

STATE OF NORTH CAROLINA
COUNTY OF MACON

DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
FOR BAIRD COVE CROSSING

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTION FOR BAIRD COVE CROSSING SUBDIVISION is made and entered into this the 18th day of February 1994, by Sutton and Son, Inc. hereinafter referred to as the "Declarant."

The said Declarant is the owner of parcel of real estate which is described by metes and bounds in that certain deed of conveyance dated February 11, 1994, from Jeanette L. Humphress to Sutton and Son, Inc. recorded in Deed Book H-20 at pages 979-981 in the office of the Register of Deeds for Macon County, North Carolina.

The said Declarant has caused the above-described parcel of real estate to be subdivided into twenty-two (22) subdivision lots together with subdivision roads all of which are shown on a plat of same being called, designated, and entitled, Baird Cove Crossing and recorded in the office of the Register of Deeds for Macon County, North Carolina, on Plat Card 1658, and which may be shown on future recorded plats.

The said Declarant desires that said real property as referred to above shall be developed as a subdivision development and further desires to provide for the preservation and enhancement of the property values within said Baird Cove Crossing Subdivision: and to this end the Declarant desires to subject the real property known as Baird Cove Crossing to the terms and condition of this Declaration, all of which are declared to be for the benefit of the said real property.

The Declarant further deems it desirable for the efficient preservation of all improvements, amenities, and values in the said subdivision to create an entity which will administer, collect, and disburse the assessments and charges against the individual subdivision lot owners, of the subdivision lots within the said subdivision development known as Baird Cove Crossing. The Declarant has therefore incorporated or is in the process of creating Baird Cove Crossing Association, Inc. under the laws of the State of North Carolina, as a non-profit corporation, to serve as Homeowners Association for said Baird Cove Crossing.

By the acceptance of a deed or other instrument of conveyance of real property in Baird Cove Crossing, a grantee (s) shall take subject to the provisions of this instrument and shall be deemed to have assented to the same, otherwise consents in writing to the terms of the Declaration.

BOOK Y-20
PAGE(S) 147-165

47

Now, Therefore, the Declarant declares that the real property known as Baird Cove Crossing as shown on plat thereof recorded in the Office of Register of Deeds for Macon County, North Carolina, on Plat Card 1658, and as shown on future recorded plats thereof, shall hereafter be Subject to this Declaration and the terms and provisions of this Declaration shall run with the land and shall be burden and benefit to the Declarant, its heirs, successors and assigns.

ARTICLE I DEFINITIONS

The following words, when used in the Declaration or any amendment or supplement to this Declaration, unless the context requires otherwise, shall have the following meaning:

1. "Assessment" means an owner's share of the common expenses assessed against the owner and his subdivision lot from time to time by the Association in the manner provided in the Declaration.
2. "Board" or "Board of Directors" means the Board of Directors of Baird Cove Crossing Association, Inc., and "Director" or "Directors" means a member or members of the Board.
3. "Builder" means any general contractor licensed in the State of North Carolina who purchases a lot directly from the Declarant or another Builder for the purpose of the construction of improvements upon the property and the subsequent resale of the property to the consuming public.
4. "By-Laws" mean the By-Laws for the administration of the Baird Cove Crossing Association, Inc. A copy of the initial By-Laws is attached as Exhibit B.
5. "Charter" or "Corporate Charter" means the Articles of Incorporation of Baird Cove Crossing Association, Inc., an incorporated non-profit homeowners' association, as the same now exists or may hereafter from time to time be amended. A copy of the original Charter is attached as Exhibit A.
6. "Common Expenses" mean all or any of (1) expenses incident to the administration, improvement, operation, maintenance, upkeep, repair or replacement of the Common Areas and subdivision roads; (2) expenses incident to the preservation of intangible property owned or leased by the Association; (3) expenses to advance, protect and secure, through any means authorized by the Board the interests of the Association, to include insurance, repair, replacement, renovation and improvement of all common areas and other real personal or intangible property owned or leased by the Association and all legal expenses (whether for legal counsel or for the enforcement of the terms and conditions of the Declaration, the Charter, the By-Laws, or the Rules and Regulations), accounting expenses, staff

expenses, fees for the management and supervision of the Association's affairs, office expenses and overhead, security, utility charges in connection with the property and the establishment and maintenance of a reasonable operating reserve fund to cover unforeseen contingencies and deferred expenses; (4) expenses determined by the association to be common expenses and which are lawfully assessed against the owners; (5) expenses declared to be the common expenses by this instrument; and (6) all sums otherwise lawfully assessed against the owners by the Association.

7. "Declarant" refers to Sutton and Son, Inc. and any successor owner of the property who may be assigned the Declarant's rights by the Declarant.

8. "Subdivision Lot" means the parcel of real property conveyed to an owner, including the improvements located thereon.

9. "Declaration" means this Declaration of Covenants, Conditions and Restrictions for Baird Cove Crossing as the same now exists or may from time to time be hereafter lawfully supplemented or amended.

10. "Member" means the owner of a lot. Each member, by virtue of his ownership of a lot, shall be a mandatory member of the Association.

11. "Mortgage" means any secured party under a security agreement or mortgage and the beneficiary under a holder of a deed of trust.

13. "Owner" means the record, legal fee owner or owners of a lot, excluding any lender, trustee or creditor whose interest in the lot is merely as security for the performance of an obligation or repayment of an indebtedness. Each owner by virtue of his ownership of a lot, shall be a mandatory member of the Association.

14. "Person" means any individual, corporation, partnership, association, trustee, fiduciary or other legal entity and shall mean the plural or combination of the same where applicable.

15. "Plat" means any plat of the property recorded in the office of the Register of Deeds for Macon County, North Carolina, which depicts all or any portion of the property. The Declarant may from time to time file amended or supplemental plats.

16. "Property" means the property described in the deed from Jeanette L. Humphress to Sutton and Son, Inc. dated February 11, 1994, and recorded in Deed Book H-20 on pages 979-981 of the Registry for Macon County, North Carolina.

17. "Rules and Regulations" mean the Rules and Regulations for the use and enjoyment of the property adopted by the Board, as the same now exist or may hereafter be modified from time to time.

ARTICLE II

SUBDIVISION LOTS AND COMMON AREAS

1. As the property is developed by the Declarant, the Declarant will convey lots to builders or owners by reference to recorded plats or any revised or amended plats. The owner will have fee simple ownership of his lot, subject only to the terms and conditions of this Declaration, the Charter, the By-Laws, and the Rules and Regulations as the same may be modified from time to time.

2. Subject to the provisions of this Declaration, the Charter, By-Laws, and the Rules and Regulations, as the same may be modified from time to time, every owner shall have a right and easement in common of enjoyment in and to the common areas which shall be appurtenant to and shall pass with the title to each and every lot, and each owner shall have a right of enjoyment in and to the common areas as shown on the recorded plats or any amended plat of Baird Cove Crossing.

ARTICLE III

RESTRICTIVE COVENANTS

The following restrictive covenants shall be applicable to subdivision lots within Baird Cove Crossing and as shown on the recorded plats and any amended or revised plat of same.

1. All lots shall be used exclusively for single family residential purposes, to be occupied only by a single family, its guests, and its nurses, aids, servants or caretakers. No business activities shall be conducted on any lot, although this prohibition against business activities shall not apply to any builder in the development and marketing of the property. Private office may be maintained in a residence so long as the private office is incidental to the primary residential use of the property and is approved by the Board of Directors, and the use thereof shall be regulated by said Board of Directors.

2. Notwithstanding any contrary provision in this Declaration, the Declarant and any builder approved by the Declarant may maintain during the development and sale of the property such facilities as the Declarant, in the Declarant's sole discretion, deems reasonably required, convenient or incidental to the development and sale of the property, including a business office, storage area, construction yard, signs, model units, and sales offices.

3. To provide for the harmonious appearance of the development, no building, fence, wall, residence, outbuilding or other structure shall be constructed, erected, or improved, altered, made or done without the prior written approval of the Declarant. No improvements, alterations, change or exterior paint colors, excavation, changes in grade, or other work which in any way alter the exterior of any existing residence or other improvement located on the property shall be made or done without the prior written approval of the Declarant. The declarant is expressly authorized and empowered to refuse to approve any application on any grounds that the Declarant may determine, including aesthetic grounds. The rights and prerogatives of the Declarant set forth in this paragraph shall be automatically assigned to the Board of Directors of the project. All structures and improvements constructed upon the property shall conform to plans for the subdivision known as Baird Cove Crossing, previously approved by the Town of Franklin, North Carolina under its zoning ordinance.

4. No peddling or soliciting will be permitted upon the property.

5. No motor vehicles (other than licensed, road-worthy private passenger vehicles), boat, boat trailer, mobile home, trailer, camper, recreational vehicle or any other similar items shall be parked in or on the property unless approved by the Declarant or by the Board of Directors. All vehicles owned by residents shall be parked or stored in designated parking areas or driveways and may not be stored or maintained on any of the roads or lawns of the development. Vehicle maintenance (other than cleaning and washing) shall not be performed except inside a garage. The Declarant and builders shall be exempt from this provision.

6. No signs or other advertising devices shall be displayed which are visible from the exterior of any home or other structure, including "For Sale" signs, except in accordance with uniform rules established by the Board of Directors. In the absence of the adoption of such rules, all such signage displayed in violation of this restrictive covenant shall be subject to removal without notice. Notwithstanding any contrary provision in the Declaration, the Declarant and any builder approved by the Declarant shall have the right to erect, install, replace, repair maintain, improve, relocate, use, and enjoy signs, model residences, and sales offices in Baird Cove Crossing.

7. No lot or common area shall be used for temporary or permanent storage of supplies, personal property, trash or refuse or any kind, except in trash receptacles placed in designated areas or in storage buildings approved by the Board of Directors. No lot may be used for the outside drying or airing of clothing, rugs, or other fabrics. Entrances, sidewalks, yards, driveways, and parking areas shall

not be obstructed in any way, In general, no activity shall be carried on nor condition maintained if such activity will despoil, or tend to despoil, the appearance of the property. The Declarant and builders shall be exempt from this provision during the period of construction of improvements on the property.

8. No animals shall be kept on the property except normal household pets ordinarily kept in homes. Such pets may not be kept or bred for any commercial purpose and shall have such care and restraint as is necessary to prevent them from being or becoming obnoxious or offensive on account of noise, odor, unsanitary conditions or other nuisance. No savage or dangerous animal shall be kept or permitted on the property. No more than one household pet may be housed within any home without written permission of the Board. No pets may be permitted to run loose upon the property, and any owner who causes or permits any animal to be brought or kept upon the property shall indemnify and hold the Association harmless for and from any loss, damage or liability which it sustains as a result of the presence of such animal on the property, regardless of whether the Association or the Board has given its permission therefor. Whenever a pet is allowed outside the owner's lot, the pet must be on a leash and any animal droppings which occur during such time as the pet is outside the home must be immediately collected and disposed of by the owner.

9. No lot may be divided or subdivided into smaller parcels, nor any portion thereof other than the whole sold or otherwise transferred, without the consent of the Declarant or the Board of Directors. Notwithstanding anything to the contrary contained in this Declaration, no division or subdivision of lots shall be permitted which would permit the construction of more than twenty two (22) residences.

10. No nuisance shall be allowed upon the property and no person shall engage in any use, practice or activity upon the property which is obnoxious, offensive or a source of annoyance to other owners or which unreasonable interferes with the peaceful and proper use of the property by another owner. No owner shall permit or allow any loud noises which interfere with the rights, comforts or convenience of other owners.

11. Each owner shall keep his lot and the improvements thereon in good condition and repair and in a clean and sanitary condition.

12. No rubbish, refuse, trash or garbage shall be allowed to accumulate and no fire hazards shall be allowed to exist. Any owner who dumps or places any rubbish, refuse, trash or garbage upon any portion of the property shall be liable to the Association for the actual cost of the removal thereof and the same shall be added to and become a part of the assessment next becoming due to which the owner is subject.

All rubbish, refuse, trash and garbage shall be placed in containers screened from view or underground, and the tops thereof shall be kept closed.

13. No owner shall do anything or allow any condition to exist which unreasonably increases the insurance rates of other lot owners.

14. No immoral, improper or unlawful use shall be made of the property. All valid laws, zoning ordinances and regulations of governmental bodies having jurisdiction thereof shall be observed.

15. There shall be no exterior antennas (including satellite dishes) for television, radio, citizen's band or ham radio, nor any other exterior fixtures or appliance for electronic devices or for transmission or receipt of communication signals except with the express written permission of the Board of Directors. Receiving antennas may, however, be placed within attic areas. Transmitting antennas are expressly prohibited whether interior or exterior.

16. No owner shall obstruct or permit the obstruction of any of the streets, roads, or sidewalks within the subdivision.

17. Each owner shall immediately report to the Board of Directors any conveyance by an owner of any interest in any lot. The owner shall report to the Board of Directors the name and address of the transferee of the lot. The Board of Directors shall maintain a current list of the owners for the purpose of facilitation notification to owners.

18. The Board of Directors may from time to time promulgate reasonable rules and regulations respecting the restrictive covenants set out in the Article, but such rules and regulations shall be consistent with these restriction and not in derogation of or intended as an amendment thereof. All owners and their successors in interest shall be bound by such rules and regulations.

ARTICLE IV

MAINTENANCE, REPAIRS AND ALTERATIONS

1. The Association shall be responsible for the operation, maintenance, repair, upkeep, replacement and improvement at its expense of all parts of the common reserved areas, including, but not limited to the following:

a. Any water lines, waste pumping station and related equipment and lines until such time as such pumping station and related equipment and lines are conveyed to a public utility or municipal or county waste authority.

b. All streets and roads, walkways and bridges within the development until such time as such roads and streets become public roads and streets maintained by the State of North Carolina or an agency of the State of North Carolina.

c. Entry signage and the areas around any pond located within the development.

d. Snow removal from the roads and streets within the development until such time as the roads and streets become public roads and streets maintained by the State of North Carolina or an agency of the State of North Carolina. After such time, the Association may, but shall not be required, to effect such snow removal.

The cost and expense of the foregoing Association responsibilities are declared a common expense.

2. Except for the responsibilities allocated to the Association set forth above, each owner shall keep his lot neat, clean and in good order and repair and free of debris. Each owner shall be responsible for the regular mowing of this lot and the pruning and upkeep of shrubbery, flower beds and for trimming. If an owner fails to maintain the premises and the improvements situated thereon, the Association, by and through its Board of Directors, shall have the right, at its discretion, to enter upon the lot to clean, prune, mow, trim, repair, maintain and restore the related to such activities shall be liability of the owner and shall be added to and become a part of the assessment next coming due to which the owner is subject.

ARTICLE V

EASEMENTS

1. There is hereby created a blanket easement upon, across, through, over and under the property for ingress, egress, installation, replacement, repair, extension and maintenance of all utility and service lines and systems including, but not limited to, water, sewer, septic, septic systems, gas, telephone, electricity, television, and cable or communication lines and systems.

By virtue of this easement it shall be expressly permissible for the Declarant, the Association or the providing utility or service company to install and maintain facilities and equipment on the property for the sole purpose of providing such utility service to the homes and other improvements located upon the property. The Declarant (while owner of the property) or the Association authority to execute such documents with the utility or service providers as may be appropriate, including grants or easements and right-of-way. This paragraph shall not affect any prior easements which appear of record.

2. The Association, by and through its Board of Directors, shall have a blanket easement and right on, over, and under each lot and the common areas to maintain and to correct drainage of surface water in order to maintain reasonable standards of health, safety and appearance. This right expressly includes the right to cut any trees, bushes or shrubbery, make any grading of the soil, and to take any other similar action reasonably necessary, following which the Association shall restore the affected property to its original condition as near as practicable. The Association shall give reasonable notice of the intent to take such action to all affected owners, unless in the opinion of the Association an emergency exists which precludes such notice. The costs of any such maintenance or corrective work shall constitute a common expense.

3. Each owner shall have a non-exclusive right-of-way for access purposes over and upon all roads located within the property. The cost of the maintenance, repair, upkeep, improvement and replacement of roads shall be deemed a common expense and shall be the responsibility of the Association. The Board of Directors may at any time and from time to time convert the roads from private to public roads maintained by the State of North Carolina or an agency of the State of North Carolina. Each owner shall be responsible for the maintenance, repair, and upkeep of the driveway upon his lot.

ARTICLE VI

ROADS, WATER LINES, AND SEWAGE LIFT STATION

1. The Declarant shall construct all streets and roads within the property. Upon completion of road construction, the Declarant shall convey all streets and roads within the property to the Association. After such conveyance, the cost and expense of the further improvement, upkeep, maintenance, repair and replacement of any streets and roads conveyed by the Declarant to the Association shall be the responsibility of the Association and are hereby declared to be a common expense of the Association.

2. The Declarant may construct or cause to be constructed subdivision water service lines; plus a sewage lift station facility upon a portion of Lot #1 of the property to be known as Baird Cove Crossing Lift Station. After these improvements are in fact completed, then the Declarant after one year may convey the water lines and Sewage Lift Station to the Association. After such conveyance, the cost and expense of the further improvement, operation, maintenance, repair and replacement of the water lines or the Sewage Lift Station and the improvements located thereon conveyed by the Declarant to the Association and are declared to be a common expense of the Association. The conveyance of the water lines and Sewage Lift Station to the Association may be not subject to any existing liens.

ARTICLE VIII

ASSESSMENTS

1. Each owner, by acceptance of a deed for any lot, whether or not it is so expressed in any deed, is deemed to covenant and agree to pay to the Association; (1) annual assessments; and (2) special assessments. Assessments shall be established by the Board of Directors of the Association and collected as provided below.

2. The Declarant shall fix the initial annual assessment which shall remain in effect until voted upon otherwise by the Board of Directors. The initial assessment shall be \$10.00 per month for each lot payable in quarterly installments of \$30.00 each. Thereafter, the annual assessment shall be as follows:

a. The annual assessment may be increased by the Board each year, without a vote of the membership, to an amount not more than twenty-five (25%) percent in excess of the annual assessment for the previous year, or a percentage increase in the Consumer Price Index during the previous year, whichever is greater.

b. The annual assessment may be increased above the increase allowed in paragraph a. of this section by a vote of a majority of the members who are voting in person or by proxy at any regular or called meeting of the Association. Quorum requirements for such meeting will be those required at a special meeting of the membership, as set out in the By-Laws.

c. The Board of Directors may fix the annual assessment at any amount not in excess of the maximum amount stated above.

3. Not later than December 10, 1997 and the same date of each year thereafter, the Board shall determine and shall give written notice to the owners of the annual assessment assessed against each lot for the immediately succeeding calendar year. In determining the annual assessment for each calendar year, the Board shall estimate the common expenses. In determining the cash requirements, the Board shall include a reasonable reserve for contingencies, replacements and maintenance items not performed annually and shall deduct any expected income and any surplus from the prior years's funds.

4. The annual assessments shall be paid to the Association in such periodic installments as the Board of Directors may determine. In the event of an owner's default for thirty (30) days, the Association shall have the right to accelerate the entire unpaid balance of the annual assessment and to declare the same immediately due and payable.

5. In addition to the annual assessments, the Association may levy special assessments in any calendar year for the purpose of supplementing the annual assessments if the same are inadequate to pay the common expenses and of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of the Association's property, including common areas, water lines, roads, ditches, and the Sewage Lift Station, the fixtures and personal property related thereto; provided, however, that any such special assessments shall have the assent of a majority of the votes represented, in person or by proxy, at a regular or special membership meeting at which a quorum is present. The period of the assessments and manner of payment shall be determined by the Board.

6. The annual and special assessments fixed and collected pursuant to this Article shall be used to pay the common expenses, including, but not limited to: all expenses, costs and charges incurred by the Association in connection with the administration, management and operation of Baird Cove Crossing the costs of maintenance, upkeep, repair, replacement and restoration of the Association's common areas, roads, ditches, water lines, and the Sewage Lift Station; reasonable reserves for items not expensed on at least an annual basis; the cost of all insurance obtained by the Board; and any and all expenses, costs or charges declared as common expenses by the Association or declared common expenses by the provisions of the Declaration. All replacement funds, accumulated income, insurance and other escrows in excess of that needed for the purposes herein stated, determined yearly, either shall be applied to reduce the succeeding year's assessments or shall be returned to the owners, as determined by the Board; except, however, the Board shall have the right to create and to maintain an escrow or trust fund for such reserves as it deems fit.

7. Each assessment provided for in this Article, together with interest from the date of delinquency at the rate of sixteen (16%) percent per annum and collection costs including reasonable attorney's fees, shall be a charge on and continuing lien upon the lot against which the assessment is made when a notice of such lien has been filed on record in the office of the Clerk of Superior Court for Macon County, North Carolina, in the manner provided for in the North Carolina General Statutes, provided such notice of lien shall not be filed until such sums assessed remain unpaid for a period of thirty (30) days after the same shall become due. Such notice of lien shall also secure all assessments against the lot which become due thereafter until the lien has been satisfied. In addition, each lot owner shall be liable personally for any assessment against his lot coming due or payable while he is the owner of such lot. A grantee of a lot shall be liable, jointly and severally, with the grantor for all unpaid assessments against such lot due and owing at the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefore. Any owner or grantee shall be entitled to a statement from the Board setting forth an account of the unpaid assessments against the owner, and such grantee shall not be liable for, nor shall the lot conveyed be subject to a lien for, any unpaid assessments in excess of the amount therein set forth.

8. If any assessment installment is not paid within thirty (30) days after the due date, the Board may, at its option, declare the entire unpaid annual assessment immediately due and payable, and such unpaid assessment shall bear interest from the date of acceleration, which shall be effective upon the sending of notice to the owner concerned regardless of the receipt thereof. The Association by its manager or its duly authorized officers may bring an action at law against the owner personally obligated to pay the assessment, and interest, reasonable attorney's fees and cost of such action or foreclosure shall be added to the amount of such assessment.

9. The lien of the assessments provided for in this section shall be prior and superior to all other liens except (a) ad valorem taxes, (b) all sums unpaid on all mortgages recorded prior to the docketing of the assessment lien, and (c) materialmen's and mechanic's liens. The sale or transfer of any lot shall not affect the assessment against such lot; provided, however, the sale of a lot pursuant to the foreclosure sale or execution sale instituted by a superior lien holder shall extinguish the inferior assessment lien against the subject lot, but no such sale or transfer shall relieve such lot from liability of any assessments thereafter becoming due or for any future lien in connection therewith.

The Association shall share in the excess, if any, realized by the sale of any lot pursuant to a foreclosure or action instituted by a superior lien holder. Provided, however, that a mortgagee or other purchaser of a lot at a foreclosure sale of such lot who obtains title to such lot by deed in lieu of foreclosure, or by any other proceeding in lieu of foreclosure, shall not be liable for and such lot shall not be subjected to the acquisition of title of such lot by the mortgagee or other purchaser, provided further that such unpaid assessments shall be deemed to be common expenses collectible from all of the lot owners including the mortgagee or other purchaser.

10. No owner may exempt himself from liability for his contributions toward common expenses and his other obligation to the Association by waiver of the use or enjoyment of any portion of the common areas or by the abandonment or sale of his lot.

11. Both annual and special assessments must be fixed at a uniform rate for all lots subject to the assessment.

12. Notwithstanding anything in this Declaration to the contrary, no assessment shall be made against any lot owned by the Declarant. The assessments shall be valid as against each lot commencing with the first day of the first month following the date of transfer by the Declarant.

ARTICLE VIII

BAIRD COVE CROSSING ASSOCIATION, INC.

1. The common property will be administered by Baird Cove Crossing Association, Inc., a non-profit incorporated homeowners association.

2. Every person who is a record owner of a fee or undivided fee interest in any lot located within the property shall be a mandatory member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. All owners shall be governed and controlled by this Declaration, the Charter, the By-Laws and the Rules and Regulations promulgated by the Board of Directors.

3. A copy of the Association's charter is attached to this Declaration as Exhibit A and made a part hereof by reference, subject to such amendments as may hereafter be lawfully adopted. Any amendments to the Charter shall be duly recorded in the office of the Register of Deeds for Macon County, North Carolina.

4. A copy of the initial By-Laws of the Association is attached to this Declaration as Exhibit B and made a part hereof by reference, subject to such amendments as may hereafter be lawfully adopted.

5. The duties and powers of the Association shall be those set forth in this Declaration, the Charter and the By-Laws, together with those implied as reasonably necessary to effect the purpose of the Association.

6. All Agreements and determinations lawfully authorized by the Board shall be binding upon all owners and their successors in interest. The Board shall specifically have the authority to authorize such management agreements as the Board of Directors shall deem necessary or desirable for the administration and operation of the property and any property owned by the Association. Any such management agreement shall provide that the same may be terminated by the Board of Directors for cause at any time upon no more than thirty (30) days notice to the manager. No management contract shall bind the Association, unless terminated for cause, in excess of one year from the date of its inception. All costs and expenses incident to the employment of a manager shall be common expenses. During his tenure, the manager shall be responsible for the performance of all of the duties of the Association assigned to him by the Board. The manager may be an individual, corporation or other legal entity as the Board of Directors shall determine, including the Declarant. The Board of Directors may require that the manager be bonded, in which case the cost of such bond shall be a common expense.

7. When any agreement, contract, conveyance or other document is executed by the President or Vice President and attested to by the Secretary or Assistant Secretary of the Association, a third party without actual knowledge or reason to know to the contrary may rely on such document as being what it purports to be.

8. The Board of Directors may acquire and hold any kind of property for the benefit of the owners and may dispose of the same by sale or otherwise as the Board of Directors may determine. All funds received and title of all properties acquired by the Association and the proceeds thereof after deducting therefrom the costs incurred by the Association in acquiring or disposing of or managing the same shall be held for the benefit of the owners as herein provided and for the purposes herein stated.

9. Notices or demands for any purpose shall be given by the Association and other owners in the manner provided for notices to members of the Association by the By-Laws of the Association.

10. Failure of the Association or any owner to enforce any covenant or provision of these documents affecting the property shall not constitute a waiver of the right to do so thereafter.

11. Reasonable regulations concerning the use of the property, appurtenances thereto, and common areas not in derogation of this Declaration may be made and amended from time to time by the Board. Copies of such Rules and Regulations and amendments thereto shall be furnished by the Association to all owners. Such Rules and Regulations shall be binding upon the owners, their families, tenants, guests, invitees and agents until and unless such regulation, rule or requirement is specifically overruled and cancelled in a regular or special meeting of the Board of Directors.

12. The Association through the Board of Directors shall have the power to borrow money and the right to mortgage any or all of the common areas for the purpose of improving, maintaining or repairing the property. The Association shall have the right to dedicate or transfer all or any part of the common areas to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed upon by the Board of Directors.

13. The Board of Directors may obtain such hazard, liability and other insurance as it deems appropriate to protect the Association, its property, the directors, officers and owners from hazards or liability. The cost of any such insurance shall be a common expense.

14. Each director and each officer of the Association shall be held harmless from expense, loss or liability by reason or having served as such director or as such officer and shall be indemnified by all of the owners (as a common expense) against all expenses and liability, including reasonable attorney's fees, incurred by or imposed upon him in connection with any proceeding to which he may be a party, or have become involved by reason of being such director or officer, whether or not he is a director or officer at the time such expenses are incurred, except in such cases wherein the expense and liability arise from a proceeding in which the director or officer is adjudged guilty of willful misfeasance or malfeasance in the performance of this duties.

15. The Board of Directors may impose a fine upon any owner or other person or entity subject to the provision of this Declaration for the violation of the terms and provisions of the Declaration, the Charter, the By-Laws, or the Rules and Regulations. A late charge shall not constitute a fine. The Board Shall not impose a fine unless and until the following procedures are followed:

a. Demand: Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying:

- (1) the alleged violation;
- (2) the action required to abate the violation;
- (3) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a fine, if the violation is not continuing. The Board or its designee may demand immediate abatement in such circumstances which, in the Board's determination, pose a danger to safety or property.

b. Notice: Within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may, upon notice, impose a fine. The notice shall state:

- (1) the nature of the alleged violation
- (2) that the alleged violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine;
- (3) that any statements, evidence, and witnesses may be produced by the alleged violator at the hearing; and
- (4) that all rights to have the fine reconsidered are waived if a hearing is not requested within the (10) days of the date of the notice.

c. Hearing: If a hearing is requested, it shall be held before the Board in executive session, and the alleged violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing.

ARTICLE IX

AMENDMENTS

1. This Declaration may be amended by a vote of at least three-fourths (3/4) of the owners, including the Declarant, of individual lots within Baird Cove Crossing, said lots being shown on the recorded plat or any amended or revised plat of said Baird Cove Crossing, It is understood that each lot shall be entitled to one (1) vote notwithstanding that any individual lot may be owned by one or more individuals or entities, provided that no such amendment shall be effective until placed in writing, executed and acknowledged by the duly elected president (or vice president) of the Association who shall certify that approval has been given by the requisite number of owners at a duly called and constituted meeting of the Association, and filed for registration in the Macon County, North Carolina, Registry. All persons or entities who own or hereafter acquire any interest in the property shall be bound to abide by any amendments to this Declaration, upon the same being passed as provided herein and duly set forth in an amended Declaration by the individual owners of lots, and all persons shall be entitled to rely upon the verification or certification of such approval by three-fourth (3/4) majority vote by the duly constituted officers of the Association. Notwithstanding anything herein to the contrary, no amendment shall be valid or effective without the consent of the Declarant prior to May 1, 1998, so long as the Declarant owns any portion of the property.

2. No amendment to the Declaration or to the By-Laws shall be adopted or passed which shall impair or prejudice the rights and priorities of a mortgagee as holder or owner of a mortgage or deed of trust of other type of security agreement encumbering any of the lots or improvements on the property.

ARTICLE X

GENERAL PROVISIONS

1. The provisions of the Declaration shall be construed to be covenants running with the land and with every part thereof and interest therein including, but not limited to, every lot and common area and the appurtenances thereto. Each and every provision of the Declaration shall bind and inure to the benefit of all owners, the Association, and their successors in interest.

2. Each owner and all persons claiming by or through an owner shall comply strictly with the Declaration, the Charter, the By-Laws and the Rules and Regulations adopted pursuant hereto. Failure to comply with any of them shall be grounds for an action to recover any sums due, for damages or injunctive relief or both maintainable by the Declarant, the Board of Directors by and through the manager or its duly constituted officers on behalf of the Association, or by an aggrieved owner. Failure by the Declarant or the Association or any other owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. If the Declarant or the Board of Directors by and through the manager or its duly constituted officers on behalf of the Association, or an aggrieved owner prevails in connection with litigation involving the enforcement of this Declaration, the Charter, the By-Laws or the Rules and Regulations adopted pursuant hereto, the Declarant, the Association, or the aggrieved owner (as the case may be), maybe entitled to recover expenditures, including attorney's fees and court costs.

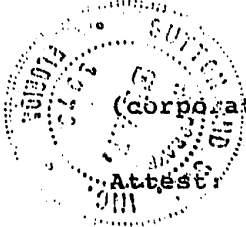
3. Invalidation of any covenant, condition, restriction or other provision of this Declaration or the Charter or the By-Laws or any Rule or Regulation shall not affect the validity of the remaining portions thereof, which shall remain in full force and effect.

4. The singular, wherever used herein, shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof applying to corporation or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

5. The provision of this Declaration and the Charter and By-Laws shall be liberally construed to effectuate its purpose in creating a uniform plan for the development and operation of Baird cove Crossing.

6. This Declaration shall be construed by the laws of the State of North Carolina.

IN TESTIMONY WHEREOF the Declarant has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors, the day and year first above written.



(corporate seal)

SUTTON AND SON, INC.

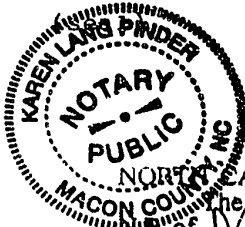
By: Terry J. Sutton
Terry J. Sutton, President

Gloria R. Sutton
Gloria R. Sutton, Secretary

STATE OF NORTH CAROLINA
COUNTY OF MACON

I, Karen Lang Pinder, a Notary Public, do hereby certify that Gloria R. Sutton personally appeared before me this day and acknowledged that she is Secretary of SUTTON AND SON, INC., a Florida Corporation, certified in North Carolina, and that by authority duly given and as an act of the corporation, the foregoing instrument was signed in its name by its President sealed with its corporate seal and attested by her as its Secretary.

WITNESS my hand and Notarial Seal, this the 5th day of July, 1995.



Karen Lang Pinder
Notary Public

My commission expires: 6-21-99

NORTH CAROLINA, MACON COUNTY

I certify the foregoing or annexed certificates of Karen Lang Pinder
N.P. of Macon County, State of NC;

N.P. of _____ County, State of _____;

N.P. of _____ County, State of _____; & _____

N.P. of _____ County, State of _____ is/are certified to be correct.

Presented for registration and recorded in Book 9-00, Page(s) 47-65

THIS 10th day of July, 1995, at 1:18 o'clock P.M.

Janet Roberson
Register of Deeds

Janet Roberson
Register of Deeds Franklin, N.C.