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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR BELEWS RIDGE

Prepared by Steven H. Bouldin
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THIS DECLARATION is made this 18th of January, 2019 by **BELEWS RIDGE, LLC**, a North Carolina limited liability company, (the "Declarant").

Background Statement

Declarant is the owner of the real property shown on a map of Belews Ridge, Phase 1, recorded in Plat Book 199 at pages 71-74 in the Guilford County Public Registry, which property is more particularly described in Section 1 of Article II below. Declarant desires to create a planned community to be named Belews Ridge.

Declarant desires to insure the attractiveness of the community, to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the community; to provide for the maintenance and upkeep of the Common Areas, as hereinafter defined; and to this end desire to subject the real property described in Section 1 of Article II 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 property described below and each owner thereof.

To achieve the above objectives, Declarant has deemed it desirable to create an organization to which will be delegated and assigned the power of owning, maintaining and administering the Common Area, administering and enforcing the covenants and restrictions applicable to the community and collecting and disbursing the assessments and charges hereinafter created. Declarant has incorporated under North Carolina law, Belews Ridge Property Owners Association, Inc. as a non-profit corporation for the purpose of exercising and performing the functions described above.

NOW, THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that portions of the properties shown on the map of Belews Ridge, Phase 1 referred to above and more particularly described in Section 1 of Article II below, and such additions thereto as may be hereafter made pursuant to Article II hereof, is and shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions, charges and liens set forth in this Declaration, which are for the purpose of protecting the value and desirability of the properties, and which shall run with the title to the real property, shall be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Belews Ridge Property Owners Association, Inc., a North Carolina non-profit corporation, its successors and/or assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract buyers, but excluding those having an interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section1, hereof, and such additions thereto as are or shall become subject to this Declaration and brought within the jurisdiction of the Association under the provisions of Article II hereof.

Section 4. "Lot" shall mean and refer to any numbered plot of land, with delineated boundary lines appearing on any recorded subdivision map of the Properties (with the exception of Common Area), and shall include all improvements thereon.

Section 5. "Declarant" shall mean and refer to Belews Ridge, LLC, a North Carolina limited liability company.

Section 6. "Common Area" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the Owners. Common Areas, with respect to the property subject to this Declaration, shall be shown on the various plat or plats of Belews Ridge, recorded or to be recorded in the Guilford County Public Registry and designated thereon as "Common Area", or other similar designations,, and shall include those areas which may be subject to offsite septic easements (if any), but shall exclude all Lots as hereinabove defined which are shown thereon. The Common Area to be owned by the Association at the time of the conveyance of the first Lot, if any, is shown as such on the plat of the Properties identified in Section 1 of Article II.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 8. "Act" shall mean and refer to the North Carolina Planned Community Act, Chapter 47F, North Carolina General Statutes.

Section 9. "Special Declarant Rights " shall mean the rights as defined in Section 47F-1-103(28) of the Act for the benefit of a Declarant, including, but not limited to the following: to complete improvements indicated on plats or plans filed with or referenced in the Declaration; to exercise any development right as defined in the Act; to maintain sales offices, management offices, models and signs advertising the Belews Ridge subdivision; to use easements through the Common Area for the purpose of making improvements within the Belews Ridge subdivision or within real estate which may be added to the Belews Ridge subdivision; and to elect, appoint or remove any officer or Board member of the Association during the Development Phase.

ARTICLE II
PROPERTIES SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration and within the jurisdiction of the Association is located in Guilford County, North Carolina, and is described as follows:

> BEING ALL OF THE PROPERTY shown on the Final Plat of Belews Ridge, 1, which is recorded with the Register of Deeds for Guilford County, North Carolina in Plat Book 199, at Page(s) 71-74.

Section 2. Additions to Existing Property. Additional property may be brought within the scheme of this Declaration and the jurisdiction of the Association as follows:

(a) Additional land within the area described on Exhibit A attached to this Declaration may be annexed to the Properties by the Declarant or its successors and assigns and brought within the scheme of this Declaration and within the jurisdiction of the Association, in future stages of development, without the consent of the Association or its Members; provided, however, that said annexations, if any, must occur within twenty (20) years following the conveyance of the last Lot sold by the Declarant to an Owner.

(b) The additions authorized under Subsection (a) shall be made by filing of record Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the additional properties, which Supplementary Declarations of Covenants, Conditions and Restrictions shall extend the scheme of this Declaration and the jurisdiction of the Association to such properties and thereby subject such additions to assessment for their just share of the Association's expenses. A Supplementary Declaration may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be deemed by Declarant to be necessary or desirable with respect to the Properties which will be subject to the proposed Supplementary Declaration but unless approved by written and recorded agreement of sixty-seven percent (67%)of the Owners of the Lots which are then subject to this Declaration, the provisions of the proposed Supplementary Declaration may not amend or modify the provisions of this Declaration (as previously amended, if amended) insofar as it applies to Lots which are shown on maps recorded prior to recordation of the newly proposed Supplementary Declaration.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

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

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots. The Association shall have two (2) classes of voting membership.

(a) Class A. Except as provided below, Class A Members shall be all Lot Owners except the Declarant; and Class A Members shall be entitled to one (1) vote for each Lot (Class A Lot) owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the vote appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. Class B Member shall be the Declarant (as defined in this Declaration); and such Member shall be entitled to ten (10) votes for each Lot (Class B Lot) owned.

The Class B membership shall cease to exist and shall be converted to Class A membership with one vote for each Lot owned, on the happening of either of the following events, whichever occurs earlier:

(1) When the total number of votes appurtenant to the Class A Lots equals the total number of votes appurtenant to the Class B Lots; provided, that the Class B Lots shall be reinstated with all rights, privileges and responsibilities of such Class, if, after conversion of the Class B Lots to Class A Lots hereunder, additional land containing Lots is annexed to the Existing Property pursuant to Article II above, thus making Declarant the owner, by virtue of the newly created Lots and of other Lots owned by Declarant, of a sufficient number of Class B Lots to cast a majority of votes (it being hereby stipulated that the conversion and re-conversion shall occur automatically as often as the foregoing facts shall occur); or

(2) On December 31, 2035; or

(3) when the Class B Lots cease to exist and are converted to Class A Lots, Declarant shall have the same voting rights as other Owners of Class A Lots.

Provided, further, that nothing herein shall be construed to prohibit Declarant from converting all or part of the Class B membership to Class A membership, with the results set forth above at any time earlier than the alternative events referred to above, by written statement executed by the Declarant and delivered to the Association.

Section 3. Control by Declaration During Development Phase. Notwithstanding anything to the contrary in this Declaration, during the Development Phase (as defined herein), the Declarant shall have the right to designate and select the board of directors of the Association. For purposes of this section the "Development Phase" shall mean the period beginning on the date of incorporation of the Association and continuing until the earlier of (a) December 31, 2035, and (b) the date when the Declarant notifies the Association in writing that the Declarant has waived its right to designate and select the board of directors. Without waiving its right to designate the board of directors, the Declarant may designate certain Owners to serve on the board of directors. Whenever the Declarant shall be entitled to designate and select any person or persons to serve on any board of directors of the Association, the manner in which such person or persons shall be designated as provided in the Articles of Incorporation and/or Bylaws of the Association. The Declarant shall have the right to remove any person or persons selected by it to act and serve on said board of directors and to replace such person or persons with another person and persons to act and serve in the place of any director or directors so removed for the remainder of the unexpired term of any director or directors so removed. Any director designated and selected by Declarant need not be the Owner of a Lot. Any representative of Declarant serving on the board of directors of Association shall not be required to disqualify himself or herself from any vote upon any contract or matter between Declarant and the Association where Declarant may have pecuniary or other interest. Similarly, Declarant, as a Member of the Association, shall not be required to disqualify itself upon any contract or matter between Declarant and the Association where Declarant may have a pecuniary or other interest.

Section 4. Suspension of Voting Rights. Voting rights attributable to an ownership interest in a Lot may be suspended, after notice and an opportunity to be heard, throughout the term of any default by an Owner of a Lot under the Bylaws or of this Declaration of Covenants, Conditions and Restrictions or of rules and regulations adopted and published by the Association.

ARTICLE IV
PROPERTY RIGHTS

Section 1. Owners' Easements of Enjoyment. Every Owner shall have a right and easement to use and enjoy the Common Area, which rights and easements shall be appurtenant to and shall pass with the title to every Lot, subject and subordinate to the provisions, rights, easements, restrictions and limitations stated in this Article and elsewhere in this Declaration or shown on the plat or plats of the Properties.

(a) The Association shall have the right (i) to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Common Area, (ii) to limit the use of such facilities to Owners who occupy a residence on the Properties as their principal residence in the county in which the Properties are located, and to their families, tenants, contract purchasers and guests as provided in Section 2 of this Article IV, and (iii) to adopt and publish rules and regulations governing the use of the Common Area, including such recreational facilities.

(b) The Association shall have the right, after notice and an opportunity to be heard, to suspend the voting rights and right of use of any recreational facilities by an Owner and the Owner's family, tenants, contract purchasers and guests for any period during which any assessment against the Owner's Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of the Bylaws, this Declaration and published rules and regulations, if any.

(c) The Association shall have the right to convey all or any part of, or any interest in, the Common Area to any public or private agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least eighty percent (80%) of the votes appurtenant to each Class of Lots (Class A and Class B) (and in the case of portion of Common Area subject to a septic sewer easement, all of the Owners for who use and enjoyment of the septic sewer easement is reserved) agree to such dedication or transfer and signify their agreement by a signed and recorded written document; provided that the foregoing shall not preclude the Association or Declarant, without such agreement by the Members, from granting easements to public authorities or utilities or to individual Lot Owners, or to others for the installation and maintenance of electrical, telephone, cable television, water and sewerage service and drainage facilities and other utilities, and recreational facilities (such as walking trails) upon, over, under and across the Common Area, including any future portions of the Common Area which are subject to septic sewer easements, without the assent of the membership when, in the sole opinion of the Board of Directors or Declarant, such easements do not interfere with the use and enjoyment of the Properties or are necessary for the convenient use and enjoyment of the Properties.

(d) The Association shall have the right to limit the number of guests of Members.

(e) The Association shall have the right, with the written assent of Members entitled to at least eighty percent (80%) of the votes appurtenant to each Class of Lots (Class A and Class B) to mortgage, pledge and deed in trust any and all of its real or personal property as security for money borrowed or debts incurred for the purpose of improving the Common Area and facilities, with the rights of such creditors to be subordinate to the rights of the Owners hereunder; provided, that the written consent of all Owners entitled to the use and enjoyment of septic sewer easements shall be required as a condition to the grant or conveyance of any mortgage, pledge or deed of trust encumbering those areas.

(f) The Association shall have the right to adopt, publish, and enforce rules and regulations as provided in Article IX.

(g) The Association shall have the right to license or lease, on an hourly or daily basis, the recreational facilities located on the Common Area on such terms and conditions as the board of directors may reasonably determine.

(h) The Declarant shall have the right, without Owner, mortgagee or agency approvals, to reconfigure the boundaries of any Lot or Lots owned by the Declarant, to create additional Lots, eliminate existing Lots or create additional Common Areas or eliminate portions of existing Common Areas; provided, however, that the Properties shall not contain a greater number of Lots than the maximum number permitted by applicable governmental authority. If the Declarant elects to exercise its right to reconfigure the boundaries of one or more Lots owned by the Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by the Declarant of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration. If the Common Area has been conveyed to the Association, the Declarant shall have the right to cause the Association to effect the Declarant's rights under this paragraph.

(i) No Owner shall have the right to permanently occupy or place structures upon the Common Area without the written consent of the Association, which consent may be withdrawn at any time by the Board of Directors of the Association notwithstanding any prior written consent from the Association.

Section 2. Off Site Septic Areas.

(a) Grant of Easement. If any future plat of the Properties contains a designation for an offsite septic easement or sewer line access or maintenance easement (however denominated or abbreviated on such plat), then such designation shall mean that the Declarant has created a perpetual, non-exclusive easement to erect, construct, install, lay and use, and maintain and repair from time to time, septic sewer lines and a septic drainage field and related improvements, if any, on those areas designated as such in favor of the Owners of those certain Lots, as further designated on the plat or plats which comprise the Properties (the "Benefitted Lots"). For example, a Septic Easement Area designated for use by a particular Benefitted Lot, may be labeled with the number of the Benefitted Lot on the plat. Each private sanitary sewer line and maintenance easement shall also include the right to use any immediately adjacent area in order to provide access to a private sanitary sewer line and maintenance easement and to provide temporary usage during a period of construction, installation or repair to a septic sewer line. Each septic sewer easement shall be an easement appurtenant and shall run with the land. The Association may adopt reasonable rules and regulations governing the use of the septic offsite easements and private sanitary sewer line and maintenance easements, including the prohibition of regular vehicular traffic across the septic easement areas (as long as such prohibition does not eliminate access to any Lot). Each Owner of a Lot which is subject to a private sanitary sewer line and maintenance easement (a "Burdened Lot") shall not, on the Burdened Lot, (a) plant or maintain any tree or other planting, (b) construct or maintain any improvement, or (c) conduct or permit any activity to be conducted, which shall interfere with the use of a private sanitary sewer line and maintenance easement for its intended purpose.

(b) Use of Easement. If an offsite septic easement or sewer line access or maintenance easement is created on any future plat of the Properties, then for each Benefitted Lot, the Owner or Owners of such Benefitted Lot, by acceptance of a deed therefor, shall be deemed to covenant to (i) use the septic sewer lines and septic drainage field and other related improvements within the applicable septic easement area and private sanitary sewer line and maintenance easement in conformity with all applicable federal, state and local ordinances, regulations, health codes and guidelines, and (ii) use, maintain and repair the septic tank, septic lines and other related improvements, if any, located on a Lot in conformity with all applicable federal, state and local ordinances, regulations, health codes and guidelines. The Owner or Owners of each Benefitted Lot shall indemnify and hold the Association and the Owners of any affected Burdened Lots harmless against any damages, costs, claims and fines, including the Association's and such Owners' reasonable attorneys fees, resulting from a breach of a covenant under this subsection. The covenants under this subsection shall be real covenants which run with the land.

Section 3. Delegation of Use.

(a) Family. The rights and easement of enjoyment granted to every Owner in Section 1 of this Article IV may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in the county in which the Properties are located.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 1 of this Article IV may be delegated by the Owner to his or her tenants or contract purchasers who occupy a residence within the Properties as their principal residence in Guilford County, North Carolina.

(c) Guests. Common Area may be utilized by guests of Owners, tenants or contract purchasers subject to the rules and regulations of the Association governing said use, as established by the Board of Directors. All guests must be accompanied by an Owner or tenant at all times.

ARTICLE V
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association (a) annual assessments or charges and (b) special assessments for capital improvements; such assessments to be established and collected as hereinafter provided. In addition, the Association may establish an initiation fee to be assessed against each new Owner who acquires title to a Lot in order to defray certain administrative costs, including for example only, providing copies of the bylaws, declaration, rules and regulations, budget, assessment schedule, and other pertinent information. The charge for the new member initiation fee shall be collectible as an additional assessment against the applicable Lot. The annual and special assessments (including the new member initiation fee), together with interest, costs and reasonable attorney's fees, 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 interest, costs and reasonable attorney's fees, shall also be the personal obligation the Owner of such Lot at the time when the assessment fell due, but not of an Owner's successors in title unless expressly assumed by such successor. The covenants under this section shall be real covenants which run with the land.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Properties and in particular for the repair, improvement and maintenance of the Common Areas, including any expenses associated with any duty of the Association under Article VI, Section 2(a), walks, signs, and street lights (if not maintained by a governmental entity or utility), as hereinafter provided, all for the use and enjoyment of the Common Area, including, but not limited to, the cost of repairs, replacements, and additions; the cost of labor, equipment, materials, management, and supervision; and the payment of taxes and public assessments assessed against the Common Area, if any. In addition, the assessments shall also be used for the procurement and maintenance of insurance in accordance with this Declaration; the employment of attorneys to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements, including, without limiting the generality of the foregoing, and any other major expense for which the Association is responsible; and such other needs as may arise.

Section 3. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Areas which the Association is obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

Section 4. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be $240.00 per Lot, which assessments shall be payable annually or in installments, as determined by the Board of Directors.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by the Board of Directors, effective January 1 of each year, without a vote of membership, but subject to the limitation that any such increase shall not exceed the greater of ten percent (10%) or the percentage increase in the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for All Cities over the preceding twelve (12) month period.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased above the increase permitted in Section 4(a) above if such increase is approved by Members entitled to no less than two- thirds (2/3rds) of the votes appurtenant to each Class of Lots represented in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting setting forth the purpose of the meeting.

Section 5. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment or assessments ("Special Assessments") for the purpose of defraying, in whole or in part, any costs incurred by the Association which are not paid for out of funds on hand in the Association or out of the annual assessments collected by the Association. Such costs may include, but shall not be limited to, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto. Notwithstanding the above, all fees and costs incurred by the Association in exploring or waging a complaint or suit against Declarant must be paid for out of a Special Assessment and, for this purpose only, such Special Assessment must be approved by a vote of the Members entitled to cast no less than two-thirds (2/3rds) of all votes entitled to be cast by the Members. Any Special Assessment shall have the same assent of the Members as provided in Section 4(b) of this Article.

Section 6. Notice and Quorum for any Action Authorized Under Section 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Section 4 or 5 shall be sent to all Members no less than ten (10) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members and proxies entitled to cast sixty percent (60%) of the votes appurtenant to each Class of Lots (Class A and Class B) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement; and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments shall, except as otherwise specifically provided for in this Declaration, be fixed at a uniform rate for all Lots and shall be collected on a schedule established by the Board of Directors.

Section 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to each Lot beginning with the month following the earlier of (a) issuance of a certificate of occupancy for a dwelling on the Lot, or (b) the first anniversary of the conveyance of the Lot by the Declarant to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot and in the event the Board elects not to affix such assessment as herein provided, the amount of the prior year's annual assessment shall be the fixed amount. Written notice of any change in the assessment rate shall be sent to every Owner. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 9. Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within fifteen (15) days after the due date shall be assessed a late charge to be set from time to time by the Board of Directors within any statutory limits, and the assessment with late charge shall bear interest from the due date at an annual rate equal to the lesser of (a) twelve percent (12%) per annum or (b) the maximum rate allowed by law. The Association, or its agent or representative, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien as provided in Section 47F-3-116 of the Act against the Lot to which the assessment related; and, in either event interest, costs and reasonable attorney's fees of any such action shall be added to the assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of such Owner's Lot. In the event of a default for a period of thirty (30) days by any Owner in the payment of any assessment levied against the Owner's unit, the Board of Directors shall have the right, after notice and hearing, to declare all unpaid assessments for the then current fiscal year to be immediately due and payable.

Section 10. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage or deed of trust on a Lot and to any ad valorem taxes on such Lot. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust pursuant to a foreclosure thereof, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to payments thereof which became due prior to such sale or transfer (but shall not affect the personal liability of the Owner for payment of such assessments). No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. All Property dedicated to, and accepted by, a local public authority and all properties, other than Lots, owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. No Lot shall be exempt from assessments.

Section 12. Working Capital Fund. At the time of closing of the sale of each Lot after the construction of the initial dwelling on such Lot, any assessment for the remaining portion of the calendar year in which the closing occurs shall be due and payable and collected and transferred to the Association.

Section 13. Default of Owners' Association. Upon default by the Owners' Association in the payment to the jurisdiction entitled thereto of any assessments for public improvements or ad valorem taxes levied against the common areas, which default shall continue for a period of six (6) months, each owner of a lot in the development shall become personally obligated to pay to the jurisdiction a portion of the taxes or assessments in an amount determined by dividing the total taxes and/or assessments due to the jurisdiction by the total number of lots in the development. If the sum is not paid by the owner within thirty (30) days following receipt of notice of the amount due; the sum shall become a continuing lien on the property of the owner, his heirs, devisees, personal representatives and assigns. The taxing or assessing jurisdiction may either bring an action at law against the owner personally obligated to pay the same, or may elect to foreclose the lien against the property of the owner.

ARTICLE VI
MAINTENANCE, REPAIR AND REPLACEMENT

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Common Area and all improvements located thereon, except as provided in the succeeding section on offsite septic areas. This maintenance shall include without limitation maintenance, repair and replacement of all landscaping and grass areas, street lights (if not maintained by a governmental entity or utility), walking trails (if not maintained by a governmental entity), streets including temporary turnaround areas (if not maintained by a governmental entity), cluster box units for common mail delivery, and other improvements situated on the Common Area. In the event that the need for replacement, maintenance or repair is caused through the willful or negligent act of the Owner, the Owner's family, guests, lessees, or invitees, the cost of such replacement, maintenance or repairs shall be the obligation of that Owner and shall be added to and become a part of the assessment to which such Lot is subject.

The Declarant shall be obligated to construct the streets within the Properties in accordance with the minimum standards of the North Carolina Department of Transportation for acceptance of the subdivision streets into the State highway system for maintenance. The Declarant shall not be responsible for the actions of any Owner, any builder, or any agent of either which would cause the subdivision streets to be ineligible for acceptance into the State highway system for maintenance. If any subdivision street, or portion thereof, is not accepted into the State highway system for maintenance, the Association shall maintain and keep in good repair such street or portion thereof, or for making such repairs or improvements as are necessary for such street to be eligible for acceptance into the State highway system for maintenance. In addition, the Association shall maintain any temporary turnaround areas until such areas are replaced by a public street.

Section 2. Maintenance and Repairs of Off Site Septic Areas. If any future plat of the Properties contains a designation for an offsite septic easement or sewer line access or maintenance easement (however denominated or abbreviated on such plat), then the following maintenance and repair provisions shall apply.

(a) By the Association. The Association shall mow the Common Areas which are subject to off site septic areas. The Association shall also be responsible for retaining a "certified operator" to perform inspections and reports which may be required by local governmental authorities. Upon default of an Owner of a Benefitted Lot in such Owner's duties under the succeeding section, the Association may in its absolute discretion, but shall not be required to, undertake such repairs, maintenance or replacements on behalf of such Owner or Owners. The costs and expenses (including any capital expenditures for replacements or major repairs) of the Association in undertaking such inspection, reports, repairs, maintenance or replacements shall be assessed exclusively against the Owners of the Benefitted Lots as reasonably allocated by the Association in proportion to the number of offsite easement areas affected by each item of repair, maintenance or replacement. Such assessments shall be enforceable as with other assessments under Article V.

(b) By the Owners. Each Owner of a Benefitted Lot shall be responsible for repairing the septic sewer lines, septic drainage fields and other related improvements, if any, including undertaking any required replacements and improvements, within such Owner's private sanitary sewer line and maintenance easement and septic offsite easement (referred to in Section 2 of Article IV above) and shall otherwise monitor, report and perform such other required acts, all as required under all applicable federal, state and local ordinances, regulations, health codes and guidelines except as expressly provided in the preceding subsection. Each Owner of a Benefitted Lot shall maintain at all times a policy of insurance covering damage caused by or related to a stoppage or failure of a septic sewer line and septic sewer field.

Section 3. Binding on Successors. The covenants under this Article shall be real covenants which run with the land.

ARTICLE VII
ARCHITECTURAL CONTROL

No dwelling, garage, outbuilding, fence, sign, wall, statuary or other structure or improvement of any kind (including a paved surface) shall be commenced, erected, installed, or maintained upon any Lot or upon the Common Area nor shall any exterior addition to or change or alteration of a residence building be made, including, but not limited to, color or painting of the exterior or change of the type of exterior finish, the installation of aerials or awnings or the placement of reflective or other material in the windows of a dwelling, or the addition of an exterior attachment (such as a storm door) until the plans and specifications showing the nature, kind, shape, height, color, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee, if the Board of Directors shall elect to establish such a committee, composed of three (3) or more representatives appointed by the Board (said committee being hereinafter referred to as the "Architectural Control Committee"). Absent such written approval, the proposed improvement may not be effected and, if undertaken, may be enjoined by the Association. The Board of Directors shall retain the power and discretion to review, modify and reverse all decisions made by the Architectural Control Committee, if established.

The installation of antennae and of satellite dishes or disks shall be permitted by the Board of Directors (or Architectural Control Committee, if established) on a Lot if accomplished in strict compliance with the limitations and conditions imposed by the Telecommunications Act of 1996, as amended from time to time (the "Telecommunications Act"), but no antenna or disk which is in any dimension larger than prescribed by the Telecommunications Act or which is not installed in accordance with the advance notice requirements and location guidelines of the Telecommunications Act may be installed or maintained on any Lot except with the prior written approval of the Board or the Architectural Control Committee. The Board of Directors (or Architectural Control Committee, if established) may adopt guidelines on the installation of antennae and satellite dishes or disks which are not inconsistent with the Telecommunications Act.

In the event an Owner of a Lot shall make an unauthorized change to the Lot, as described in the two preceding paragraphs, the Board of Directors (or the Architectural Control Committee, if any) shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore its appearance, as nearly as reasonably possible, to the same as it was prior to the unauthorized change. The cost of such work and any other costs or attorney's fees incurred in the enforcement of these provisions shall be added to and become a part of the assessments to which such Lot is subject.

The provisions of this Article shall not apply to improvements of any kind constructed upon any Lot or upon the Common Area by Declarant and Declarant is expressly exempt from the provisions of this Article.

ARTICLE VIII
INSURANCE

Section 1. By the Association: The Association shall procure and maintain insurance coverage as follows:

(a) Common Areas. All insurance policies upon the Common Area shall be purchased by the Association for the benefit of the Association and the Owners and their mortgagees, as their interests may appear, and provisions shall be made where available for the issuance for certificates or mortgagee endorsements to the mortgagees of Owners upon request therefor by any Owner.

(b) Coverage. All insurable improvements upon the Common Areas and all personal property of the Association included in the Common Areas and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) loss or damage by fire and other hazards, including extended coverage, vandalism and malicious mischief, and

(ii) such other risks as the Association may from time to time elect to protect against.

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less that One Million and No/100 ($1,000,000.00) Dollars per occurrence and may include an endorsement to cover liability of the Owners, as a group, to a single Owner.

(d) Board and Officers. If available at a reasonable cost, liability insurance on each officer and director of the Association shall be secured by the Association.

(e) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and shall be included as part of the annual assessment described in Article V above.

(f) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and shall provide that all proceeds thereof shall be payable to the Association.

Section 2. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise execute control over the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments, plus reserves accumulated at the time of the bonding. This requirement may be waived by the Board of Directors if the Association has engaged the services of a property management firm who shall have the responsibility for receiving, depositing, and disbursing monies of the Association.

ARTICLE IX
USE RESTRICTIONS

Section 1. Rules and Regulations. Use and enjoyment of the Properties shall be governed and regulated by the rules and regulations set out in this Article, which may be amended or abrogated only by amendment to this Declaration, as provided in Article XII, Section 3. However, the Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable supplemental rules and regulations and may provide for imposition of fines and other penalties for the violation thereof or for the violation of any of the covenants and conditions contained in this Declaration, including rules and regulations adopted and published by the Association..

Section 2. Residential Use. Except as may be otherwise expressly provided in this Declaration, each Lot shall be used for single-family residential purposes only. Lease or rental of a house for residential purposes shall not be considered to be a violation of this covenant, so long as the lease is in compliance with the provisions of this Declaration, the Bylaws and reasonable rules and regulations adopted by the Board.

Section 3. Prohibition of Renting for Transient or Hotel Purposes. No Owner shall rent his Lot for transient, boarding or hotel purposes, which, for the purposes of this Declaration shall be defined as either a rental for any period less than one hundred eighty (180) days or any rental if the lessee of the Lot is provided customary hotel services; provided, however, an Owner may rent his Lot for a shorter term, not less than five (5) days for up to two times within a calendar year. Each permitted lease shall be in writing and shall be subject to this Declaration, the Bylaws, and the Rules and Regulations adopted hereunder and any failure of the lessee to comply with the terms of such documents shall be a default under the lease. Other than the foregoing restrictions, each Owner shall have the full right to lease all or any portion of his Lot.

Section 4. Antennas/Satellite Dishes. As provided in Article VII, except for such as are covered by, and installed in strict compliance with, the requirements of the Telecommunications Act of 1996, as amended, no outside radio or transmission tower or receiving antenna, including a satellite dish antenna, and no outdoor television antenna or satellite dish may be erected or installed by an Owner or permitted by an Owner to remain on his or her Lot without the prior written approval of the Board of Directors or the Architectural Control Committee, if any.

Section 5. Dwelling Size and Specifications. Each dwelling constructed on a Lot shall have an enclosed, heated living area within the main structure, exclusive of open porches, garages, and other unheated spaces, of no less than 1,800 square feet for a one-story dwelling and 1,800 square feet for any dwelling exceeding one story. The Board of Directors (or Architectural Control Committee, if established) shall have the authority to approve reduction of the square foot minimum area as to a particular dwelling by no more than ten percent. All exterior coverings of the dwellings may not be exposed cinder block. No buildings shall be erected, altered, placed or permitted to remain on any lot other than one detached single-family dwelling, not to exceed two and one-half (2 ½) stories in height, minor out buildings (such as utility buildings) to be located behind the main dwelling, and at least one (1) private garage constructed in conformity with this Article. No structure, overhang or extension thereof shall be built closer to the front property line of any lot or closer to the side lot lines than shall be established by any governmental body having such jurisdiction over the subject property.

Manufactured dwellings and modular dwellings are expressly prohibited. A "modular dwelling" shall mean a dwelling constructed in accordance with the standards set forth in the N.C. State Residential Building Code and composed of components substantially assembled in a manufacturing plant and transported to the building site for final assembly on a permanent foundation. A "manufactured dwelling" shall mean a dwelling that is composed of one or more components, each of which was substantially assembled in a manufacturing plant and designed to be transported to the home site on its own chassis.

Section 6. Additional Specifications. Without limiting the approval requirements of Article VII on Architectural Control, the following criteria shall provide minimum standards for construction of improvements on a Lot.

(a) Garages. Garages may be front entry or side entry. Any detached garage must be located at least fifteen (15) feet behind the front of the residential dwelling located on such lot.

(b) Outbuildings. Any outbuilding and/or utility building must be of new construction and must be constructed in keeping with aesthetics of the main dwelling on said lot and approved by the Board of Directors (or Architectural Control Committee, if established).

(c) Roof. No roof shall be permitted without a minimum pitch of 7:12 except with the written consent of the Board of Directors (or Architectural Control Committee, if established).