" shall mean and refer to any map of the Property, or any portion thereof, recorded in the Office of the Franklin County Register of Deeds and executed by the Declarant or the Association to show its consent thereto (and any Owner(s) of such property if different). In any case in which the designation and/or boundary lines of the same property shown on two different Recorded Plats are different (for example, property is designated as a street on one plat and as a Lot on the other, or boundary lines are shown differently on two different Recorded Plats), the designation and boundary lines on the later-recorded of the Recorded Plats shall control.

x. "Retention Pond" shall mean and refer to those certain stormwater retention ponds within the Property which shall be part of the Common Area, if any, and that are shown on a Recorded Plat. In the event any portion of a Retention Pond is located at any time upon any

Lot, an easement is hereby established over any such portion of a Lot where any portion of the Retention Pond is located from time to time in favor of the Association to exercise all of its rights and obligations with respect to the Retention Pond.

y. "Supplemental Declaration" shall have the meaning assigned to it in Section 1.2(a) of this Declaration.

ARTICLE THREE:
GENERAL PROVISIONS

Section 3.1 Duration. The covenants and restrictions of this Declaration shall run with the Land, and shall inure to the benefit of, and be enforceable by, the Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of thirty (30) years from the date of this Declaration is recorded, after which time said covenants, conditions and restrictions shall be automatically extended for successive periods of ten (10) years unless terminated as hereinafter set forth. This Declaration may be amended in accordance with the provisions of Article Eleven hereof. Amendments made in conformity with that Article may alter any portion of the Declaration hereof, including but not limited to the duration and amendment provisions hereof.

The termination of this Declaration shall require the assent of at least eighty percent (80%) of the votes in the Association, taken at a meeting duly called and held for this purpose, and shall be evidenced by a termination agreement recorded in the Office of the Franklin County Register of Deeds and otherwise complying with the terms of North Carolina General Statutes Section 47F-2-118.

Section 3.2 Notices. Any notice required to be sent to any Member or Owner, under the provisions of this Declaration, shall be deemed to have been properly sent when mailed, postage prepaid, addressed to the person at the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. In the event that a Member or Owner's address is absent from the Association's records, the notice may be sent to the address listed on the Franklin County tax records at the time of mailing. The sender shall not be required to cause title to any Lot to be examined. Notice to any one of the Owners, if title to a Lot is held by more than one, shall constitute notice to all Owners of that Lot. Such notices may be, but shall not be required to be, sent by registered or certified mail return receipt requested unless otherwise required by law.

Section 3.3 Enforcement. The Association, Declarant, and/or any Owner may enforce these covenants, conditions and restrictions. Furthermore, notwithstanding any provisions granting the Association the right to specifically act hereunder when an Owner fails to comply with the covenants, conditions and restrictions contained herein, the Declarant and/or any Owner are entitled to enforce the terms hereof. In addition to specific rights granted herein to the Association to act in response to a violation of the covenants, conditions and restrictions contained herein, enforcement of these covenants, conditions and restrictions may be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant, conditions or restriction, either to restrain violation or to recover damages, or both, and against the land to enforce any lien created by these covenants, conditions and restrictions; and

failure by the Association, Declarant, or any Owner to enforce any covenant, conditions or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

The Association or the Declarant may impose fines or suspend Community privileges or services in the event of an Owner's failure to comply with the requirements of this Declaration or any architectural guidelines or rules promulgated by the Declarant or the Association. In such circumstances, a hearing shall be held before an adjudicatory panel appointed by the Board to determine if an Owner should be fined or if Community privileges or services should be suspended. If the Board fails to appoint an adjudicatory panel to hear such matters, hearings under this Section shall be held before the Board. The Owner charged shall be given notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. If the Board, after weighing any evidence provided by the Owner, the Board decides that a fine should be imposed, a fine not to exceed one hundred fifty dollars ($150.00) (or the highest amount allowed by law) may be imposed for the violation and without further hearing, for each day after the decision that the violation occurs. Such fines shall be Assessments secured by liens as more particularly described in Article Ten hereof. If it is decided that a suspension of Community privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured.

Section 3.4 Severability. Invalidation of any one of these covenants and restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

ARTICLE FOUR:
ADDITIONAL RIGHTS RESERVED TO DECLARANT

Section 4.1 Withdrawal of Property. The Declarant reserves the right to amend this Declaration, so long as it has a right to annex additional property pursuant to Article One hereafter, for the purpose of removing any portion of the Property which has not yet been improved with structures from the coverage of this Declaration. Such amendment shall not require the consent of any person other than the Owner(s) of the Property to be withdrawn.

Section 4.2 Right to Develop. After the conveyance of Common Areas to the Association, the Declarant and its employees, agents, contractors and designees shall have a right of access and use and an easement over and upon all of the Common Areas for the purpose of making, constructing, installing and maintaining such improvements to the Common Areas or any part of the Property as it deems appropriate in its sole discretion. Damage done to the Common Areas shall be repaired, restoring the Common Area to its original condition, to the extent such repair and restoration is reasonably practicable.

Every person that acquires any interest in the Property, by acceptance of a deed made subject to this Declaration or recorded after this Declaration, acknowledges that the Community is a planned community, the development of which is likely to extend over many years, and agrees not to protest, challenge or otherwise object to changes in the site plan filed with the County of Franklin in connection with the Property as it relates to property outside the Community. Although it is the Declarant's intention to develop the Community in accordance with approved site plans, Declarant shall have the absolute right, without the consent or approval

of the Owners, to develop the Community at its own pace, in phases, in any order, add Common Area, increase the number of Dwelling Units, change Dwelling Unit types, withdraw real property from the development and alter the site plan with approval of governmental authorities.

Section 4.3 Right to Transfer or Assign Declarant Rights. Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the Bylaws may be transferred in whole or in part to other persons; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has under this Declaration or the Bylaws. Except for any Declarant rights that automatically transfer to the Association pursuant to the terms hereof, no such transfer or assignment shall be effective unless it is in a written instrument signed by the Declarant, and by the assignee if the Act so requires, and duly recorded in the Office of the Franklin County Register of Deeds. The foregoing sentence shall not preclude Declarant from permitting other persons to exercise, on a one time or limited basis, any right reserved to the Declarant in this Declaration where Declarant does not intend to transfer such right in its entirety, and in such case it shall be necessary to record a written assignment necessary to evidence Declarant's consent to such exercise.

Section 4.4 Right to Redesignate Certain Property. The Declarant, until two years after the last termination of Class B membership, hereby reserves for itself and its successors and assigns the right to re-designate property types or boundary lines shown on a Recorded Plat by recording a new Recorded Plat showing such changes and executed by the Declarant or its successors and/or assigns and any Owners of property re-designated or for which the boundary line is thereby changed.

Section 4.5 Marketing. Until such time as the last Lot is conveyed by Declarant, or as otherwise provided herein, Declarant shall be entitled to operate one or more "model" homes within the Property (including within any unsold Dwelling Unit) and to otherwise engage in all reasonable activities intended to market and sell Lots, including, without limitation, locating marketing and directional signs, banners and flags within the Property and locating construction and sales trailers within the Property. Declarant, and any affiliate of the Declarant, shall have the right to use, without charge, any portion of the Common Area for sales, management, marketing and construction purposes with respect to the Dwelling Units located or to be located within the Property; provided that such use shall not unduly interfere with the use of the Common Area by the Members for the purposes for which they are reasonably intended. Such right shall continue until Declarant no longer owns any Lots in the Property. Neither Declarant nor any affiliate of Declarant shall locate within the Common Area more than two (2) sales trailer(s) or construction trailer(s) (in any combination) at any one time, situated at various locations throughout the Property. Nothing contained herein shall preclude the Declarant or any entity affiliated with the Declarant from operating a sales office out of a model home provided such sales office is used exclusively for the sale of Lots within the Community.

ARTICLE FIVE:
PROPERTY RIGHTS AND LIMITATIONS IN THE COMMON AREAS

Section 5.1 Members' Easements of Enjoyment. Subject to the provisions of Section 5.4 hereof, every Member shall have a right and easement of enjoyment to all of the Common Areas

and Facilities. If necessary because of a lack of access across public streets or rights-of-way to Common Areas and Facilities, every Member shall also have an easement not less than ten (10) feet wide, but not more than fifteen (15) feet wide, which shall be shown on the Recorded Plat, for access, ingress, and egress to and from streets, parking areas and walkways or pedestrian walkways in and to all of the Common Areas and the Facilities. The foregoing easements shall be appurtenant to and shall pass with the title to every Lot in the Property.

Section 5.2 Delegation of Use. Subject to the provisions of Section 5.4 hereof, any Owner may delegate its rights of enjoyment of the Common Areas and the Facilities to the members of its family, its tenants, contract purchasers who reside on the Property, or its guests.

Section 5.3 Title to Common Areas. The Declarant shall convey and upon such conveyance, the Association shall accept legal title to any Common Area shown on any Recorded Plat of the Property, and such title to a Common Area shall be conveyed by the Declarant and accepted by the Association no later than the time of the conveyance of the first Lot within the Community. The conveyance shall be in fee simple without any encumbrances except drainage, greenway and utility and other easements reserved hereunder or on the Recorded Plats. Title to the Common Areas, and private streets, if any, shall be for the perpetual benefit of the Members, and private or public ownership for any purpose other than for the benefit of the members is prohibited.

Upon conveyance of the Common Areas by the Declarant to the Association, the Association shall not subsequently subdivide or convey the Common Areas, except as follows:

a) The Association may convey or mortgage the Common Areas with the consent of at least eighty percent (80%) of the votes of the Association who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws for such special meeting. In the event the Association votes to mortgage all or any part of the Common Areas, the rights of the mortgagee must be subordinated to the rights of the Owners and the Association.

b) In the event the Association is dissolved, the Common Areas shall first be offered to the County of Franklin, and if accepted, deeded to the County of Franklin in fee simple.

c) The Association may exchange Common Areas for other properties when all of the following conditions are met:

(i) written notice of the exchange is given to all Members except in cases where the exchange is done to eliminate an encroachment;

(ii) after notice is given, if required, the Association approves the exchange in accordance with the requirements of conveying such property herein; and

(iii) the exchanged properties and other considerations are of like value and utility to the Association.

Conveyance of Common Areas to the Association shall be made subject to the right of the Declarant to construct common improvements or complete construction thereof, as applicable, on the Common Areas and to maintain those Common Areas. The right of Declarant to construct or complete construction of such improvements or maintain those Common Areas shall terminate three (3) years after the termination of Class B membership.

Section 5.4 Extent of Members' Easements. The rights of Members of the Association shall in no way be altered or restricted because of the location of Common Areas in any additions to the Property in which such Member is not a resident. The use of Common Areas belonging to the Association shall be a membership entitlement. The rights and easements of enjoyment created herein shall be subject, however, to the following:

a) the right of the Declarant, in its sole discretion, to grade, pave or otherwise improve any road or street shown on any Recorded Plat;

b) the right of the Association to formulate, publish, and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Areas, as provided in its Articles of Incorporation or Bylaws, to suspend the enjoyment rights of any Member for any period during which any assessment of that Member remains unpaid, and for any period not to exceed sixty (60) days for any infraction of any published rules and regulations adopted by the Board; and

c) the right of the Association to dedicate or transfer all or any part of the Common Areas (which includes streets and roads) or private water/sewer liens to any public agency, authority or utility (public or private) for such purposes and subject to such conditions as may be agreed to by the Members.

Except as provided below, no such dedication or transfer shall be effective unless the Declarant and the Members entitled to at least seventy-five percent (75%) of the Class A votes agree to such dedication or transfer and signify their agreement by a signed and recorded written document; provided that, notwithstanding the foregoing, the Declarant (during Class B membership), and thereafter the Association shall each have the right, power and authority to grant easements and rights-of-way for the installation and maintenance of drainage facilities and of utilities, whether private, public or quasi-public, including cable television, water, gas and sewer upon, over, under and across any Common Area, without the assent of the Members when, in the sole opinion of the Declarant or the Board, as applicable, such easements are required or reasonably necessary for the development and/or the convenient use and enjoyment of the Property and, in the sole opinion of the Declarant or said Board, as applicable, will not unreasonably interfere with the overall use and enjoyment of the Common Areas; and

d) during Class B membership, dedication of a portion of the Common Area to the County of Franklin for the use as greenway, as may be required by the County of Franklin, without the need for assent of other Members of the Association.

Section 5.5 Stormwater Management Improvements. The Association, until the County of Franklin accepts for public maintenance the stormwater infrastructure within the Property, if any, will be responsible for maintenance of any stormwater management swales, channels, and check dams. Such maintenance shall include removal of sediments within the swales and channels, re-stabilization of the swales and channels as needed, check dam repairs, and maintenance of the vegetation cover as necessary for such swales and channels to perform their intended functions.

Section 5.6 Perpetual Access Easement Over Adjoining Lots. In the event any Dwelling Unit erected on any Lot shown on any Recorded Plat is located closer than five (5) feet to any lot line, a perpetual access easement over the adjoining Lot is hereby established in favor of the Owners of each such Lot sharing that common line and its tenants and contractors. The easement shall be for the purposes of allowing the Dwelling Unit to be constructed, reconstructed, replaced, repaired, maintained and painted and for matters incidental and related thereto. No fence, wall, Accessory Building or similar structure or any other kind of obstruction shall be permitted in the easement area that will obstruct access to the Dwelling Unit.

Section 5.7 Landscape Easement and Sign and Landscape Easement. There shall be and is hereby reserved to the Association a non-exclusive easement across, over and under areas designated as Landscape Easement or Sign and Landscape Easement located on the Property and as shown on the Plat or a Recorded Plat and along the boundary of any areas designated as Landscape Easement or Sign and Landscape Easement located within the Property and each Lot that is adjacent to the designated Landscape Easement areas or the Sign and Landscape Easement areas, all for the maintenance, repair and restoration of landscaping and signage on the designated Landscape Easement areas or the designated Sign and Landscape Easement areas. Said easements along the boundary of any areas designated as Landscape Easement or Sign and Landscape Easement located within the Property and each Lot that is adjacent to the designated Landscape Easement areas or Sign and Landscape Easement areas shall extend from the boundary of the Landscape Easement as shown on the Plat or Recorded Plat and from the boundary of the Sign and Landscape Easement as shown on the Plat or Recorded Plat, as the case may be, a distance of twenty (20) feet onto each adjacent Lot within the Property.

Section 5.8 Repair Easement for Retention Pond. There shall be and is hereby reserved to the Association a non-exclusive easement along the boundary of any Retention Pond located within the Property and each Lot that is adjacent to the Retention Pond for the repair, maintenance and restoration of the Retention Pond banks (the "Repair Easement"). The Repair Easement shall extend from the boundary of the Retention Pond as such boundary exists from time to time away from the Retention Pond a distance of twenty (20) feet onto each adjacent Lot within the Property.

ARTICLE SIX:
ARCHITECTURAL CONTROL

Section 6.1 Purposes. The Declarant desires to provide for the preservation of the values within the Property with respect to vegetation and any improvements to be constructed or altered on any Lot and to that end, will establish an architectural control committee, in accordance with Section 6.3 hereof, in order to provide, enforce and maintain certain standards as to harmony of

exterior design and location of the improvements on the Lot in relation to surrounding structures, natural features and topography.

Section 6.2 Architectural Control. Unless expressly authorized in writing by the Committee, no Dwelling Unit, fence, wall, driveway, patio, swimming pool, building, or other structure or improvement whatsoever shall be constructed or maintained, nor shall any exterior addition or alteration to any Dwelling Unit, fence, wall, driveway, patio or other building or structure or improvement be started, nor shall any clearing or site work be commenced or maintained upon any Lot in the Property, until plans and specifications therefore showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, decorative landscape planting, floor plans and elevations therefor (all of which are hereinafter referred to collectively as the "Plans"), and any application fee set by the Association, shall have been submitted (the Plans in triplicate) to, and approved in writing by, the Committee, as to harmony of external design and location in relation to any surrounding structure, natural features and topography. The Committee shall have the absolute and exclusive right to refuse to approve any such Plans which are not suitable or desirable in the opinion of the Committee for any reason, including purely aesthetic reasons, which in the sole and uncontrolled discretion of the Committee shall be deemed sufficient. The Committee may promulgate design standards from time to time to be adhered to by the Plans for the Lots on Dwelling Units in the Property. A current copy of all design standards shall be kept on file in the principal office of the Association.

In no event shall the Committee approve any Plans in which the height or setback of the improvements on the Lot violate the limits established by the County of Franklin.

Section 6.3 Architectural Control Committee.

a) Committee Membership. The Committee shall be composed of *three (3)* persons (who need not be Members of the Association) appointed by the Board. A majority of the Committee may designate a representative to act for it. In the event of death, resignation, or removal by the Board of any member of the Committee, the Board shall have full authority to designate a successor. Unless otherwise approved by the Association, neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. The Association shall keep, or cause to be kept, a list of the names and addresses of the persons who form the Committee and a list of the names and addresses of any designated representatives of the Committee, and such a list shall be available in the principal office of the Association to any Owner upon request.

b) Procedure. At least forty-five (45) days prior to the commencement of any construction, the Plans shall be submitted to the Committee. The Plans or application for approval, if any, submitted with the Plans shall set forth a notice address for the applicant of the Plans or the Owner. Approval shall be subject to such regulations and architectural standards as may from time to time be promulgated by the Committee. Within thirty (30) days after receipt of the Plans and all other required information, the Committee shall notify the Owner of the Lot in writing as to whether the Plans have been approved. Unless a response is given by the Committee within thirty (30) days, the Plans shall be deemed not approved. The response of the Association may be an approval, a denial, an approval with conditions or a request for additional

information. A request for additional information shall be deemed a determination that the information submitted was inadequate, and the thirty (30) day time period for further Committee response shall only commence upon receipt of the requested additional information. If approval with conditions is granted, and construction then begins, the conditions shall be deemed accepted by the Owner of the Lot and the conditions imposed shall become fully a part of the approved Plans. No improvements shall be made except in strict conformity with the approved Plans. The Committee shall have the right to monitor construction of improvements and investigate compliance with the approved Plan, and hereby reserves the right to enter upon any Lot in order to do so.

Owners are responsible for the contractors they hire to perform work on their property. Any contractor damaging improvements or infrastructure of the Community, and the Owner(s) who engaged the services of such contractor, shall be jointly and severally liable for such damage. The Committee may from time to time, in its sole discretion, require of any contractor or Owner a case or insurance performance bond to guarantee final site clean up and/or extraordinary road repairs necessitated by the actions of the contractor and its workers and subcontractors during the construction of any improvements on the Property.

Any Owner submitting Plans to the Committee and disagreeing with the finding of the Committee may appeal the decision to the Board by giving written notice of appeal to the President of the Association within fifteen (15) days following receipt of notice of denial. The Board shall then review the Plans, giving the Chairman of the Committee the opportunity to present to the Board specific reasons why the Plans were denied, in the presence of the Owner or his agent, and the Owner or his agent may present information challenging the findings of the Committee. The decision of the Committee shall only be overridden by simple majority vote of the Board. The foregoing provision shall not be applicable to decisions by the Declarant as to the construction of improvements pursuant to Section 6.3(c) hereof.

The Committee may adopt a schedule of reasonable fees for processing requests for approval. Such fees will be payable to the Association at the time that the Plans and other documents are submitted to the Committee. The payment of such fees, as well as other expenses of the Committee required to be paid, shall be deemed to be an individual Assessment, enforceable against the Owner of the Lot as provided herein. The Committee expressly reserves the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing for purposes of assisting the Committee in its review of any Plans, and the cost of such consulting service(s) shall be the responsibility of the respective applicant or Owner of the subject Lot and shall be in addition to any fees due for processing any requests for approval.

All notices required to be given under this Section shall be given in writing, hand-delivered or mailed postage prepaid, certified or registered mail, return receipt requested or deposited with an overnight carrier (such as, but not limited to, Federal Express), and the Committee shall be obligated to specify the particular grounds upon which denial of any application is founded. If the Committee approves the Plans, one set of Plans, denoted as approved (or approved with specified conditions), shall be retained by the Committee, and the other two sets shall be returned to the applicant.

c) Application of this Article.

(i) This Article shall apply to any additions to the Existing Property subsequently made subject to this Declaration and the terms and provisions of any Supplemental Declaration.

(ii) Repainting, reroofing, residing, window and door replacements, minor repairs, and the like shall not require the approval of the Committee if done or made in accordance with the construction or design guidelines originally promulgated or adopted by the Committee or the Association.

(iii) Remodeling and alterations or changes to the exterior of a Dwelling Unit that exceed repainting, reroofing, residing, window and door replacements, minor repairs and the like shall require approval of the Committee unless the same materials and color schemes as originally promulgated or adopted by the Committee or the Association are incorporated into the exterior remodel, alterations or changes.

(iv) Notwithstanding anything to the contrary contained herein, the Declarant's construction of improvements on any Lot or on any Common Area shall be exempt from the provisions of this Article. Nothing contained in this Article shall be construed as prohibiting or conditioning any construction by the Declarant upon any Lot or Common Area while such property is owned by the Declarant. The exemption of the Declarant from the provisions of this Article shall survive the termination of the Class B membership.

ARTICLE SEVEN:
EXTERIOR MAINTENANCE

Section 7.1: Maintenance of Dwelling Units, Lots. Each Owner of a Dwelling Unit within the Property, by acceptance of a deed therefor, whether or not it shall be expressed in said deed or by exercise of any act of ownership, is deemed to covenant:

a) to build, repair or restore such Dwelling Unit in the event of damage thereof and to apply the full amount, to the extent necessary, of any insurance proceeds to the restoration or repair of such Dwelling Unit;

b) to keep the Dwelling Unit in good repair as required by this Declaration or by the Bylaws;

c) to maintain Lots in clean, safe and orderly condition;

d) to promptly remove all litter, trash, debris, refuse and wastes;

e) to mow and maintain the lawn on a regular basis, including any portions of publicly dedicated street right of way or private street right of way adjacent to any boundary of such Lot and not maintained by the Association or the County of Franklin;

f) to prune trees and shrubs and remove dead or diseased trees, shrubs and other plant material;

g) to maintain flower and plant gardens;

h) to maintain exterior lighting and mechanical facilities;

i) to maintain driveways;

j) to control soil erosion as required by the Declaration; and

k) to maintain storm water drainage easements and portions of the Property served by storm water drainage easements, as required by the Declaration.

The foregoing responsibilities shall be performed in a manner that does not unreasonably disturb or interfere with the reasonable enjoyment of the Property by persons entitled thereto. Provided, however, and notwithstanding anything to the contrary appearing herein, Declarant and any affiliates of Declarant are exempt from the provisions of this Section with respect to all portions of the Property they now or in the future may own that is subject to this Declaration.

Section 7.2 Exterior Maintenance. After thirty (30) days written notice to an Owner specifying any required maintenance, the Association shall have the right but not the obligation to provide (a) maintenance upon any Lot and (b) maintenance upon any Dwelling Unit that is subject to Assessments under Article Ten hereof. Such maintenance includes (but is not limited to) painting, repairing, replacing and care of roofs, gutters, downspouts, removal of signs in violation of this Declaration, exterior improvements on any Dwelling Unit and any other required maintenance as provided herein. Such maintenance as to a vacant Lot other than vacant Lots owned by the Declarant and any affiliate of Declarant may include the mowing of grass and weeds, the trimming of shrubs, or the removal of trash, debris and litter.

Section 7.3 Assessments of Cost on Exterior Maintenance. The cost of any such maintenance shall be assessed against the Lot, as appropriate, upon which such maintenance is done and shall be treated as a Special Individual Assessment pursuant to Section 10.5 hereof, and shall be a lien against any such Lot, as heretofore defined and limited, and a personal obligation of the Owner, and shall become due and payable in all respects as provided herein.

ARTICLE EIGHT:
RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANT AND OWNERS

Section 8.1 Permissible Uses. No Lot shall be used except for residential purposes as allowed under applicable zoning regulations (with the exception of any sales center or model home constructed or used by the Declarant, or its agent who has received the prior written permission of Declarant), which right has hereinabove and is again herein expressly reserved unto the Declarant. Specifically, no "Model Home" or "Open House" type of operation shall be allowed within the Property other than with Declarant's explicit written permission, notwithstanding Declarant's right to operate such "Model Home" or "Open House," at its discretion, anywhere within the Property at any time Declarant is the Owner of a Lot. No Lot shall be used for any commercial, business or professional purposes. Notwithstanding the foregoing, however, nothing set forth in this Section shall prohibit (a) the Declarant from conducting such sales, leasing and promotional activities on any Lot as the Declarant shall determine; or (b) the Owner of any Dwelling Unit from using a portion of such Dwelling Unit as a home office, provided that such use does not create regular customer or client traffic to and from such Dwelling Unit, no sign, logo, symbol, or nameplate identifying such business is displayed anywhere on such Dwelling Unit or Lot and such use is not deemed a violation of any applicable zoning regulation. No building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than a Dwelling Unit and its accessory building(s), which shall comply with any applicable zoning regulations and the requirements of this Declaration.

Section 8.2 Division of Lots; No Time Sharing

a) No Lot shall be further subdivided into multiple Lots other than by the Declarant or an affiliate of the Declarant as more fully described in the definition of "Lot" in Article Two hereof.

b) No Lot or ownership interest may be subdivided to permit time sharing or other devices to effect interval ownership. For purposes of this Section "time sharing" or "other devices to effect interval ownership" shall include, but not be limited to, ownership arrangements, including uses of corporation, trusts, partnerships, leases or tenancies in common, in which four or more persons or entities, not members of a single household, have acquired, by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) in the same Dwelling Unit and such owners have formal or informal right-to-use or similar agreement.

c) No Lot shall be used for short term tenancies such as daily or weekly rentals, Airbnb rentals, or other rentals for periods less than twelve (12) consecutive months pursuant to a written lease agreement. Any such lease agreement shall make specific reference to the fact that such Lot thereby leased is subject to this Declaration.

Section 8.3 Water and Sewer Facilities. Water and sewer treatment services shall be provided through private wells and septic systems on each Lot, of which shall be installed and maintained by the Owner.

Section 8.4 Utilities and Other Easements. All utility lines of every type, including but not limited to electricity, gas, telephone and television cables, running from the main trunk line or service location to any Dwelling Unit must be underground. The Declarant reserves unto itself, its successors and assigns, and the Association upon expiration of the Class B membership, a perpetual alienable and releasable easement and right across, on, over and under the ground to erect, install, maintain and use irrigation, electric, gas, telephone and television cables, and any other utilities lines and conduits for the purpose of bringing public or other services, to the Property across, on, said reservation to include, but not be limited to, the area under and over any private streets or roads in the Community and across, on, under and over any Lot as well as such areas as are so identified on any Recorded Plats of the Property or shown on any site plan for the Property on file with and approved by the County of Franklin. In addition, the Association may cut, in the above-described easements, as well as anywhere else that such may be required, at its own expense, drainways for surface water and/or to install underground storm drainage wherever and whenever such action is required by applicable health, sanitation or other state or local authorities, or in order to maintain reasonable standards of health, safety and appearance. In addition, along street fronting property lines, in the easements reserved, Declarant also reserves the right for installation, maintenance and repair of street lights and/or street-side landscaping and signage, which right shall automatically transfer to the Association at any time(s) when there is no Class B membership. In addition to, and notwithstanding the foregoing, Declarant reserves unto itself, its successors and assigns, and the Association upon expiration of the Class B membership, the right to subject Existing Property to a contract with Wake Electric Membership Corporation for the installation of underground electric cable and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Wake Electric Membership Corporation by an Owner.

The Declarant may, but is not required to, release any of the easements reserved herein as to any Lot for which it deems such easement is unnecessary for the efficient development and operation of the Property, but it may do so only until one year after Class B membership has terminated.

Section 8.5 Temporary Structures. Except as otherwise provided herein, no structure of a temporary character shall be place upon any portion of the Property at any time, provided, however, that this prohibition shall not apply to shelters, containers, trailers or sheds used by the Declarant, any affiliate of the Declarant or any contractors, during the construction of a Dwelling Unit, or improvements or additions thereto, on any Lot. Temporary shelters, tents, recreational vehicles, trailers (whether attached or unattached to the realty) may not, at any time, be used as a temporary residence or be permitted to remain on any portion of the Property.

Section 8.6 Committee Approval of Plans and Other Prohibitions.

a) The construction of improvements on Lots shall be governed by Sections 6.2 and 6.3 hereof. In addition, Dwelling Units shall comply with all applicable building, plumbing, electrical and other codes and regulations.

b) No garage, Accessory Building, or carport shall be permitted on a Lot unless architecturally compatible with the primary Dwelling Unit on the Lot, constructed on a permanent foundation and built in accordance with applicable building codes.

c) No vent or other pipes or appendages may extend from the front of any Dwelling Unit unless screened from public view by a screening material or shrubbery approved by the Committee.

d) Subject to the right of the Declarant to promote the sale of the Lots through a sales trailer located on the Property, no mobile homes or trailer homes shall be allowed or approved by the Committee as the residence on any Lot, and no mobile home or trailer home shall be allowed to remain on any Lot.

Section 8.7 Garbage and Storage Receptacles. Except as required by any appropriate governmental authority, each Owner shall provide receptacles for garbage (and recyclables if such a program is in place in Franklin County), and all garbage receptacles, tools and equipment for use on a Lot shall be placed in a screened area in accordance with reasonable standards established by the Committee to shield same from general visibility from roads and neighbors abutting the Lot, or shall be placed behind the Dwelling Unit; provided, however, that an Owner may place such garbage receptacles at the curb of its Lot after 6:00 p.m. on the night before its scheduled collection day and shall remove such garbage receptacles and return them to the shielded or screened location provided herein prior to 8:00 p.m. on the day of such collection. No fuel tanks or similar storage receptacles or related storage facilities, may be exposed to view. No underground storage tanks for natural gas, propane, chemicals, petroleum products or any other mineral or toxic product will be allowed anywhere in the Property.

Section 8.8 Debris. No leaves, trash, garbage or other similar debris shall be burned except as permitted by the appropriate governmental authority. No garbage, trash, construction debris or other unsightly or offensive materials shall be placed upon any portion of the Property, except as is temporary and incidental to the bona fide improvement of any portion of the Property. Except for construction by the Declarant, during construction on a Lot, job site debris shall be removed from the job site Lot at least semi-weekly.

Section 8.9 Antennas. Any television antennas, radio receiver or sender antenna or other similar device attached to or installed on the exterior portion of any Dwelling Unit, or structure, or placed on any Lot shall be appropriately screened from view in accordance with Federal Communication Commission guidelines and Association rules and regulations (as determined by the Committee).

Section 8.10 Landscape Plan; Landscaping. As part of the Plans package submitted by an Owner to the Committee for approval of such Owner's Plans for the construction or renovation of improvements, if such Owner's Plans significantly alter the landscaping on a Lot, the Owner shall include a general landscape plan (the "Landscape Plan") in such package. Shown thereon, in addition to the scheme for decorative plantings, shall be a general plan of the site improvements and modifications, including, but not limited to, major topographic changes and plans for revegetation and re-stabilization thereof, the location and specifications for all terraces, walkways, driveways, paths, fences, bulk-heading, walls, pools, outdoor lighting and the specifications for other fixtures and structures envisioned to be constructed as part of the Landscape Plan. The Committee may promulgate landscape design standards from time to time to be adhered to for the Lots on Dwelling Units in the Property. A current copy of all design

standards shall be kept on file in the principal office of the Association. Nothing contained in this section shall require or otherwise impose any obligation on any Owner to engage the services of a landscape architect or other professional for purposes of seeking approval of a Landscape Plan.

The Landscape Plan should seek to unite the Dwelling Unit as well as all other structural aspects of the landscape with its setting and should provide for the introduction of plant materials of sufficient size and quantity to create (when first installed) a sense of maturity in the landscape scene.

Each Lot shall be maintained consistently with the Landscape Plan approved for it by the Committee. All material changes to the Landscaping Plan or the landscaping installed on a Lot shall be first approved by the Committee.

Section 8.11 Unsightly Conditions. It is the responsibility of each Owner to prevent any unclean, unsightly, unsanitary or unkept conditions to exist on his Lot, Dwelling Unit, or grounds which shall tend to decrease the beauty of the Property, specifically or as a whole.

During the construction of any improvement to a Lot in the Property, the Lot, roads, paths, landscaping and Common Areas adjacent thereto shall be kept in a neat and orderly condition, free from any dirt, mud, garbage, trash, or other debris, so as not to cause an unsightly condition to exist or damage to occur. Notwithstanding the foregoing, Declarant, including any affiliate of Declarant, may construct houses or other improvements on any Lot within the Community and shall be exempt from the requirements of the preceding sentence during its construction of improvements on the Property. Any damage to the street, curb, sidewalk or to any part of any Common Areas or utility system caused by an Owner or an Owner's contractor shall be repaired by such Owner. Owners and their agents and employees shall adhere to the construction standards promulgated from time to time by the Association.

In the event the Owner or his agent or employee (excluding the Declarant or any affiliate of the Declarant) shall fail to maintain the Lot or Dwelling Unit, and adjoining areas, as specified herein, or allow damage to occur and such failure continues or damage remains unrepaired for seven (7) days following delivery of written notice thereof from Declarant or the Association, Declarant or the Association shall have the right, exercisable in its sole discretion, to summarily abate any unsightliness, make needed repairs, and to remove any rubbish, refuse, unsightly debris and/or growths from the Lot or Dwelling Unit, and adjoining area. In the event the Declarant or the Association, after such notice, causes the subject work to be done, the costs of such shall be reimbursed by the Owner to the Association and will become a continuing lien on the Lot, as appropriate, until paid.

Notwithstanding anything to the contrary or apparently to the contrary herein, the Declarant shall be exempt from the provisions set forth in this Section.

Section 8.12 No Offensive Activity or Fires. No noxious of offensive activity or excessive noise shall be carried on upon any portion of the Property, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, tenant or guest thereof, in any portion of the Property. Fires on any portion of the Common Areas are prohibited except as permitted by the appropriate governmental authority. No trash, leaves or

other debris shall be permitted to be disposed of by fire on any Lot. Only fires contained in grills, fire pits or similar devices shall be allowed on any Lot.

Section 8.13 Certain Plants, Animals and Pets. Except as otherwise permitted herein, or in any amended Declaration, no plants, animals, reptiles, device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, toxic, venomous, unsightly, unpleasant, or of a nature as may tend to diminish or destroy the enjoyment of other Owners, or tenants and guests thereof, may be maintained on a Lot. No animals, reptiles, livestock or poultry (except as to chickens as expressly provided herein) of any kind shall be raised, bred or kept on any Lot, except that a reasonable number, but no more than three, dogs, cats or other traditional household pets may be kept in each Dwelling Unit, unless otherwise approved by the Board, and provided that they are not kept, bred or maintained for any commercial purpose. At no time shall any household pets be allowed to run free, and at all times when off the Owner's Lot or Dwelling Unit, such pets shall be on a leash. With regard to all animals and pets, every Owner shall comply with any Franklin County or local leash laws, and no Owner shall keep or maintain any animals or pets in a manner what violates any county or local nuisance laws, regulations or ordinances. No more than ten (10) chickens, none of which shall be roosters, shall be permitted to be raised, maintained or kept on any Lot. Such permitted chickens shall be for the personal use of the Owner, and no chickens shall be raised, kept, bred or maintained for any commercial purpose. All chicken coops, pens or housings shall be regularly cleaned and maintained in such a manner so as not to create noxious or unpleasant odors or an unsightly condition, and shall be erected and placed behind the Dwelling Unit in a screened area to shield the same from general visibility and the roads.

Section 8.14 Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows, including but not limited to crossbows and airbows, within the Property is prohibited.

Section 8.15 Motorized Vehicles. The term "vehicles" as used herein shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, trucks, campers, buses, vans, limousines and automobiles. Vehicles shall not be parked on any street within the Community or on any portion of the Lot other than in the garage; provided, however, if, and only if the Owner has more vehicles than the number of garage spaces, those excess vehicles which are Owner's primary means of transportation on a regular basis may be parked on the driveway of the Lot. No inoperable or unregistered vehicles shall be kept within the Property. If work or repairs are being performed on a vehicle, such work or repair shall be done promptly, or the vehicle shall be removed from the Property.

Section 8.16 Prohibited Parking. No boat, boat trailer, other trailer, camper, recreational vehicle, utility vehicle or truck (to the extent that a truck is rated as a one ton truck or larger) shall be allowed to remain on any Lot or any portion of the Common Areas overnight unless it is enclosed within a garage that has been constructed in accordance with the provisions of this Declaration or otherwise screened from the view of the street and the adjoining Lots in a manner consistent with any rule or regulation adopted by the Board for such purpose.

Section 8.17 Signage. No commercial signs, except "For Sale" or "For Rent" signs, shall be displayed in public view on any Lot, facility, appurtenance, short or long term parked vehicle,

Accessory Building or structure unless approved by the Association. Notwithstanding the foregoing, the Declarant, subject to the regulations or ordinances promulgated by the County of Franklin, shall have the right to locate sign or signs indicating the location of sales and rental centers, identify model homes or living units and such other informational signs of any type as may be necessary or desirable, in Declarant's sole opinion, to facilitate Declarant's plans for development and sales at the Community.

Section 8.18 Mail and Delivery Boxes. All mail shall be delivered to a general mailbox kiosk, cluster box units or such other delivery system as may be required by the United States Postal Service. The mail kiosk or the receptacle shall be a part of the Common Area and shall be maintained as a Common Expense. No individual mailboxes shall be allowed on any Lot unless and until such time as such a delivery system may be mandated by the United States Postal System.

Section 8.19 Above-Ground Pools. Above-ground pools and hot-tubs (not of a portable nature) shall not be permitted without the prior written consent of the Committee and then only if enclosed by an approved fence and/or screen so it is not visible from the street or adjoining Lots and must be integrated into the design of a deck or patio system. Pool motors and filtration systems should be enclosed and/or screened to minimize noise disturbance.

Section 8.20 Fences. Fences are subject to the complete jurisdiction of the Committee as to location, style, materials and height. As used herein, fences shall include walls, barricades, shrubbery or other impediments to reasonable mobility and visibility. Absent an extraordinary showing of need by the Owner of a Lot, no fence may be constructed any closer to the front of the Lot than the front corner of the Dwelling Unit thereon. Any invisible pet or other invisible fencing shall be limited to back yard areas only and shall not be permitted any closer to the front of the Lot than the front corner of the Dwelling Unit thereon. The Committee shall only approve the construction of a fence upon a determination that the fence is aesthetically pleasing, does not detract from the reasonable value of any Lot and does not unreasonably impede the view of any water course or other attractive feature from any other Lot or Dwelling Unit. Notwithstanding anything herein to the contrary, temporary fences used in connection with model homes, sales and rental centers, and soil erosion silt fences may be permitted by the Association or the Declarant.

Section 8.21 Driveways. All driveways, parking pads, guest parking and turnabouts will be constructed from concrete.

Section 8.22 Minimum Square Footage of Dwelling Unit. Except with the prior written permission of the Committee, no Dwelling Unit which has an area of less than 1,500 square feet of finished and heated living area, exclusive of basements, porches, breezeways, steps and garages, shall be erected or placed or permitted to remain on any Lot. The Committee shall have the authority to grant a variance of the above stated minimum square footage requirement in an amount of not more than ten percent (10%) of the above stated minimum square footage in the event that a Dwelling Unit is constructed having an area of less than 1,500 square feet of finished and heated living area, exclusive of basements, porches, breezeways, steps and garages

Section 8.23 Garage(s). All garages constructed on a Lot shall be attached to the Dwelling Unit and shall be a two (2) car garage.

Section 8.24 Crawl Space(s). No Dwelling Unit shall be constructed on a slab except for such portions of a Dwelling Unit that shall have a finished basement. Except for portions of a Dwelling Unit that shall have a finished basement, the Dwelling Unit shall have a crawl space.

Section 8.25 Timely Completion. Except for the construction by Declarant, or any affiliate of Declarant, which constructs a Dwelling Unit on any Lot, when construction of any Dwelling Unit, structure, improvement, or addition thereto has once begun, work thereon shall be prosecuted diligently and continuously until the full completion thereof. It is a requirement that Dwelling Units under construction in the Property be "dried-in" with exterior finishes installed (roofing, windows and finish siding and trim in place) within one hundred twenty (120) days of starting construction and that all phases of work, including execution of the Landscape Plan, be complete within one year of Declarant approval. In the event that completion should be delayed beyond one year from Declarant approval, then in that event, the Declarant, may, so long as the Owner is notified within thirty (30) days of the one-year period expiring, but way of unanimous vote of its Members, rescind the existing approval and require that the Owner reapply and seek new approval. As with other Sections hereof, the Association may adopt a schedule of fines and enforce the same in connection with any Owner's failure to act in accordance with this Section.

ARTICLE NINE:
MEMBERSHIP; VOTING RIGHTS IN THE ASSOCIATION; RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION

Section 9.1 Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot is subject by this and any other declarations made in connection herewith to all rights, responsibilities and assessments of the Association and shall be a Member of the Association, provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

Section 9.2 Voting Rights. The Association shall have two (2) classes of voting memberships:

a) Class A. The Class A Members shall be all Owners of Lots within the Property, other than the Declarant as long as Class B membership exists. Any Class A Member in the Property shall be entitled to one (1) vote for each Lot which it owns. In the case of multiple ownership of any Lot, however, those multiple Owners shall be treated collectively as one Owner.

b) Class B. The Class B Member shall be the Declarant, who shall be entitled to three (3) votes for each Lot owned by it within the Property. The Class B membership shall cease and be converted to Class A membership on the happening of the first to occur of the following events (hereinafter referred to as the "Declarant Control Period"):

(i) Declarant has sold and closed the sale of eighty-five percent

(85%) of all Lots; or

(ii) Declarant, in its sole discretion, decides to terminate Class B membership by written notification to the Association of its intention to do so.

If the Class B membership has been terminated or has expired and subsequently additional properties owned by the Declarant become subject to this Declaration pursuant to Section 1.2, the Class B membership shall immediately be reinstated as of the date such additional properties become subject to this Declaration and shall not terminate except in accordance with subsection (i) and (ii) above relative to such additional properties. Following the termination of Class B membership, the Declarant shall become a Class A member.

Section 9.3 Voting Proxies.

a) If only one of the multiple Owners of a Lot is present at a meeting of the Association, the Owner who is present is entitled to cast all the votes allocated to that Lot. If more than one of the multiple Owners are present, the votes allocated to that Lot may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any of the multiple Owners casts the votes allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot.

b) Votes allocated to a Lot may be cast pursuant to a proxy duly executed by an Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of votes by the other Owners of the Lot through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated. A proxy terminates five (5) days after its date, unless it specifies a shorter term.

c) No votes allocated to a Lot owned by the Association may be cast.

Section 9.4 Rights and Responsibilities of the Association. Subject to the provisions set forth in this Declaration, the Association has exclusive management and control of the Common Areas and all improvements thereon and all furnishings, equipment and other personal property relating thereto.

The Association's duties with respect to such Common Areas include, but are not limited to, the following:

a) maintenance of the Common Areas;

b) management, operation, maintenance, repair, servicing, replacement and renewal of all landscaping, improvements, signage, equipment and personal property consisting part of the Common Areas or located upon the Common Areas so as to keep all of the foregoing in good, clean, attractive, sanitary, safe and serviceable condition, order and repair;

c) all landscaping of the Common Areas;

d) maintenance of adequate public liability insurance, in an amount not less than $1,000,000 per occurrence, insuring the Association and it officers and directors, and adequate property casualty or hazard insurance with a minimum replacement value of 80%, for the benefit of the Association with respect to the Common Areas;

e) payment of all taxes and assessments validly levied, assessed or imposed with respect to the Common Areas;

f) maintenance of other facilities located on the Common Areas; and

g) payment of assessments for public and private capital improvements made to or for the benefit of the Common Areas.

The Declarant is responsible for construction of streets and roads within the Property. The Association shall undertake the management, operation, maintenance, repair, servicing, replacement and renewal of any private streets and roads constituting Common Areas and all improvements thereon. The Association shall be responsible for and maintain all other streets and roads within the Property until such roads are accepted for maintenance by the applicable governmental authority.

The Association may obtain and pay for the services of any person or firm to manage its affairs to the extent the Board deems advisable, as well as such other person or firm as the Board determines is necessary or desirable, whether such person or firm is furnished or employed directly be the Association or by any person or firm with whom it contracts. Any management contracts executed by the Association during the period of Class B membership shall have a 90-day termination clause. Without limitation, the Board may obtain and pay for legal, accounting, engineering or other professional services necessary or desirable in connection with the Common Areas or the enforcement of this Declaration, the Association's Articles of Incorporation, Bylaws, rules or regulations.

The Association may acquire, hold, exchange and dispose of real property and tangible and intangible personal property, subject to such restrictions as from time to time may be contained in Chapter 47F of the North Carolina General Statutes, this Declaration, the Association's Articles of Incorporation or the Bylaws.

The Association, from time to time, may adopt, alter, amend, rescind and enforce reasonable rules and regulations governing use and operation of the Common Areas, which rules and regulations shall be consistent with the rights and duties established by this Declaration. The validity of the Association's rules and regulations, and their enforcement, shall be determined by a standard of reasonableness for the purpose of protecting the value and desirability of the Property.

The Association may, acting through its Board, contract with other residential associations or commercial entities, neighborhoods or clubs to provide services or perform

services on behalf of the Association and its Members. In addition, the Association may contract with other residential associations or commercial entities, neighborhoods or clubs within the Community to provide services in or perform services on behalf of such other associations, neighborhoods or clubs.

The Association may provide for or perform itself the services of landscaping and maintenance of right-of-way dedication areas on or adjacent to the Property so as to ensure an aesthetically pleasing and uniform look along roads, streets, rights-of-way, or Common Areas that are within or adjacent to the Property. Expenses of the Association in performing these tasks, should the Association choose to assume responsibility for these tasks, shall be a Common Expense.

The Declarant reserves the right to seek reimbursement from the Association for any costs associated with or incurred by the Declarant for the maintenance of the Common Areas from and after the sale of the first Dwelling Unit to a third-party purchaser which reimbursement shall not exceed rates customarily charged for the same or similar services in or around Franklin County.

Section 9.5 Limits on Litigation of the Association. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of *seventy-five percent (75%)* of the Members. This Section shall not apply, however, to (a) actions brought by the Association to obtain injunctive relief to enforce the provisions of this Declaration, (b) the imposition and collection of dues and assessments as provided in Article Ten hereof and (c) proceedings involving challenges to ad valorem taxes. This Section shall not be amended unless such amendment is made by the Declarant or is approved by a vote of seventy-five percent (75%) of the Members.

ARTICLE TEN:
COVENANT FOR PAYMENT OF ASSESSMENTS

Section 10.1 Creation of the Lien and Personal Obligation for Assessments. Each Member, other than the Declarant, who is the owner of any Lot by acceptance of a deed therefor, and all other Members, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay as limited below, to the Association:

a) annual assessment or charges as herein or in the Bylaws provided, which once assessed on an annual basis may be collected monthly, quarterly, semi-annually, or annually as the Board may determine;

b) special assessments for capital improvements (such annual and special assessments to be fixed, established, and collected from time to time as herein or in the Bylaws provided); and

c) Special Individual Assessments, as defined and described in Section 10.5.

The annual and special Assessments and any Special Individual Assessments of an Owner and any fines, liquidated damages or summary charges as herein or in the Bylaws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons jointly and severally, who is (are) the Owner(s) of such properties at the time when the Assessment fell due. Payment of the working capital assessment shall not reduce the annual assessment.

Section 10.2 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, access, maintenance of property values, security, safety and welfare of the residents of the Property and other Members, and in particular for:

a) improvement, maintenance, and replacement of any of the Association's Common Areas;

b) payment of Common Expenses;

c) implementation and enforcement of proper maintenance of exteriors of Dwelling Units and related improvements on Lots in the Property, if necessary, subject to reimbursement by the Owner(s) of such property pursuant to Article Seven of this Declaration;

d) establishment of capital replacement reserves; and

e) acquisition of services and facilities, devoted to the foregoing purposes or for the use and enjoyment of the Association's Common Areas, including but not limited to, the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against those Common Areas, the procurement and maintenance of insurance related to those Common Areas and use in accordance with the Bylaws, the employment of attorneys to represent the Association if necessary, and such other requirements as are necessary to perform all of the aforesaid functions and purposes.

Section 10.3 Assessment of Uniform Rates Within Different Categories or Forms of Ownership. Both annual and special assessments shall be fixed at uniform rates for each Dwelling Unit and vacant Lot within the Property. Except as specified in Section 10.12 hereof, there will be no difference between assessments as applicable to vacant Lots, or between assessments as applicable to Dwelling Units.

Section 10.4 Special Assessments for Capital Improvements.

a) In addition to the regular annual Assessments, 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 professional or consulting fees, any construction or reconstruction, unexpected repairs or replacement of any capital improvement (including,

without limiting the generality thereof, any waterway or pond) located upon the Association's Common Areas (in the discretion of the Association), including the necessary fixtures and personal property related thereto, provided that any such Assessment shall have the consent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws and Section 3.2 hereof for such special meetings.

b) In addition to the foregoing special Assessment approved by the Members, as described in the preceding paragraph, the Association may levy a special Assessment, in the event of emergencies in which the Association perceives a threat to persons or to property, without the consent of the Members. The amount of such Assessment, however, may not exceed One Hundred Fifty Dollars ($150.00) per Lot.

Section 10.5 Special Individual Assessments. In addition to the regular annual Assessments and the special Assessments for capital improvements described above, the Association may levy, from time to time, on a particular Lot rather than on all Lots or types of Lots in the Property, special individual Assessments, immediately due and payable, consisting of any fines assessed by the Association under authority contained herein or in the Bylaws for an Owner's violation of the terms and conditions of this Declaration, any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any rules and regulations, the collection of Assessments (both annual and special) or the collection of damages or charges arising under the Bylaws, all of the foregoing of which shall comprise "Special Individual Assessments."

Section 10.6 Quorum for any Action Under Sections 10.4 and 10.13. The quorum required for any action authorized by Sections 10.4 and 10.13 hereof shall be as follows:

At the first meeting called as provided in Sections 10.4 or 10.13, the presence at the meeting of Members, or of proxies, entitled to case a majority of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, another meeting may be called, subject to the notice requirements set forth in Section 3.2 hereof, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum of each class of Member at the preceding meeting, provided that no such subsequent meeting shall be held more than fifty (50) days following the preceding scheduled meeting.

Section 10.7 Date of Commencement of Annual Assessment: Due Dates. The regular Annual Assessments provided for herein shall be paid (as determined by the Board) in monthly, quarterly, semiannual, or annual installments. The payment of the regular annual Assessment by Owners shall commence as to each Lot on the first day of the month following (i) the conveyance of that property to a third-party purchaser by the Declarant, any affiliate of the Declarant, or any licensed general contractor not affiliated with Declarant to such third party purchaser or (ii) the date a licensed general contractor occupies a Dwelling Unit as his residence after having purchased the Lot and constructed a Dwelling Unit thereon. It is the Declarant's express intention that no licensed general contractor who constructs and Dwelling Unit on a Lot shall be liable for the payment of regular annual Assessments unless the licensed general contractor shall occupy such Dwelling Unit as

his residence. The first regular annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the Annual Assessment at least fifteen (15) days in advance of each regular annual Assessment period. Written notice of the regular annual Assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board) at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether any specific Assessment has been paid. Such properly executed certificate of the Association as to the status of the Assessment is binding upon the Association as of the date of its issuance.

The first Assessments levied against any additions to the Property not now subject to Assessment, at a time other than the beginning of any Assessment period, shall be an amount which bears the same relationship to the regular annual Assessment as the remaining number of months in that year bears to twelve.

The due date of any special Assessment under Section 10.4 or any other Assessments permitted by the Declaration shall be fixed by the Board in the resolution of resolutions authorizing such Assessment.

Section 10.8 Duties of the Board of Directors. The Board of Directors of the Association shall fix the date of commencement, and the amount of the Assessment or Assessments against each Member, for each Assessment period, at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Members and Assessments applicable thereto which shall be kept in the office of the Association, or at any other place designated by the Board upon notice to the Members, and which shall be open to inspection by any Member. Written notice of the Assessment or Assessments thereupon shall be sent to every Member subject thereto.

Within thirty (30) days after adoption of any proposed budget for the Community, the Board shall provide to all Owners with 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 shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget shall be deemed ratified at the meeting unless at that meeting a majority of the Owners in the Association reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners (or the initial budget if no other budget has been ratified by the Owners) shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

Assessments to pay a judgment against the Association may be made only against the Lots in the Community at the time the judgment was entered, in proportion to their Common Expense liabilities. If Common Expense liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.

Section 10.9 Effect of Non-Payment o f an Owner's Assessment; The Personal Obligation of the Owner; the Lien; Remedies of Association. If the Assessments of an Owner are not paid

within thirty (30) days following the date due (being the date referred to in Section 10.7), then such Assessments shall become delinquent and shall, together with such interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot(s), as appropriate, which shall bind such Lot(s), as appropriate, in the hands of the then-Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then-Owner to pay such Assessment shall remain his personal obligation for the statutory period; and in addition, shall pass to his successors in title (as an encumbrance or lien against the Lot, as appropriate) unless expressly waived by the Board.

If the Assessment(s) is not paid within thirty (30) days after the delinquency date, the Assessment(s) shall bear interest from the date of delinquency at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by law, whichever is less), and the Board, acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or file a claim of lien and foreclose such lien against any such Lot(s), as appropriate, in like manner as a deed of trust or mortgage on real estate under a power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes, and there shall be added to the amount of such Assessment, the costs of such action and reasonable attorneys' fees or other cost incurred by the officers of the Association, pursuant to authority of the Board. In acceptance of a deed to a Lot, the Owner consents to, and grants to the Association, the power of sale provided herein. A claim of lien shall specify the name and address of the Association, the name of the record owner of the Lot at the time the claim of lien is filed, a description of the Lot and the amount of the lien claimed. In the event a judgment is obtained against any Owner for such Assessments, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. In addition, the Board may set a schedule of late fees also due and payable if an Assessment is not paid within thirty (30) days after the delinquency date, which late fees shall be in addition to the other charges described herein.

Section 10.10 Subordination of the Lien on an Owner's Property to Mortgages or Deeds of Trust. The lien on an Owner's property for the Assessments provided for herein shall be absolutely subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot(s), subject to Assessment. The subordination shall not relieve any Lot(s) from liability for any Assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage, irrespective of when such first mortgage or deed of trust was executed and recorded. The sale or transfer of a Lot shall not affect any lien for Assessments. However, the sale or transfer of a Lot that is subject to a first mortgage or first deed of trust, pursuant to a foreclosure thereof or proceeding in lieu of foreclosure thereof, shall extinguish the lien of such Assessments as to the payment thereof which become due prior to such sale of transfer. The extinguished Assessments shall be collectible as a Common Expense from all Owners in the Community. No such sale or transfer shall relieve a Lot from liability for any Assessments thereafter becoming due, or from the lien thereof, but the liens provided for herein shall continue or be subordinate to the lien of any such first mortgage or first deed of trust.

Section 10.11 Exempt Property. The following property subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

a) all Common Areas as defined in Article Two of this Declaration; and

b) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption. (Homestead exemptions shall not be considered an exemption.)

Notwithstanding any provisions of this Section, no Lot shall be exempt from said Assessments, charges or liens except as described in Section 10.12 hereof.

Section 10.12 Declarant's Obligations for Assessments. Notwithstanding any term or provision of this Declaration which may be construed to the contrary, no Lot owned by the Declarant, or an affiliate of the Declarant, or licensed general contractors not affiliated with the Declarant and that do not occupy Dwelling Units as their residence who purchase Lots in the Community shall be subject to any assessment capital contribution, fee, or charge of any nature or kind provided for in this Article during any period of time in which Declarant, or a n affiliate of the Declarant or a licensed general contractor not affiliated with the Declarant that does not occupy the Dwelling Unit as his residence owns such Lot.

At such time as any Lot which is owned by the Declarant, or any affiliate of the Declarant, or any licensed general contractor not affiliated with the Declarant shall be conveyed or transferred to a third party by the Declarant, or such affiliate of the Declarant, or such licensed general contractor not affiliated with the Declarant all liens and assessments provided for in this Article for the calendar year in which the conveyance occurs shall become immediately levied against such Lot, and the Owner of such Lot shall upon the closing thereof immediately become liable for the payment of all such assessments. The amount of the annual Assessment that shall become payable with respect to any Lot shall be prorated according to the respective portions of the calendar year that such Lot was owned by the Declarant, or any affiliate of the Declarant, or the licensed general contractor not affiliated with the Declarant and by such successor owner. It is the Declarant's express intention that no North Carolina licensed General Contractor shall be liable for assessments until and unless such contractor shall physically occupy such Lot as his residence, at which time the uniform rate shall be applied to such Lot.

Section 10.13 Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot from the Declarant, or any affiliate of the Declarant, the maximum annual Assessment shall be Three Hundred Fifty Dollars ($350.00) per Lot. From and after January 1 of the year immediately following the conveyance of the first Lot from the Declarant, the annual Assessment each year shall be increased by no more than 10% of the previous years' Assessment, unless two-thirds or more of each class of the Members present or voting by proxy at a duly called meeting vote to increase the annual Assessments for a given year by more than 10% more than the annual Assessments for the prior year. The Board may fix the annual Assessments at any amount not greater than the maximum described herein (as such maximum may be increased as provided herein) or determined by the duly called meeting as described above. The limitation on the increase in the annual Assessments herein shall not apply to any change in the maximum amount of the Assessments undertaken as an incident to (1) merger or consolidation in which the Association is authorized to participate, or (2) as an incident to any additions to the Property or submission of additional property pursuant to Section 1.2(b) of this Declaration.

Section 10.14 Application of Surplus Funds. Any surplus funds of the Association remaining after payment of or provision for Common Expense (including expenses for special Assessments described in Section 10.4 hereof), the funding of a reasonable operating expense surplus, and any prepayment of reserves, shall be paid to the existing Owners in proportion to their Common Expense liabilities or credited to them to reduce their future Common Expense Assessments, the election of which application of the funds shall be made by the Board.

ARTICLE ELEVEN:
AMENDMENT TO DECLARATION

Section 11.1 Owner/Member Initiated. An amendment to this Declaration may be proposed upon a majority vote of the Owners, including the Declarant while the Declarant is an Owner, with only one Owner per Lot voting, whether meeting as Owners or by instrument in writing signed by them. Any proposed amendment to this Declaration shall be transmitted in writing to all current Owners, and there shall be called a special meeting of the Owners for a date not sooner than ten (10) days nor later than sixty (60) days from the date of the notice. It shall be required that each Owner be given written notice of each special meeting, stating the time and place, and reciting the proposed amendment in reasonable detailed form, which notice, if mailed, shall be mailed not less than ten (10) days nor sixty (60) days before the date set for such special meeting. Such notices shall be made in compliance with the provisions of Section 3.2 hereof, and after made in compliance therewith, shall be deemed to be properly given. Any Owner may, by written waiver of notice signed by such Owner, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Owner. At the meeting, the amendment proposed must be approved by an affirmative vote of sixty-seven percent (67%) or more of the votes of the Members entitled to vote in order for such amendment to become effective (with the votes being calculated as provided in Section 9.2). At any meeting held to consider such amendment, the written vote of any Owner shall be recognized and counted even if such Owner is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting. If as approved, such amendment of this Declaration shall be properly transcribed and certified by two (2) officers of the Association stating that the amendment was duly adopted and approved by the requisite percentage of Owners. The original or an executed copy of such amendment, properly executed with the same formalities as a deed, shall be recorded in the Office of the Register of Deeds of Franklin County, and no such amendment to this Declaration shall be effective until so recorded. If any inconsistency exists, the Declaration shall control. Notwithstanding anything herein to the contrary, no meeting of the Association shall be necessary to approve a proposed amendment in the event all Owners (including the Declarant if Declarant owns any property within the Property) execute the proposed amendment to signify their consent thereto.

Notwithstanding the foregoing and without the prior written consent of the Declarant, when Declarant is a Class B Member there shall not be allowed any Owner/Member-initiated amendments to this Declaration, and in addition, no Owner/Member-initiated amendments may be made for any reason to Sections 8.4, 8.22 or Section 10.12. The above limitations shall in no way limit or diminish Declarant's rights to make amendments to any part of the Declaration under the powers reserved in Section 11.2 below.

Section 11.2 Declarant's Right to Unilaterally Amend. Declarant, or its successors or assigns, shall be allowed to unilaterally make any amendments to this Declaration necessary, in the Declarant's opinion for compliance with laws or regulations relating to FHA, HUD, VA, the Federal National Mortgage Association, of the Office of Interstate Land Sales; necessary to establish the nonprofit qualifications of the Association; to correct any discovered typographical error contained herein; to clarify any ambiguity contained herein; to comply with governmental directives; or to add or delete any provisions deemed in the sole discretion of Declarant to be in the best interest of the Property and the Owners therein. Any amendment or corrective instrument recorded shall specifically reference this document and the provision(s) impacted.

The Declarant shall be permitted to amend this Declaration by filing an amendment in the Office of the Franklin County Register of Deeds executed only by the Declarant if at the time of recording of the amendment the Declarant owns a Lot in the Property. Such an amendment need not be certified by the Association.

Section 11.3 When Effective; Recording; Title Searching. An amendment to this Declaration that complies with the provisions of Section 11.1 or Section 11.2 shall be effective when recorded in the Office of the Franklin County Register of Deeds. The amendment shall be indexed under the name of the Declarant or its successor, the Association or its successor, or the Owners of the Property in the Property. The failure of the amendment to be indexed under all of the foregoing shall not invalidate such amendment so long as the amendment has been indexed under at least one of the foregoing. Anyone searching title on Lots in the Property should search under the names of the foregoing to discover amendments to this Declaration that may have occurred after the Lot has been conveyed to an Owner from the Declarant.

ARTICLE TWELVE:
CAPTIONS, INTRODUCTIONS, RECITALS AND GENDER

The captions and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof. The recitals to this Declaration are incorporated herein by reference. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

ARTICLE THIRTEEN:
SEVERABILITY AND GOVERNING LAW

If any provision of this Declaration is found to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions hereof, and for the purposes hereof all covenants as contained herein shall be deemed to be severable each from each other without qualification. This Declaration and the separate provisions thereof shall be construed and enforced in accordance with the laws of the State of North Carolina without regard to principles of conflict of laws.

ARTICLE FOURTEEN:
RESERVATION OF RIGHT TO FORM MASTER ASSOCIATION

To the extent any of the powers described in N.C. Gen. Stat. § 47F-3-102 are to be exercised by or may be delegated to a profit or nonprofit corporation, which exercises those or other powers on behalf of one or more other planned communities, or for the benefit of the lot owners of one or more other planned communities, the Declarant hereby reserves the right to form such a profit or non-profit corporation to exercise or be delegated those powers.

SIGNATURE PAGE FOLLOWS

Signature Page to Declarations of Covenants, Conditions and Restrictions for Woodland Park II Subdivision

CHURCHILL ASSOCIATES, a North Carolina general partnership

By: Robert Wayne Bailey
Robert Wayne Bailey, Managing Partner

STATE OF NORTH CAROLINA
COUNTY OF WAKE

I, the undersigned, a Notary Public of the County and State aforesaid, certify that Robert Wayne Bailey, Managing Partner of Churchill Associates, a North Carolina general partnership, personally appeared before me this day and acknowledged to me that he voluntarily signed the foregoing document for the purpose(s) stated therein in the capacity(ies) indicated.

Witness my hand and official stamp or seal, this 2nd day of March, 2021.

[Affix Seal/Stamp]

NOTARY PUBLIC
Notary Public Name Printed: Michael S. Yopp
My Commission Expires: 10/08/2023

EXHIBIT A

Existing Property

BEING all of the property shown and more fully described on that certain plat entitled "Final Plat Woodland Park II Subdivision, Phase One" prepared by Puckett Surveyors, PLLC, Professional Land Surveyors, recorded in Map Book 2021, Pages 88-89, in the Office of the Franklin County Register of Deeds, including but not limited the Lots, Common Area(s), street rights-of-way, easements, open space and signage, all if any, depicted thereon.