DECLARATION OF
COVENANTS, CONDITIONS, RESTRICTIONS,
EASEMENTS, CHARGES AND LIENS FOR
GLENN MEADOWS

THIS DOCUMENT REGULATES
THE DISPLAY OF POLITICAL SIGNS

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THIS DECLARATION is made on the date hereinafter set forth by **MASON JAR DEVELOPMENT, LLC**, a North Carolina limited liability company (hereinafter "Declarant").

RECITALS:

A. By virtue of those certain North Carolina General Warranty Deed recorded in Book 2378, Page 695, and Book 2398, Page 1815, Franklin County Registry, Declarant is the owner of land located on NC 98 Hwy West, Harris Township, Franklin County, North Carolina, said land being more particularly described on **EXHIBIT A** attached hereto and incorporated by reference herein (the "Property"), which Declarant is developing into a residential community known as GLENN MEADOWS (the "Subdivision").

B. Declarant desires to establish a general plan of development for the Property, to provide for the maintenance and upkeep of the Lots, Dwellings, and Common Area (as hereinafter defined) in the Property, to protect the value and desirability of the Property, and to provide for enforcement of covenants and restrictions applicable to the Subdivision, and, to that end, desires to subject the property within the Subdivision to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of such Property and each Owner thereof; and

C. Declarant has, or will, incorporated under North Carolina law as a nonprofit corporation, Glenn Meadows Property Owners Association, Inc., to own and maintain the Common Area, to administer and enforce covenants and restrictions exclusively applicable to the Subdivision, and to collect and disburse the assessments and charges hereinafter created.

THEREFORE, Declarant hereby declares that the Property, and such additions thereto as may hereafter be made pursuant to the provisions of Article II hereof, is and shall be owned, held, transferred, sold, conveyed, mortgaged, used and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration, each and all of which shall run with the real property and be binding on all Persons owning any right, title or interest in such real property or any part thereof, their heirs, personal representatives, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I
DEFINITIONS

The following terms, when used in this Declaration shall have the meaning set forth below or, if not specifically defined in this Article I shall have, the meaning of such terms as set forth in the Act, the North Carolina Nonprofit Corporation Act (Chapter 55A of the North Carolina General Statutes), or in any other section of this Declaration.

<u>Section 1.01</u> "Act" shall mean and refer to the North Carolina Planned Community Act, as contained in Chapter 47F of the North Carolina General Statutes (or in any successor portion of the North Carolina General Statutes), as the same exists from time to time

<u>Section 1.02</u> "Annexation Declaration" shall mean and refer to a document (by whatever name) that is recorded, after the recording of this Declaration, for the purposes of subjecting Annexed Property to this Declaration and to the jurisdiction of the Association.

<u>Section 1.03</u> "Annexed Property" shall mean and refer to all real property subjected to all or any part of the terms of this Declaration after the initial recording of this Declaration in the Registry.

<u>Section 1.04</u> "Architectural Review Committee" is defined a committee of one or more individuals appointed by the Declarant or the Board to review Plans, as more particularly provided herein, for improvements to be constructed, placed, altered, or maintained on any part of the Property.

<u>Section 1.05</u> "Association" shall mean and refer to the **GLENN MEADOWS PROPERTY OWNERS ASSOCIATION, INC.**, a North Carolina nonprofit corporation, its successors and assigns.

<u>Section 1.06</u> "Board of Directors" or "Board" shall mean and refer to the board of directors of the Association. The Board is the "executive board" as that term is defined in the Act. The Board is responsible for the management and administration of the Association as provided for in this Declaration and in the Act.

<u>Section 1.07</u> "Builder" shall mean and refer to any Person whose primary business is the construction of single-family homes and who purchases a Lot from the Declarant for the purpose of constructing and selling a Dwelling thereon.

<u>Section 1.08</u> "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

<u>Section 1.09</u> "Code" shall mean and refer to Franklin County's Unified Development Ordinance, as it exists from time to time, and includes all duly adopted regulations, rules, directives and policies of the County pursuant to or in furtherance of the Code.

<u>Section 1.10</u> "Common Area" shall mean and refer to the real property, together with any improvements thereon, owned (in fee or by easement or other right of use) or leased by the Association and intended for the common use and benefit of the Owners and occupants of the Properties, regardless of how such real property is described on a map or document recorded in the Registry. Common Area may be owned in fee by the Association, or it may be owned by another Person with the Association having a right or easement therein (for example, Stormwater Control Measures located on a Lot but maintained by the Association as a Common Area Easement). For clarity, Common Area includes, without limitation, to the extent applicable to the Properties, all of the following (if applicable):

(a) Stormwater Control Measures and easements providing access to same, together with a perpetual, non-exclusive easement over, under and through the portions of the Lots on which such Measures lie;

(b) Subdivision entrance signage, together with a perpetual, non-exclusive easement over, under and through the portion of the Lot(s) on which such signage lies;

(c) Central mailbox kiosk;

(d) Walking paths and trails, throughout the Subdivision;

(e) Dams, ponds, fountains, and similar or accessory water features;

(f) Any road right-of-way dedicated to the public on maps of the Properties recorded in the Registry but not yet accepted for public maintenance, provided, however, that the fact that a street or road has not been accepted for public maintenance by the applicable Governmental Entity shall not relieve Association of the obligation to maintain such streets and roads prior to acceptance for public maintenance and to take such action as is necessary to cause such street or road to be accepted for public maintenance;

(g) Any private road right-of-way;

(h) Any object or improvement located on, under, in or over public property or public right-of-way which object or improvement is subject to an encroachment agreement with the County, other Governmental Entity or the North Carolina Department of Transportation, which improvements including, without limitation, signs, landscaping, irrigation facilities, drain pipes, decorative surfaces and brick pavers;

(i) Stormwater Control Measures located on a Lot but which serve more than one Lot in the Properties;

(j) Any shared or joint driveways which provide access to one or more Lots, which may or may not be denoted on the map of the applicable property as “limited common area easement”;

(k) Any other property and improvements required by the Code or other Legal Requirement to be Common Area, or declared, in writing, to be Common Area by this Declaration or by the Declarant or the Association.

Common Area, if any, established by the Declarant or the Association for the benefit of fewer than all of the Owners and occupants of the Properties is “Limited Common Area” (which is a subcategory of Common Area), and such Limited Common Area and the Owners and occupants of the applicable portion of the Properties for whose benefit the Limited Common Area exists are subject to the same provisions as those applicable to Common Area. All references herein or in any recorded map of or other document pertaining to the Properties to Common Area that is, in fact, Limited Common Area, are deemed corrected accordingly.

Common Area as to which the Association has only an easement or other non-fee right of use shall be a “Common Area Easement” (or, as appropriate, a “Limited Common Area Easement”), which is a sub-category of Common Area.

Common Area and Common Area Easements shall be maintained by the Association or its successors in interest unless dedicated to public use *and* accepted by a public agency, authority or utility, or conveyed to a Governmental Entity or to another non-profit corporation organized for such purposes.

Section 1.11 "Common Expenses" shall mean and refer to all of the expenses incurred by the Association in furtherance of its rights and responsibilities under the Act, the Code, this Declaration and other Governing Documents and including specifically, but without limitation, all of the following:

(a) All expenses of ownership, administration, inspection, maintenance and repair of the Common Area and improvements thereon, including, without limitation,

(i) Stormwater Control Measures,
(ii) any required reserves,
(iii) any limited common area and limited common area expenses,
(iv) any dedicated public right-of-way not yet accepted by a Governmental Entity;

(b) Expenses classified as Common Expenses under the Act, the Code, or under the provisions of this Declaration or other Governing Documents;

(c) Premiums for property, liability or such other insurance premiums as this Declaration or other Governing Documents may require the Association to purchase;

(d) Fees or charges for utilities used in connection with the Common Area;

(e) *Ad valorem* taxes and public assessments, if any, levied against any Common Area owned in fee by the Association (but specifically excluding *ad valorem* taxes on real property on, under or over which the Association has only an easement or other similar right of use, except to the extent, if any, that any improvements in any such easement that are owned or maintained by the Association result in additional taxes on such real property that would not be assessed in the absence of such improvements, in which event such additional taxes shall be paid by the Association as a Common Expense);

(f) Costs of collection of assessments (dues) from the Members;

(g) Any unpaid Association assessment following the foreclosure of a first mortgage or first deed of trust or an assessment lien;

(h) Financial obligations of the Association or financial obligations of Members with respect to which the Association has responsibility for collection and payment;

(i) Expenses for which the Association is obligated under any encroachment agreement or other agreement with the County or other Governmental Entity;

(j) Expenses of the maintenance of all easements and landscaping associated with said easements located on Common Area, or within a Common Area Easement that have been conveyed to the Association, and improvements thereon, pursuant to the Code and the terms of this Declaration;

(k) Expenses pursuant to agreements between Declarant (or prior declarants) and any utility provider which are determined by the Board to be a common expense;

(l) Premiums for hazard, liability and other insurance insuring the Common Area or the Association, its officers, directors and employees;

(m) Fees and expenses of management agents, attorneys, accountants, and other Persons employed by the Association for Association business;

(n) Expenses declared to be or described as Common Expenses by the Act, the Code, or this Declaration;

(o) Expenses determined by the Board of Directors or by the Members to be Common Expenses;

(p) Expenses agreed by the Members to be Common Expenses of the Association; and

(q) All other expenses incurred by the Association in performing its functions and providing services, including operating, management, enforcement and administrative expenses.

(Common expenses for the maintenance of Limited Common Area are "Limited Common Expenses", which is a subcategory of Common Expenses.)

<u>Section 1.12</u> "County" shall mean and refer to Franklin County, North Carolina, and all agencies and departments thereof.

<u>Section 1.13</u> "Declarant" shall mean and refer to MASON JAR, LLC, a North Carolina limited liability company. It shall also mean and refer to any Person to whom or which Declarant may assign or delegate all or any of the rights and obligations of Declarant by an assignment of Declarant's rights recorded in the Registry.

<u>Section 1.14</u> "Declarant Control Period" shall mean and refer to the period of Declarant control of the Association, as provided in §47F-3-103(d) of the Act, and including, without limitation, time period in which Declarant, by itself, has sufficient voting power to elect members of the Board.

The Declarant Control Period shall commence on the date of the recording of this Declaration with the Franklin County Register of Deeds and shall terminate upon the earlier of the following to occur:

(a) December 31, 2055 (provided, however, that Declarant, in its sole discretion, shall have the right, at any time before such date, to amend this Declaration to extend the Declarant Control Period for up to an additional five years if, but only if, the conditions of subsection (b) below have not occurred);

(b) Ninety (90) days following the conveyance of the last Lot owned by Declarant or Builder *provided, however*, that, Declarant may acquire additional votes and thereby reinstate the Declarant Control Period if additional Lots within the Properties are formed by the creation and subjection to this Declaration of new Lots as set forth in Article II hereof, thus making Declarant an Owner, by virtue of its ownership of the newly-annexed Lots (it being hereby stipulated that the termination and rejuvenation of Declarant Control shall occur automatically as often as the foregoing shall occur

(c) Relinquishment or transfer by Declarant of all special declarant rights as provided in §47F-3-104 of the Act.

Notwithstanding any other provision of this Declaration, Declarant, in its sole discretion, and any time and from time to time and by written instrument signed by Declarant, may relinquish part, but not all, of its rights and/or obligations as Declarant under this Declaration, but such partial relinquishment shall result in relinquishment only of the rights and obligations specifically set forth in such instrument and shall not be construed as a release of any rights or obligations not specifically set forth therein.

Section 1.15 "Declaration" shall mean and refer to this "Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens for Glenn Meadows", and all amendments thereto and supplements thereof.

Section 1.16 "Dwelling" shall mean and refer to any building within the Properties which is intended for use and occupancy as a residence by a single family, whether by the Owner of such Dwelling, by member of such Owner's family, or by tenants of such Owner. A dwelling shall be deemed to constitute a "Dwelling" upon issuance of a certificate of occupancy therefor.

Section 1.17 "Exempt Property" shall mean and refer to all portions of the Properties included within any of the following categories: (i) Common Area; (ii) property owned by, or dedicated to and accepted by the County, other Governmental Entity, a public utility, or a private utility provider including property within the right-of-way of publicly-dedicated streets and roads; and (iii) property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina, provided, however, that any property containing a Dwelling used as a residence shall not be Exempt Property.

Exempt Property shall not be subject to the assessments, use restrictions, and architectural requirements provided for herein, and the Owner of such Exempt Property shall have no voting rights in the Association based on ownership of such Exempt Property. Furthermore, unless and until such time, if any, as it loses its Exempt status, all Exempt Property owned by the County, other Governmental Entity or a public or private utility provider, and all Exempt Property within publicly-dedicated street rights-of-way, shall be exempt from all of the provisions of this Declaration, except for any easements over such Exempt Property reserved in this Declaration by or for the Declarant, the Association, the County, other Governmental Entity or any other Person. Except as otherwise provided herein, Exempt Property shall be subject to all of the provisions of this Declaration.

Exempt Property that loses its status as Exempt shall be reclassified as a Lot, and shall be subject to all of the terms and provisions of this Declaration in the same manner and to the same extent as other Lots.

Section 1.18 "Fiscal Year" shall mean and refer to the calendar year, unless and until such time as the Board, by appropriate resolution, establishes a different Fiscal Year for the Association.

Section 1.19 "Governing Documents" shall mean and refer to all of the following: this

Declaration, the Articles of Incorporation and Bylaws of the Association, Architectural Guidelines (if any), rules and regulations of the Association, Annexation Declarations, Stormwater Agreements, and any other declarations of restrictive or protective covenants applicable to the Properties, as the same may be amended, restated or supplemented from time to time.

Section 1.20 "Governmental Entity" shall mean and refer to the County, the State of North Carolina, the United States of America, and all other governmental and quasi-governmental entities that have jurisdiction over the Properties or any part thereof, and all applicable departments and agencies of any of them.

Section 1.21 "Household Pet" is defined as domesticated household animals that pose minimal risk and disturbance to neighbors such as cats, dogs, hamsters, guinea pigs, rabbits, turtles and aquarium fish. Poultry and livestock are not considered a Household Pet under the terms of this Declaration.

Section 1.22 "Legal Requirements" shall mean and refer to any duly adopted and applicable law, ordinance, regulation or requirement of the United States of America, the State of North Carolina, the County of Franklin, or any other Governmental Entity or quasi-governmental entity or agency having jurisdiction over the Properties, including any branch, department, division or agency of any of the foregoing governmental and quasi-governmental entities.

Section 1.23 "Lot" shall mean and refer to any portion of the Properties with delineated boundary lines, shown on any recorded map of any portion of the Properties, and that is intended for construction of a Dwelling thereon (regardless of whether or not the Dwelling has been constructed), or on which a Dwelling has been constructed. A Lot shall become a "Lot" upon recording in the Registry of a map creating such Lot.

Declarant hereby reserves the right to reconfigure, from time to time and without the consent of any other Owner or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant or an affiliate of Declarant, as the case may be and to thereby create additional Lots, eliminate existing Lots or Common Area or create additional Common Area, so long as such reconfiguration conforms with the terms of the Code, or has otherwise been approved by the County or another appropriate Governmental Entity, as required. In the event that any Lot is created, increased or decreased in size by recombination or re-subdivision through the recording of a new map plat, the newly-platted lot shall thereafter constitute a Lot. Notwithstanding the foregoing, if two or more Lots are recombined into one or more larger Lots, each of the original Lots shall remain a "Lot" for purposes of assessments.

Section 1.24 "Member" shall mean and refer to every Person who or which holds membership in the Association.

Section 1.25 "Mortgage" or "deed of trust" is defined as and includes any mortgage, deed of trust, and any and all similar instruments used for the purpose of conveying or encumbering real property as security for the payment or satisfaction of an obligation.

Section 1.26 "Mortgagee" is defined as the beneficiary or payee under any mortgage or deed of trust, and the terms "mortgage" and "deed of trust" are deemed to refer to both mortgages and deeds of trust.

Section 1.27 "Operating Deficit" shall mean and refer to the negative difference (if any) between the total amount of the annual assessments for a Fiscal Year levied on all Lots and the amount of actual expenditures by the Association during the Fiscal Year for Common Expenses, including funding of reserves, but excluding (i) amounts levied against a Lot but which are not paid, (ii) special assessments, and (iii) individual special assessments.

Section 1.28 "Owner" shall mean and refer to the record owner, whether one or more Persons, of fee simple title to any Lot, including contract sellers and owners of an equity of redemption, but excluding any Person having an interest in a Lot solely as a tenant or as security for the performance of an obligation.

Section 1.29 "Person" shall mean and refer to a natural person, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, Governmental Entity (including the County), and any other entity.

Section 1.30 "Property" or "Properties" shall mean and refer to the "Existing Property" described in Article II of this Declaration and any Annexed Property subsequently subject to this Declaration pursuant to said Article II.

Section 1.31 "Registry" shall mean and refer to the office of the Register of Deeds for Franklin County, North Carolina (or any successor office under applicable law in which deeds, maps, plats, easements, mortgages, and deeds of trust for the Properties are recorded). All references herein to recording or to any requirement to record a document, map or plat refer to recording in the Registry.

Section 1.32 "Stormwater Agreement" shall mean and refer to any document between or among the Declarant, the Association and the County or other Governmental Entity, or any two or more of them, pertaining to the construction, installation, use, operation and maintenance of any Stormwater Control Facilities within and/or serving the Properties and includes all amendments and supplements to same, and any similar documents pertaining to the Properties, regardless of whether the same is recorded at the County Register of Deeds.

Section 1.33 "Stormwater Control Facilities" and "Stormwater Control Measures", such terms being used interchangeably herein, shall mean and refer to one or more of the following devices and measures, together with associated private drainage easements utilized for conveying storm water (however identified on a plat or in a document) that serves the Property and which are located outside of public street rights-of-way and drainage easements accepted into public use by the County or other Governmental Entity, and including, but not limited to, conduits, inlets, channels, pipes, level spreaders, ditches, grassed swales, sand filters, wet ponds, dry detention basins, wetlands, permanently protected undisturbed open space areas, bio-retention areas, retention or detention ponds, and other devices and measures, necessary to collect, convey, store, and control storm water runoff and pollutants for more than one (1) Lot in the Properties, and which are located outside public street rights-of-way and public drainage easements (if any). Private storm water drainage easements that serve more than one (1) Lot in the Properties, however identified on a recorded map or plat or in a recorded document, are deemed to be dedicated to the Association for the benefit of the Properties or applicable portion thereof. All Stormwater Control Measures are Common Area or Limited Common Area, as applicable.

ARTICLE II.

PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF GLENN MEADOWS PROPERTY OWNERS ASSOCIATION, INC.

Section 2.01 Existing Property. The real property which, at the time of recording of this Declaration, is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, and which is within the jurisdiction of the Association, is described on **Exhibit A** attached hereto.

Section 2.02 Additions to Existing Property by Declarant. At any time during the Declarant Control Period, additional land may be annexed by Declarant or a shareholder or member of Declarant, without the consent of the Members, into the Properties and, therefore, become subject to this Declaration by the recording by Declarant of an Annexation Declaration extending the operation and effect of this Declaration to the property to be annexed and no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except any local governmental authority if required by local ordinances.

Section 2.03 Additions to Existing Property by the Members. After Declarant no longer owns any real property that is subject to this Declaration, additional real property may be annexed and made subject to this Declaration by the affirmative vote of not less than sixty-seven percent (67%) of the Members of the Association. Such annexation shall be done by recording by the Association of an Annexation Declaration extending the operation and effect of this Declaration to the property to be annexed; provided, however, that such property must be contiguous to property already subjected to this Declaration (or separated from such property only by the right-of-way of a street or road) and further provided that, if required, such annexation must be approved by the County or other Governmental Entity.

Section 2.04 Annexation Declaration. An Annexation Declaration shall be effective to subject Annexed Property to this Declaration only upon obtaining all required approvals and upon its recording in the Registry, and the effective date of such annexation shall be the date of recording of the Annexation Declaration. Each Annexation Declaration shall describe the Annexed Property and indicate that the Annexed Property is being subjected or annexed to the Declaration. An Annexation Declaration need not be in any specific form and need not be titled Annexation Declaration (for example, the required subjecting language may be contained in a deed from the Declarant conveying the Annexed Property), but it shall indicate clearly the intention to subject or annex such Annexed Property. Any Annexation Declaration may contain such use restrictions and such other terms, covenants, restrictions, easements, affirmative obligations, assessments, charges and liens applicable to such Annexed Property, not in conflict with this Declaration, as the Person subjecting such Annexed Property to the Declaration may determine, but this Declaration shall control over any provision of any Annexation Declaration that conflicts or is inconsistent with this Declaration. During the Declarant Control Period, each Annexation Declaration shall have been approved in writing by the Declarant prior to recordation.

Section 2.05 Votes Allocated to Annexed Property. The votes of the Members in the Annexed Property shall be allocated in the same manner that votes are allocated in portions of the Properties already subject to the Declaration. The addition of such property pursuant to this Section 2.05 may increase the cumulative number of Lots within the Properties and, therefore, may alter the relative maximum voting strength of the various types of Members.

Section 2.06 Conveyance of Common Area in Annexed Property. Prior to the conveyance of the last Lot within any newly annexed property to an Owner other than Declarant, the owner of the annexed property shall convey to the Association all Common Area located within the newly annexed property. Title to such Common Area shall be conveyed in the same manner as set forth in Section 4.03 of this Declaration.

ARTICLE III.
MEMBERSHIP AND VOTING RIGHTS

Section 3.01 Membership. Declarant and every Owner of a Lot which is subject to assessment by the Association 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. The foregoing is not intended to include Persons who or which hold an interest merely as security for the performance of an obligation.

Section 3.02 Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be three (3) classes of membership with respect to voting rights:

(a) Class A Members. Class A Members shall be the Owners of all Lots except those owned by the Declarant or a Builder. Class A Members shall be entitled to one (1) vote for each 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 voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Lot. Lots owned by Class A Members shall be “Class A Lots”.

(b) Class B Member. Declarant shall be the Class B Member. Declarant shall be entitled to twenty (20) votes for each Lot that it owns. Upon expiration of the Declarant Control Period, Declarant shall have one vote for each Lot that it owns, but such Declarant-owned Lots shall continue to be treated as Class B Lots for assessment purposes. Lots owned by the Declarant shall be “Class B Lots”.

(c) Class C Member. Each Builder shall be a Class C Member. A Class C Member shall be entitled to one (1) vote for each Lot that it owns. Lots owned by a Class C Member shall be “Class C Lots”.

Section 3.03 Declarant’s Right to Appoint Directors and Officers of the Association. Notwithstanding any other provision of this Declaration or the Bylaws, unless otherwise stated in a written notice from Declarant to the Association, Declarant will exercise its right to appoint and remove all of the Directors and officers of the Association until the expiration of the Declarant Control Period. See §47F-3-103(d) of the Act.

Section 3.04 Vacant/Leased Dwellings. If the Owner of a Lot ceases to occupy the Dwelling constructed thereon as his own personal living quarters, or if any Dwelling within the Properties is leased for rental purposes to tenants, the vote as expressed by the Owners of such vacant and rental units shall not be entitled to any weight greater than forty-nine percent (49%) on any matter pending before the Association and the votes of such the Lots of such Owners shall automatically be fractionally reduced for such purpose. This Section 3.04 applies only to Lots and Dwellings owned by Class A and Class C Members and specifically excludes Lots and Dwellings owned by the Declarant.

Section 3.05 Prohibited Actions. Despite any assumption of control of the Board by Owners other than the Declarant, until the last certificate of occupancy is issued by the applicable Governing Entity for a Dwelling in the Subdivision, Owners and the Board are prohibited from taking any inaction or refusing to take any action which would discriminate against the Declarant or would be detrimental to the sale or leasing of Lots owned by the Declarant in Declarant's sole discretion. The Board shall be required to continue at least the same level and quality of maintenance, operations, and services as that provided immediately prior to the assumption of control of the Association by owners other than the Declarant until the last certificate of occupancy is issued by the applicable Governing Entity for a Dwelling in the Subdivision.

ARTICLE IV.
PROPERTY RIGHTS

Section 4.01 Owners' Easements of Enjoyment and Access. Except as limited by Section 4.04 below, by any other provision of this Declaration, by rules and regulations adopted by the Members and/or the Board of Directors, and/or by any Legal Requirement, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Area, together with and including the right of access, ingress and egress, both pedestrian and vehicular, on and over the drives, walkways, rights-of-way and parking areas of the Common Areas, which rights and easements shall be appurtenant to and shall pass with title to every Lot, subject to:

(a) the right of the Association to charge reasonable admission and other fees for the use of any facilities situated or constructed on the Common Area (except not a public or private road right of way) and to limit the use of such facilities to Owners who occupy a residence within the Properties and to their families, tenants, and guests, as provided in Section 4.02 below.

(b) the right of the Association, after notice and an opportunity to be heard, to suspend the voting rights of an Owner and the right of an Owner to use to Common Area and facilities thereon for any period during which any assessment against his Lot remains unpaid for a period of thirty (30) days or longer, or for a period not to exceed sixty (60) days for any infraction of the published rules and regulations of the Association, provided, however that the Association may not suspend an Owner's right to use of any Common Area providing access or utilities to his Lot.

(c) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed upon by the Members. No such dedication or transfer shall be effective unless Members entitled to at least eighty percent (80%) of the votes of the membership of the Association agree to such dedication, sale or transfer, *provided that* this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewage, utility and drainage facilities upon, over, under and across the Common Area without the assent of the Members when such easements, in the opinion of the Board, are necessary for the convenient use and enjoyment of the Properties. Notwithstanding anything herein to the contrary, the Common Area shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the County or other Governmental Entity or to a nonprofit entity organized for purposes similar to those of the Association.

(d) the right of the Association, with the assent of Members entitled to at least eighty percent (80%) of the votes of the membership of the Association, to mortgage, pledge, deed in trust, or otherwise encumber any or all of its real or personal property as security for money borrowed or debts incurred, provided that the rights of any such lender or mortgagee shall be subordinate to the property rights of the Owners as set forth herein.

(e) the right of the Association to exchange all or part of the Common Area for other property and consideration of like value and utility provided that:

(i) written notice of the exchange is given to each Member of the Association;

(ii) after the notice is given, Members having at least sixty-seven percent (67%) of the votes of the Association, vote to approve the exchange, provided, however, that Member approval is not required if the sole purpose of the exchange is to correct an encroachment;

(iii) the acreage and configuration of the remaining Common Area (including real property to be received by the Association in such exchange) equals or exceeds the requirements of the Code; and

(iv) the exchange is approved by the County or other Governmental Entity (if required).

(f) The right of the Association to sell, lease, convey or dispose of any personal property owned by the Association.

(g) The rights of Owners of Lots on additional lands annexed to the Property initially, or subsequently, to the easements of use and enjoyment and rights of ingress, egress, and access, as specified above, to the initial Common Area and Common Area established on all lands included in subsequent phases.

(h) The right of the Association to adopt, publish, and enforce rules and regulations as provided in Article X.

(i) The right of the Association to enter any Lot to perform any maintenance, alteration, or repair required herein to be performed by the Association, and the Owner of such Lot shall permit the Association or its representative to enter for such purposes at reasonable times and with reasonable advanced notice.

(j) The right of the public to use, access, ingress, egress, and regress any private road rights-of-way.

<u>Section 4.02</u> <u>Delegation of Use</u>.

(a) <u>Family</u>. The right and easement of use and enjoyment granted to every Owner by

Section 4.01 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 Franklin County, North Carolina, and by their guests, *provided however*, such delegation to family members and/or guests shall not relieve Owner of responsibility of the actions of those to whom such right is delegated.

(b) Tenants. The right and easement of use and enjoyment granted to every Owner by Section 4.01 may be delegated by such Owner to his tenants who occupy such Owner's Unit, or a portion thereof, as their principal residence in Franklin County, North Carolina, and by their guests, *provided however*, such delegation to tenants shall not relieve Owner of responsibility of the actions of those to whom such right is delegated.

Section 4.03 Conveyance of Common Area to the Association. Declarant, for itself, its successors and assigns, covenants that it will convey to the Association title to those portions of the Common Area to be owned in fee by the Association, and the Association agrees to accept each such conveyance, in an "AS-IS, WHERE-IS" non-warranty deed. Declarant reserves (regardless of whether or not such reservation is specifically set forth in such deed), for itself and its successors and assigns, an easement over, under, across and through the Common Area so long as it owns any Lot within the Properties, for the purpose of constructing any improvements on the Common Area and/or the Lots as it deems necessary or advisable; provided however that, following construction of improvements, the Common Area shall be restored to its prior condition to the extent practicable. Except as otherwise stated herein, all conveyances by Declarant to the Association shall be free and clear of all encumbrances and liens (including statutory liens of laborers and materialmen pursuant to Article 2 of Chapter 44A of the North Carolina General Statutes) except this Declaration, restrictive covenants applicable to the Properties, utility, drainage, conservation, greenway and other easements of record or shown on the recorded maps of the Properties, and the lien of ad valorem taxes not yet due and payable. Any improvements placed on the Common Area by Declarant shall become the property of the Association upon completion of such improvements, except utilities owned and maintained by the County or other Governmental Entity, or a public or private utility company. Title to the Common Area in each phase or section of the Properties shall be conveyed to the Association not later than the time required by applicable Legal Requirements. At such time as Declarant shall convey the Common Areas to the Association, no acceptance or consent by the Association shall be necessary and the recordation of a deed from Declarant to the Association shall be deemed conclusive evidence of the Association's acceptance of such conveyance of such Common Area in their "as-is, where-is" condition, subject to the matters stated above.

Section 4.04 Regulation and Maintenance of Common Area and Common Area Easements. It is the intent of Declarant that the Common Area (whether owned by the Association in fee or by easement) be preserved to the perpetual benefit of the Owners within the Properties. To that end, Declarant, by recording any plat or map of any phase or section of the Properties, grants to the Association an easement over and across any portion of any Lot within such phase or section on which a Common Area Easement lies for the purpose of enabling the Association to take action permitted by subsections (b) and (c) of this Section 4.04 or by Article VI hereof.

(a) Rights and Responsibilities of the Owners. Each Owner of a Lot upon which a Common Area Easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Common Area Easement. Notwithstanding any other provision of this Declaration, no Owner or other Person shall, without the prior written consent of the Association: (i) remove any trees or vegetation from any Common Area; (ii) erect gates, fences, buildings or other structures on any Common Area; (iii) place any garbage receptacles on any Common Area; (iv) fill or excavate any Common Area or any part thereof; (v) plant vegetation on or otherwise restrict or interfere with the use, maintenance, and preservation of any Common Area; or (vi) not alter the Common Area in any way except for usual and customary maintenance.

It is the intent of the Declarant that a Common Area Easement shall be maintained in the same state as when the Lot upon which such easement lies was conveyed to an Owner (other than the Declarant), except for changes authorized or approved in writing by the Declarant or the Association. If an Owner of a Lot on which a Common Area Easement lies fails to maintain the easement area as provided herein, whether by act or omission, the Association shall have the right to enter upon such Owner's Lot for the purpose of maintaining same and shall have the right to charge such Owner for the costs of such maintenance, which costs, if not paid within thirty (30) days after demand for payment is made by the Association, shall be deemed an individual special assessment against such Owner's Lot and shall be collected in the same manner and shall incur the same late charges, interest and costs of collection as set forth in Section 5.07 of this Declaration. Notwithstanding the foregoing, the Association shall have the express obligation to maintain any retaining or privacy walls that are installed on multiple lots and lie within a specific easement on the recorded plats.

(b) Rights and Responsibilities of the Association. The Association shall have the right and obligation to ensure that the Common Area (including Common Area Easements) is preserved to the perpetual benefit of the Owners and, to that end, shall: (i) maintain the Common Area in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners, subject, however, to easements of record and any limitations on such use provided in this Declaration and/or rules and regulations adopted by the Association as provided herein or in the Bylaws; (ii) procure and maintain adequate liability insurance covering the Association and its Members against any loss or damage suffered by any Person, including the Owner of the Lot upon which a Common Area Easement lies, resulting from use of the Common Area; and (iii) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association. To the extent that the Common Area includes a water feature (i.e. lake, pond, fountain, dam) the Association has the obligation to maintain such water feature in generally accepted standards or municipal guidelines. To the extent that the Common Area includes a cemetery or gravesite, the Association has the obligation to maintain such cemetery or gravesite in accordance with generally accepted societal expectations and with reasonable care and in compliance with any and all applicable laws and regulations regarding the same.

(c) Association's Right of Entry for Maintenance of Common Area Easements. The Association and its employees, agents, contractors and subcontractors shall have a nonexclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as a Common Area Easement, and any other portion of the Lot to the extent necessary to gain access and maintain improvements and facilities within the Common Area Easement, including maintenance to be done by the Owner as provided in subsection (a) above, and no such entry shall be deemed a trespass. To the extent practicable, the Association shall give reasonable oral notice to the Owner or occupant of such Lot.

ARTICLE V.
COVENANT FOR ASSESSMENTS

Section 5.01 Personal Obligation for Assessments. Each Owner, by execution of this Declaration or by acceptance of a deed or other instrument conveying title to a Lot, whether or not it shall be so expressed therein, is deemed to consent and agree to pay to the Association (or to any Person who or which may be designated by the Association to collect such monies) all assessments and other charges required by this Declaration, including, without limitation, the following: (i) annual assessments; (ii) working capital fund payments required by Section 5.10 below; (iii) special assessments, (iv) individual special assessments, including, without limitation, fines for violations of the provisions of this Declaration or other Governing Documents, and assessments levied against Owners for misuse and damage to the Common Area by an Owner or his family members, tenants, agents, contractors and guests; (v) late payment charges, interest on unpaid assessments, costs of collection (including, without limitation, court costs, service charges, and attorneys' fees, and charges for dishonored checks, all as established by the Board from time to time; and (vi) all other assessments, fees and charges imposed or allowed to be imposed by this Declaration.

The Association has the right at all times to include as part of the assessments or other charges applicable to the Lots and the Owners thereof such amounts as are required to pay all Common Expenses and all financial obligations of the Association imposed by the Code either (i) directly on the Association, or (ii) indirectly on the Association by imposition of the financial obligation on some or all of the Owners, with the Association having responsibility for collection and payment.

Section 5.02 Purposes 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, but not limited to, for: (i) acquisition, improvement, and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) maintenance, repair, reconstruction, snow-removal and replacement of Common Area, private roads and public roads not yet accepted by the appropriate governmental authority, and improvements thereon, including, without limitation, Storm Water Control Measures, and, including, without limitation, the cost of inspections thereof and repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) payment of taxes and public assessments levied against Common Area owned by the Association in fee; (iv) procurement of insurance; (v) employment of attorneys, accountants, engineers, management agents and other Persons for Association business; (vi) payment of principal and interest on funds borrowed by the Association; (vii) reserve funds; and (viii) such other needs as may arise.

Section 5.03 Annual Assessments.

(a) Amount of Assessments. The initial annual assessment for each Class A Lot shall be One Thousand Six Hundred Eighty Dollars ($1,680.00), and shall be established in subsequent years as provided in Section 5.03(c) herein. The annual assessment for each Class C Lot shall be one-half of the annual assessment for each Class A Lot. The Class B Lots annual assessment shall be zero, provided, however that (i) *any* Lot containing a Dwelling occupied by any person as a residence shall be assessed as a Class A Lot, regardless of ownership of same and (ii) any Class C Lot shall be assessed as a Class A Lot regardless of ownership of same in the event said Lot has been owned by a Builder for three (3) years or more.

(b) Commencement Date. Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to a Lot on the first day of the month after the Lot is subjected to this Declaration.

(c) Ratification of Budgets. The Board of Directors shall adopt a proposed budget for the Association at least annually. Within thirty (30) days after the adoption of the proposed budget, the Board of Directors shall send a copy of the proposed budget to the Members and shall give written notice to the Members of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than ten (10) days nor more than sixty (60) days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Members. There shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified, unless at that meeting, Members having a majority of the votes of the entire membership vote to reject the budget; provided, however, if the proposed budget provides for an annual assessment per Lot not more than ten percent (10%) higher than the annual assessment in effect for the then-current Fiscal Year, such budget and assessment shall be deemed ratified unless Members having at least sixty-seven percent (67%) of the votes of the entire membership vote to reject the budget. If any proposed budget is rejected by the Members, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

(d) Future Amenity. Notwithstanding the forgoing, in the event that the Declaration and/or the Association elect to install, construct or otherwise add an amenity which will serve all of the Properties, and which is not currently anticipated in the establishment of the proposed budget, or any subsequent budgets, the Board of Directors shall have the right and the obligation to increase the annual assessments to provide for a reasonable level of support for said amenity and said increase shall not be subject to vote or ratification as provided hereinabove.

(e) Budget to Contain Line Items for Stormwater. All Association budgets shall contain (among other things) a separate line item pertaining to the maintenance and repair of all Stormwater Control Measures and the maintenance to any Legal Requirements for all private road rights of way.

(f) Notice to Members. The Board of Directors shall notify each Member of the annual assessment to be assessed against his Lot not later than fifteen (15) days before the beginning of each Fiscal Year.

(g) Uniform Rate; Collection Period. Annual assessments shall be fixed at a uniform rate for all Lots in each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors.

(h) Certificate of Payment. The Association shall, within ten (10) business days after receipt of a written request from an Owner or the Owner's authorized agent, and for such reasonable charge as the Board may determine, furnish a certificate signed by an officer of the Association, or by an authorized employee of any Person employed by the Association to manage collection of assessments and to whom the Association has delegated the authority to issue such certificates, setting forth whether the assessments and other charges against a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment and is binding on the Association, the Board, and every Owner.

(i) Merger. The provisions of this subsection shall not apply to, nor shall they be a limitation upon, any change in the annual assessment incident to a merger or consolidation as provided in §47F-2-121 of the Act.

(j) Assessment Loan. It is anticipated that until Declarant has sold a certain number of Lots (which number has not yet been determined, and which number is referred to herein as the "Break-even Number"), the Annual Assessments collected by the Association will not be sufficient to pay all common expenses on a current basis, but that the anticipated Annual Assessments collected after the Break-even Number of Lots has been sold will exceed common expenses. To fund this shortfall, Declarant reserves the right, but is not obligated, to make a loan (the "Assessment Loan") to the Association, as provided below, until cash flow from the Annual Assessments is sufficient to pay common expenses. If Declarant elects to make the Assessment Loan, then Declarant shall advance to the Association the amount by which the common expenses exceed the Annual Assessments collected for such year. The Association shall have the affirmative obligation to repay the Assessment Loan to the Declarant in accordance with the terms hereof, with no interest thereon except as otherwise provided in this subsection. The Association shall use proceeds advanced to the Association only to pay the above described shortfall in common expenses. The Association shall repay the Assessment Loan to Declarant in monthly installments or as otherwise determined by Declarant commencing at such time as sales of Lots reach the Break-even Number, until the balance of the Assessment Loan has been repaid to Declarant in accordance with its terms; provided, however, an Assessment Loan shall in no event be repaid to Declarant later than four (4) years after the Loan is made, unless earlier accelerated due to a default by the Association. After maturity, whether by acceleration or otherwise, if the Assessment Loan remains unpaid, the outstanding balance shall bear interest at the rate of eight percent (8%) per annum compounded monthly. Each Owner of a Lot, by acceptance of a deed or other conveyance therefore, whether or not it shall be so expressed in any such deed or other conveyance, is hereby deemed to covenant and agree (and such covenant further shall be deemed to constitute a portion of the purchase money and consideration for acquisition of the Lot), that such an Assessment Loan is reasonable and was made by Declarant and accepted by the Association in good faith and at arm's length.

Section 5.04 Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other non-recurring expenses, provided that any such assessment shall have been approved by the Declarant (during the Declarant Control Period), and by not less than two-thirds (2/3) of the votes of the Class A Members present and voting, in person or by proxy (or, as to a special assessment related to Limited Common Area, of Class A Members against whose Lot the special assessment will be levied) at a meeting of the Members, one of the purposes of which is to vote on the special assessment, and further provided that the special assessments for Class C Lots shall always be one-half (½) of the special assessment for Class A Lots, and the special assessment for Class B

Lots shall be zero. Special assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly, or monthly basis, as determined by the Board of Directors. Special assessments shall be collected in the same manner and shall constitute a lien to the same extent as other assessments against the Lot.

Section 5.05 Notice and Quorum for Action Authorized Under Section 5.04. Written notice of any meeting called for the purpose of voting on a special assessment shall be sent to all Members not less than fifteen (15) days or more than thirty (30) days prior to the meeting. At such meeting, the presence of Members or their proxies entitled to cast ten percent (10%) of the votes of each Class of Lots shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the same notice requirement, and if the meeting is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting.

Section 5.06 Individual Special Assessments. The Board of Directors may, without vote of the Members, levy a special assessment (an "individual special assessment") against any Lot, applicable only to that Lot, for (i) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of any damage to the Common Area, including, without limitation, any improvements thereon or thereto, caused by the act or failure to act of an Owner, his family, tenants, guests or agents, and not the result of ordinary wear and tear; (ii) for payment of fines, penalties or other charges imposed against an Owner resulting from failure to comply with the terms and provisions of this Declaration, the Bylaws, and/or any rules or regulations promulgated hereunder, including, without limitation, fines assessed pursuant to Section 5.12 below; (iii) reimbursement to the Association or the Architectural Review Committee appointed by the Board for any sums it expends for enforcement of the architectural design guidelines and/or this Declaration and/or the rules and regulations of the Association; and (iv) for the purpose of reimbursing the Association for costs (including attorneys' fees) incurred in bringing the Owner, his Lot or his residence into compliance with the provisions of this Declaration, the Bylaws, the architectural design guidelines or other rules and regulations adopted by the Board or the Association. Upon the establishment of an individual special assessment, the Board shall send written notice of the amount and due date of such individual special assessment to the affected Owner(s) at least fifteen (15) days prior to the date such individual special assessment is due. Individual special assessments shall be collected in the same manner and shall constitute a lien to the same extent as other assessments against the Lot. Declarant shall not be obligated to pay any individual special assessment except with Declarant's prior written approval.

Section 5.07 Effect of Nonpayment of Assessments; Remedies. All assessments and other charges shall be established and collected as provided in this Declaration. All assessments and other charges remaining unpaid for thirty days (30) days or longer, together with late charges, interests, and the costs of collection thereof, including attorneys' fees, shall be charge on the Owner's Lot as provided in §47F-3-116 of the Act and, upon filing of a claim of lien in the Office of the Clerk of Superior Court for Franklin County in the manner provided in §47F-3-116(g) of the Act, shall be a continuing lien upon the Lot against which such assessment is made until paid in full. The lien may be foreclosed by the Association in any manner permitted under the Act or by law.

Each assessment and other charge due hereunder, together with late charges, interest, the costs of collection thereof, including attorneys' fees, shall also be the personal or corporate obligation of each Person who was an Owner of the Lot at the time when the assessment or other charge first became due and payable and may be collected by appropriate action at law. If more than one Person held an ownership interest in the Lot at the time the assessment or other charge first became due, then each Person shall be jointly and severally liable. An Owner's personal obligation for payment of such assessments and other charges shall not become the personal obligation of a subsequent Owner unless expressly assumed by the subsequent Owner, although the lien shall continue against the Lot until the amounts due are paid.

Notwithstanding the foregoing, when the holder of a first mortgage or first deed of trust of record or other purchase of a Lot obtains title to the Lot as a result of a foreclosure of a first mortgage or first deed of trust, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments and other charges against such Lot which became due prior to the acquisition of title to such Lot by such purchaser.

Section 5.08 Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage or deed of trust, or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of any assessments which became due prior to the date of conveyance pursuant to such foreclosure. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 5.09 Exempt Property. All Common Area owned in fee by the Association, all Exempt Property as defined hereinabove, all property dedicated to and accepted by a public authority, and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from all of the assessments created herein. Notwithstanding the foregoing, no Lot devoted to residential use shall be exempt from said assessments.

Section 5.10 Working Capital Contribution. At the time of closing of the initial sale of each Dwelling constructed on a Lot, the sum of Two Thousand Dollars ($2,000.00) (the "Capital Contribution") shall be collected from the purchaser of such Lot and transferred to the Association as part of its working capital. The purpose of the working capital contribution is to ensure that the Association will have adequate cash available to meet its initial operating expenses or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid to the Association pursuant to this Section 5.10 shall not be considered as an advance payment of any regular assessment. These amounts need not be segregated but may be commingled with regular assessment funds. The Board of Directors shall have the right and authority to set and modify the Capital Contribution amount, in accordance with the procedures established for budget approval set forth in Section 5.03(c) hereinabove.

Section 5.11 Reserve Account. The Association may establish a separate reserve account to fund major repairs to and replacements of improvements on Common Area. Each annual budget shall show the amount to be placed in reserve for each category for which reserves are to be held.

Section 5.12 Fines. Subject to the provisions of this Declaration, the Bylaws of the Association, and Section 47F-3-107.1 of the Act, the Board of Directors shall have the right and authority to levy fines or suspend privileges or services provided by the Association for reasonable periods for the violation of any provision of this Declaration and other rules and regulations promulgated by the Board of Directors pursuant thereto, provided, however that the Association may not suspend an Owner's right to use of any Common Area providing access or utilities to his Lot. Any monetary fine shall be deemed an individual special assessment against the Lot of the Owner against whom such fine is assessed.

ARTICLE VI.
MAINTENANCE OF LOTS AND DWELLINGS

Section 6.01 Owner's Responsibility; Remedy for Owner's Failure to Maintain. Except as expressly provided in Section 6.03 herein, each Owner shall keep his Lot and Dwelling, including the outside areas, in a neat and orderly condition and shall keep the improvements thereon, both interior and exterior, in a suitable state of repair. Additionally, and in no way limiting the foregoing, Owner shall (i) maintain any and all utilities (including sewer and water) or related facilities including the water service line, located on Owner's Lot or within Owner's Dwelling, (ii) refrain from erecting any structure and placing any contaminant any easement without express written permission.

If an Owner does not make any repair or perform any maintenance required of such Owner, the Association shall have the right (but not the obligation), through its agents and employees, by the affirmative vote of the Board of Directors, to enter upon such Lot and to repair, maintain and restore the Lot and/or the exterior of the Dwelling or other structure erected thereon, and the cost of such maintenance, plus a surcharge of 15% for administration, shall be assessed in accordance with Section 6.02 below. Prior to such entry, the Association shall give written notice to the Owner stating: (i) the specific item(s) needing maintenance; (ii) the corrective action to be taken; (iii) a time, not less than ten (10) calendar days from the date of the notice, in which the Owner is required to perform the necessary maintenance; and (iv) a statement that, if the Owner fails to perform the maintenance within such time period, the Association will exercise its right to perform the maintenance and that the Owner will be assessed with the costs thereof as provided in this Article VI.

Section 6.02 Assessment of Cost. In the event that the Association performs maintenance on any Lot as provided hereinabove, the cost of any such maintenance, repair or replacement (including 15% of such costs as an administration fee) shall be an individual special assessment against the Lot upon which such maintenance is done and shall be added to and become part of the assessments to which such Lot is subject under Article V hereof, enforceable under the terms thereof.

Section 6.03 Maintenance by the Association. The Association shall have the right and obligation to ensure that the Common Area is preserved to the perpetual benefit of the Owners and, to that end, shall: (i) maintain the Common Area, including Limited Common Area, in its natural or improved state, as appropriate, and keep it free of impediments to its use by the Owners; (ii) procure and maintain adequate liability insurance covering the Association and its Members against any loss or damage suffered by any Person, including the Owner of the Lot upon which Common Area lies, resulting from use of the Common Area; and (iii) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association.

In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his family, guests or invitees, lessees or their family members, guests or invitees, the cost of such maintenance or repairs shall be added to and become a part of the assessment to which said Lot is subject. The Association is hereby granted an easement and right of access to go upon any Lot for performance of repairs or maintenance for which the Association is responsible.

ARTICLE VII.
RIGHTS OF LENDERS

Section 7.01 Books and Records. Any holder of a first deed of trust on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of this Declaration, the Articles of Incorporation, the Bylaws, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding Fiscal Year, except that the Association shall not be required to provide the financial statement for the preceding Fiscal Year if said Fiscal Year expired less than 75 days prior to the date of the request.

Section 7.02 Notice to Lenders. Upon written request to the Association, the holder of a first deed of trust on any Lot shall be entitled to timely written notice of:

(a) Any 60-day delinquency in the payment of assessments or charges owed by the Owner of the Lot securing its loan.

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

(c) Any proposed action that requires the consent of a specified percentage of owners or holders of first mortgages on the Lots.

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

Section 7.03 Approval of Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the holders of first deeds of trust who have requested notice as provided in Section 7.02 above have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. Neither the granting of easements for utilities or other purposes as provided in Section 4.01(c) hereof, nor the exchange of real property as provided in Section 4.01(d), 4.01(e) and 4.01(f) hereof, shall be deemed a transfer within the meaning of this subsection (a). Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the County or another Governmental Entity or to a nonprofit entity organized for purposes similar to those of the Association.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot;

(c) Fail to maintain hazard insurance on insurable improvements on the Common Area or on portions of insurable improvements on each Lot the Association is obligated to maintain hereunder, on a current replacement cost basis in an amount not less than one hundred percent

(100%) of the insurable value; or

(d) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for other than the repair, replacement, or reconstruction of the damaged improvements or, as provided in §47F-3-113 of the Act, for distribution to the Owners, provided, however, that, except as provided in §47F-2-118 of the Act, any distribution to Owners shall be in the form of a credit toward current or future assessments due from the Owners to the Association.

Section 7.04 Payment of Taxes and Insurance Premiums. The holders of first deeds of trust on Lots, jointly or singly, may pay taxes or other charges which are in default, and which have or may become a charge or lien against any of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The Person(s) making such payments shall be owed immediate reimbursement therefor by the Association.

Section 7.05 Collection of Assessments. No mortgagee shall have any obligation to collect any assessment under this Declaration.

ARTICLE VIII.
EASEMENTS

In addition to all other easements granted or reserved elsewhere in this Declaration, Declarant hereby grants and/or reserves the following easements.

Section 8.01 Access and Utility Easements. Easements for the installation and maintenance of driveway, walkway, water lines, septic facilities, natural gas lines, telephone, cable television, electric power transmission lines, storm water drainage facilities, and other public or quasi-public utility installations are reserved to Declarant and the Association as shown on the recorded maps of the Properties and may be granted by Declarant, the Association or other Owner by separate document recorded in the Registry. The Association may reserve and grant easements over the Common Area as provided in Section 4.01(c) of this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements. During the Declarant Control Period, Declarant also reserves the right to create and impose additional easements or rights-of-way over any unsold Lot by the recording of appropriate instruments in the Registry, and such instruments shall not be construed to invalidate any of these covenants.

Declarant reserves an easement in and right at any time during the Declarant Control Period to grant a ten-foot (10’) right-of-way over, under and along the front and rear line of each Lot for the installation and maintenance of poles, lines, conduits, meters, pipes, and other equipment necessary to or useful for furnishing electric power, gas, telephone service, cablevision or other utilities, including water and storm drainage facilities. Declarant also reserves an easement in and right at any time in the future to grant a five-foot (5’) right-of-way over, under and along the side lines of each Lot for the aforementioned purposes.

There is reserved an easement for the benefit of the Declarant and the Association, and their respective successors and assigns, over, across and under those portion of Properties shown and designated as "Open Space," or any similar designation, on any recorded map or plat of any portion of the Properties, for any and all purposes.

An easement is also reserved for the benefit of the Declarant and the Association, and their respective successors and assigns, over, across and under those portions of Properties shown and designated as "sign easement", "landscape easement", or "drainage easement", or any similar designation, and any combination of the foregoing on any recorded map or plat of the any portion of the Properties for the purpose of installing, operating, repairing and maintaining, as appropriate, landscaping, irrigation system, entrance signage, fencing and Stormwater Control Measures in the easement area. No building, structure, fill, embankment, fence, driveway, planting, swing, or other obstruction shall be permitted in such area, other than those installed by the Declarant or the Association unless approved as provided in Article VIII of this Declaration and, if required, by the County or other Governmental Entity. Furthermore, Declarant reserves the right to change the designation of any easements or open spaces to that of another property type at any time it chooses, within its sole discretion.

During the Declarant Control Period, Declarant grants to and reserves for itself, the Association, and their successors and assigns, an easement and right of ingress, egress, and regress on, over and under the Properties to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, the Person taking such action shall grade and seed the affected property and restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. The Person taking such action shall give reasonable notice of its intent to take such action to all affected Owners.

No reservation of easement contained in the Declaration shall create or impose any obligation upon the Declarant or its successors and assigns to provide or maintain any such utility, drainage facility or impoundment. The easements reserved to Declarant are so reserve on condition that any such entry by Declarant or the Association upon any Lot shall be made with the minimum inconvenience to the Owner of such property as is reasonably practical and any damage caused as a result of gross negligence of Declarant, the Association or their employees or agents shall be repaired by Declarant or the Association at their expenses, respectfully.

<u>Section 8.02</u> <u>Easement over Common Area</u>. A perpetual, nonexclusive easement over, under and through the Common Area is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants, or occupants, for the purpose of providing reasonable access, ingress and egress to, from and over and the use of the Common Area and for utilities serving such Lot. Any conveyance or encumbrance of such Common Area is subject to the easements granted herein.

<u>Section 8.03</u> <u>Association's Easement upon Lots</u>. The Association shall have a right, license and easement to go upon any Lot for the purpose of fulfilling its obligations under this Declaration and any other laws, ordinances, rules and regulations, public or private, which the Association is obligated or permitted to enforce. Such easement shall include, without limitation, the right to go on any Lot to correct, repair or alleviate any condition which, in the opinion of the Board of Directors of the Association or of the manager employed by the Association, creates or may create an imminent danger to the Common Area

or improvements thereon. These reservations of easements expressly include the right to cut any trees, bushes, shrubs or growth, the grading, cutting or ditching of the soil and any other action necessary to complete installation.

Section 8.04 Easements for Private Contractors. The Association shall have the right to assign its rights and delegate its duties to any Person. In the event that the Association employs or engages any Person to provide security within the Properties, perform inspections of improvements, collect garbage, or perform any other function, an easement is established over the Common Area and every Lot for the benefit of such Persons for such purposes.

Section 8.05 Easement for Governmental Access; Utility Providers. An easement is hereby established over the Common Area and every Lot for the benefit of applicable governmental agencies and public/private utility providers which provide services and utilities in the Subdivision consistent with public safety and welfare, including, without limitation, law enforcement, fire protection, garbage collection, the delivery of mail, water utility, sewer utility, cable utility and telecom utility. These reservations of easements expressly include the right to cut any trees, bushes, shrubs or growth, the grading, cutting or ditching of the soil and any other action necessary to complete installation.

Section 8.06 Easements for Development. During the Declarant Control Period, Declarant reserves an easement over the Properties to construct improvements thereon, including Common Areas, for the purpose of allowing Declarant to develop the Properties and exercise its right to annex any additional property to this Declaration and the development thereof. The easements here reserved shall include, but not be limited to easements for ingress, egress and regress over private roads and streets now or hereafter erected on the Properties and easements for drainage and for the use of all utility lines, fixtures and/or their connections located within the Common Area for the purposed of providing drainage, water, light, power, telephone sewage and sanitary sewer service to any additional properties described in Section 2.02 herein. These reservations of easements expressly include the right to cut any trees, bushes, shrubs or growth, the grading, cutting, or ditching of the soil and any other action necessary to complete installation.

The Declarant and/or the Association reserve the right to subject the Properties to a contract with an electric utility provider for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to said utility provider by each residential customer, said contract shall not be subject to the limitations of Section 11.07 below.

Section 8.07 Specific Easements on Particular Lots. Declarant hereby grants to and reserves for itself, the Association, and, to the extent applicable, the County or other Governmental Entity, and the North Carolina Department of Transportation, and their respective successors and assigns, any and all easements shown on the recorded maps of Glenn Meadows subdivision (to the extent necessary to enable to appropriate Person to use and maintain the same for the intended purpose).

Section 8.08 Light, View and Air. No Owner shall have an easement for light, air or view over the Lot of another Owner and no diminution of light, air or view by any improvement now existing or thereafter erected shall entitle Owner or any other Person to claim any easement for light, air or view within the Property.

Section 8.09 Fence Easement. Each Owner shall have a perpetual access easement over the adjoining Lot and Common Area to the extent reasonably necessary to tie a fence on the Owner's Lot with a neighboring fence. Installation of fences, however, require prior approvals by the Declarant or Architectural Review Committee pursuant to the terms of Article IX of this Declaration and written approval of said neighboring owner. This Fence Easement is subordinate to other easement authorized by this Declaration or by the Declarant, including but not limited to utility and stormwater easements, accordingly fences may be removed as necessary by the holders of said easements for maintenance and repairs.

Section 8.10 Private Road Right Of Way. An easement is hereby established over any private road right-of-way for the public at large.

ARTICLE IX.
ARCHITECTURAL CONTROL

The Architectural Review Committee, if any, shall be appointed by the Declarant through and until the date that the Declarant Control Period expires, or such earlier date on which Declarant expressly relinquishes such duties to the Architectural Review Committee, as determined by Declarant in its sole discretion. Following the expiration of the Declarant Control Period or relinquishment the Declarant as provided above, the Architectural Review Committee shall be composed of no fewer than three (3) persons and no more than seven (7) persons and shall be appointed by the Board. As used throughout this Article, "Declarant and/or Architectural Review Committee" shall refer to either party as is appropriate and applicable at the relevant time and may change at the discretion of the Declarant.

Any and all site preparation, including, but not limited to tree clearing, grading, elevation work, landscaping, sloping or tree work, and construction, erection, or installation, of any improvements, including but not limited to, buildings, fences, signs, walls, bulkheads, screens, landscaping, plantings, statues, artwork, equipment, swimming pools, or other structures shall not be commenced, cleared, planted, installed, removed, erected, placed, altered, painted or maintained upon any Lot, until the maps, layouts, plans and specifications showing the nature, type, species, kind, shape, height, materials, exterior colors, siding, location and elevations of the improvements relative to their existing landscaping or plantings on all Lots shall be reviewed and approved by the Declarant and/or Architectural Review Committee, as appropriate.

In the event the Declarant and/or the Architectural Review Committee fails to approve such submission made by any Lot Owner within thirty (30) days after said plans and specifications have been received by the Declarant and/or Architectural Review Committee, approval will be deemed to have been denied. Any plans and specifications that contain inaccurate or missing data or information when submitted shall not be deemed to be approved notwithstanding any prior approval by the Declarant and/or Architectural Review Committee.

Upon request, the Association, on behalf of the Architectural Review Committee, shall provide any Owner with a letter stating that any such work, plans and specifications, landscaping or plantings have been approved, and the letter may be relied upon by third parties.

Approval or disapproval by the Declarant and/or Architectural Review Committee of such plans, location or specifications may be based upon any grounds, including purely aesthetic and environmental, which in the sole discretion of the Declarant and/or Architectural Review Committee, it shall deem sufficient. Neither the Declarant, Association, Board, nor the Architectural Review Committee shall be responsible for any defects in the plans and specifications submitted to it or in any structure erected or improvements made on any Lot.

The Declarant, the Board and the Architectural Review Committee, or their appointed agents, shall have the right, at their election, and as frequently as desired, but shall not be so required, to enter upon any of the Lots during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications.

The Declarant and/or Architectural Review Committee shall have the power to grant or deny, and may allow or refuse, variances of, and adjustments of, the restrictions established herein in order to overcome practical difficulties and prevent unnecessary hardships in application of the restrictions contained herein; provided, however, that variances or adjustments are done in conformity with the intent and purposes hereof; and, provided also, that in every instance such variance or adjustment will not be materially detrimental or injurious to other Lots in the immediate area. Variances and adjustments may be of the height, size, and setback requirements, pursuant to the terms herein, but shall not be limited thereto. No variance shall be permitted if it violates governmental minimum standards. Notwithstanding the foregoing, Declarant shall have the power to grant or deny the above variances and adjustments so long as Declarant has the authority to appoint members to the Architectural Review Committee.

In the event of the grant of any variance in the restrictions established herein, the Declarant and/or Architectural Review Committee may execute a document acceptable in substance to the Association attesting to such grant and the specific nature thereof in form suitable for recording, so that the Lot Owner may record the document in the Franklin County Registry. Such document shall be prepared at the cost of the Lot Owner and shall be binding upon the Declarant, the Association, its successors and assigns, and other Lot Owners and may be relied upon by third parties to evidence the variance approval.

Any purchaser of a lot or institution financing a lot shall rely on the foregoing statement. The Association, so long as Declarant has authority to appoint members to the Architectural Review Committee, shall defer architectural approvals and grants of variances to Declarant unless Declarant has voluntarily relinquished control of the Association. The Declarant shall be exempt from the provisions of this Article IX as it would apply to Lots and/or land owned by the Declarant.

ARTICLE X.
USE RESTRICTIONS

<u>Section 10.01</u> <u>Land Use and Building Type</u>. Except as specifically provided herein, Lots shall be used primarily for residential purposes and specifically excludes any manufacturing, retail, industrial or similar purposes or uses prohibited by the zoning classification for the Lots and Subdivision. Except as permitted by the County or other Governmental Entity, no trade, business, profession, or other type of commercial activity shall be carried on upon any Lot, except that (i) the Declarant, Owners, real estate brokers and their agents may show Lots and homes for sale or lease and (ii) Owners shall be permitted to

operate, run and conduct any small business, "work-from-home" employment or commercial activity so long as said activities do no create a nuisance or unreasonable burden on the Subdivision or other Owners, in the sole discretion of the Board. Additionally, the Declarant and/or the Board shall have the right to and may, in writing, permit another Person to: (i) use Lots and improvements erected thereon for sales offices, field construction offices, storage facilities, and other uses consistent with the development of the Subdivision and the sale and construction of homes therein; (ii) maintain model homes, trailers and/or sales offices, which may be open to the public for inspection seven days per week for such hours as the Declarant deems appropriate or necessary; and (iii) conduct any other activities on Lots to benefit development, sales and construction efforts.

Section 10.02 Building Setbacks; House Location. No Dwelling shall be erected or maintained on any Lot outside of the building envelope required by the Code or other Governing Documents. For purposes of these building setback requirements, decks, porches, patios, stoops, eaves, overhangs, bay windows, chimneys, carports, and other similar projections shall be deemed to be part of the Dwelling only to the extent that the same are deemed to be part of the Dwelling under the Code as it exists as of the date of issuance of a certificate of occupancy for such Dwelling. Any Dwelling erected on a Lot other than a corner lot shall face the street on which the Lot abuts. On corner lots, a Dwelling may be erected so as to face either street or the intersection of the two streets on which the Lot abuts.

Section 10.03 Fences and Retaining Walls. Any fence or retaining wall installed within the Properties must meet all requirements of the Code and must be approved as provided in Article IX of this Declaration. Chain-link fences will not be permitted. Nothing in this paragraph shall be deemed to apply to or regulate retaining walls made necessary by the slope or grade of any Lot or Lots or to any fence installed by the Declarant within the Properties.

Section 10.04 Temporary Structures. No residence of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, shack, tent, garage, barn, or any other building of a similar nature shall be used as a residence on any Lot, either temporarily or permanently.

Section 10.05 Parking; Driveways and Parking Pads; Abandoned Vehicles. Vehicles may be parked or stored only on portions of a Lot improved for that purpose, i.e., garage, driveway, or parking pad. No unenclosed parking shall be constructed or maintained on any Lot except a paved driveway. Any driveway or parking pad constructed upon any Lot shall be approved as provided in Article IX hereof.

No mobile house trailer (whether on or off wheels), recreational vehicle, trailer or enclosed body of the type which may be placed on or attached to a vehicle (known generally as "campers" or "recreational vehicles"), tractor trailer trucks or cabs, or commercial vehicle of any kind shall be parked on any street or any Lot, except within a garage or outbuilding approved in accordance with Article IX hereof. No vehicles (whether operational or not) weighing in excess of one (1) ton may be regularly parked on a Lot. No boat, boat trailer, or any other trailer shall be parked on any street within the Properties. A boat, boat trailer, or other trailer may be parked or kept on a Lot if it is parked or kept in the garage or outbuilding approved pursuant to Article IX hereof (with the door of the garage or outbuilding able to be completely closed).

No vehicle of any type which is abandoned or inoperative shall be stored or kept on any Lot, and no automobiles or mechanical equipment may be dismantled or allowed to accumulate on any Lot. Vehicles without current registration and inspection stickers are considered abandoned or inoperative. No stripped, partially wrecked or junked vehicles or parts thereof shall be permitted to be parked or kept on any Lot. Parking is prohibited on the grass or the medians.

Section 10.06 Animals. No livestock or poultry of any kind shall be allowed on a Lot or in a Dwelling in the Community. The term "livestock" shall include, without limitation, horses, cattle, pigs, goats, swine, sheep, deer, reindeer, yaks, camels, donkey, and mule. The term "poultry" shall include, without limitation, chickens, roosters, hens, turkey, ducks, geese, swans, ostrich, pheasant, and emus. The terms "poultry" and "livestock" as used herein shall have their plain and obvious meaning and shall be construed in their broadest sense to include animals other than household dogs, cats, and other small domesticated animals kept primarily inside a home in the Community. Nothing herein shall be deemed or construed to prevent a reasonable number of dogs and cats from being kept on a Lot (not to exceed four, total) or small interior Household Pets such as gerbils, hamsters, ferrets, fish and similar small domesticated interior animals or aquatic creatures from being kept on a Lot, provided that they do not create a nuisance (in the judgment of the Board) by number or type of animals, noise, odor, damage or destruction of property, animal waste, or any other reason, and further provided that they are kept in compliance with all Legal Requirements and such Rules and Regulations as the Association or Board may adopt. No Household Pets may be bred or maintained for any commercial purpose. The Board reserves the right to determine, in its sole discretion, whether a Household Pet is a nuisance and may require removal. No Household Pet shall be permitted on the Common Property except as permitted by the rules and regulations of the Association and shall be on a lease when outside the owner's Dwelling. The Household Pet owner is responsible for removing and cleaning up excrement deposited on any Lot, street or the Common Property.

Section 10.07 Nuisances. No noxious or offensive trade or activity shall be carried on upon any Lot or the Common Area, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No vehicle repairs or maintenance shall be conducted within the Properties other than in a garage and concealed from public view. Outside clothes hanging devices are not permitted.

Section 10.08 Signs. Except as otherwise required by the County, no sign of any kind shall be displayed to the public view on any Lot except not more than one (1) sign of not more than six (6) square feet advertising the Lot and Dwelling for sale or rent, and not more than two (2) signs of not more than six (6) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than sixty (60) days before such election and shall be removed within two (2) days after such election. No sign of any kind shall be displayed on the Common Area without the prior written consent of the Association. Notwithstanding the foregoing, Declarant shall have the right to erect and maintain signs of any type and size on any Lot which it owns and on the Common Area in connection with the development and sale of the Properties.

Section 10.09 Antennas; Satellite Dishes. No television, radio or other electrical towers, aerials, antennae, satellite dishes, or other devices of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon unless approved in accordance with Article IX hereof, except that this prohibition shall not apply to those antennae specifically covered by 37 C.F.R. Part 1, Subpart S, §1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Association shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae.

To the extent that the reception of an acceptable signal would not be impaired, an antenna permissible pursuant to rules adopted by the Association may be installed only if it: (i) is located in the rear or side yard of the Lot; (ii) is not visible from any street (whether by location or screening); (iii) is integrated with the Dwelling and surrounding landscape; and (iv) is approved pursuant to Article IX of this Declaration.

Section 10.10 Swimming Pools. No above-ground swimming pools are permitted within the Properties, except that small, inflatable wading pools, hot tubs, whirlpools and jacuzzies shall be permitted in the back yard of a Dwelling.

Section 10.11 Mailboxes. No Lot shall have a separate mailbox.

Section 10.12 Maintenance of Lot and Improvements; Construction. As more fully provided in this Declaration, each Owner shall keep his Lot, in a neat and attractive condition and shall keep the improvements thereon in a suitable state of repair, including, but not limited to, plantings, landscaping, and lawns, prompt removal of dead trees and bushes, prompt cutting of tall grasses and undergrowth and prompt removal of rubbish. If an Owner fails to comply with this provision, the Declarant or the Association may remedy such non-compliance and the Owner of such Lot shall be responsible for all costs of bringing the Lot into compliance with this provision. Any such costs shall be deemed a special assessment against the Lot.

In the event that any residence or structure on any Lot is destroyed or partially destroyed by fire, Act of God, or as a result of any other act or thing, the Owner of such Lot shall repair the damage and reconstruct the improvement within nine (9) months after such damage or destruction; provided, however, that if the structure damaged is not part of or attached to the residence constructed on such Lot, the Owner may, at his option, either completely remove the damaged structure and landscape the area on which the structure stood or repair or reconstruct the structure, with Declarant and/or Architectural Review Committee approvals as required in Article IX.

All construction, landscaping or other work which has been commenced on any Lot shall be continued with reasonable diligence to completion and no partially completed house or other improvement shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. The Owner of each Lot shall at all times keep public streets abutting his Lot free from any dirt, mud, garbage, trash or other debris resulting from construction on his Lot.

Section 10.13 Garbage; Unsightly Storage. All trash and rubbish shall be kept in garbage cans stored behind the principal building or in an enclosed garage, in either case in such a manner as not to be visible from the street upon which the Dwelling fronts. No trash, rubbish, stored materials, wrecked or inoperable vehicles, or similar unsightly items shall be allowed to remain on any Lot; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, and other debris for collection by governmental or other similar garbage and trash removal units. In the event of curbside trash and/or garbage pickup, trash and/or garbage cans may be moved to the street on the night before the scheduled pickup, but all garbage cans must be returned to an approved enclosure the night of the scheduled pickup. Trash containers used by the Declarant or, with the approval of the Declarant, by a Builder during construction are exempt from this provision.

Notwithstanding the foregoing, no vehicle of any type or size which transports inflammatory or explosive cargo or which stores or transports materials or substances defined as hazardous or toxic by any applicable legal requirements shall be kept or stored or allowed to remain in or on the Properties at any time, except as may be required to effectuate transportation or removal of such prohibited materials and substances through or from the Properties, or, with respect to explosive materials, as may be reasonably required in connection with the construction or installation of streets and utilities in the Properties, or as may be allowed by Declarant, during the Declarant Control Period, and thereafter, the Board, when reasonably required for the construction of other improvements within the Properties.

Section 10.14 Waiver of Violations. Declarant, or the persons or firms to whom the architectural review and approval authority has been delegated pursuant to Article IX of this Declaration, may, but shall not be obligated to, waive any violation of the designated and approved building setback lines on any Lot, provided that, no waiver may be granted for a violation in excess of 25% of the applicable requirements. No such waiver shall be effective unless the Lot and all structures thereon are in full compliance with the applicable provisions of the Code or a variance has been obtained for such violation. Waivers shall be effective upon recording of same in the Registry.

Section 10.15 Street Lighting. Declarant reserves the right to subject the Properties to a contract with a public or private electric utility provider for installation and operation of street lighting, which may require a continuing monthly payment to said provider by each residential customer or by the Association.

Section 10.16 Impervious Surface. Lots may be subject to restrictions on the amount of total square footage of the Lot that may be covered by impervious surfaces, as established by the County and more specifically shown on the plats of the Properties recorded in the Registry. Such impervious requirement may limit an Owner from constructing new or expanding existing Dwellings, porches, patios and decks, parking pads and garages, pools, and/or outbuildings.

Section 10.17 Wetlands. Portions of the Properties may have been determined to meet the requirements for designation as a regulatory wetland or riparian area. Notwithstanding anything to the contrary that may appear herein or in any amendment hereto or in any Annexation Declaration, any subsequent fill or alteration of any portion of the Properties that has been determined to be a regulatory wetland or riparian area under applicable laws of the United States or the State of North Carolina shall conform to the requirements of applicable wetland or riparian area rules adopted by the United States of the State of North Carolina and in force at the time of the proposed alteration. The intent of this paragraph is to prevent additional wetland or riparian area fill or degradation as defined by the U.S. Army Corps of Engineers or other applicable governmental authority.

Section 10.18 Firearms. The discharge of firearms in the Properties is prohibited. The term "firearms" includes rifles, shotguns, pistols, and small firearms of all types, regardless of caliber or method of propulsion.

Section 10.19 Recreational and Other Equipment. No recreational equipment (including but not limited to, basketball backboards and hoops, trampolines, swing sets, tree houses, children's climbing or play apparatus and other equipment associated with either adult or juvenile leisure or recreation) shall be attached to the exterior of any Dwelling or otherwise placed or kept on any Lot, except with prior approval of the Architectural Review Committee. No such recreational equipment shall be located in such a manner as to constitute a nuisance or unsightly condition. No portable basketball hoops/goals shall be permitted. Further, children's play toys and other movable equipment of any type (such as lawn mowers and garden tools) shall not remain overnight within a front yard of any Lot, or within the side yards of any Lot located on a corner and such play toys and other movable equipment of any type shall be stored in a dwelling or an enclosed garage or in an enclosure specifically approved for such storage by the Architectural Review Committee.

Section 10.20 Solar Panels. Solar panels, solar collectors and similar photovoltaic equipment shall not be permitted on any portion of a Dwelling which is visible by a person on the ground of common areas or public areas within the Subdivision, except that this prohibition shall not have the effect of preventing the reasonable use of such solar equipment on a Dwelling as provided in North Carolina General Statute 22B-20 (or any subsequent provision), as amended and interpreted from time to time.

Section 10.21 Rental of Units. Any lease or sublease must be in writing and contain the following provision:

"Tenant shall obey, adhere to and be bound by all provisions of the Declaration of Covenants, Conditions, Restrictions, Easements, Charges And Liens For Glenn Meadows, recorded in the Franklin County Registry. Tenant acknowledges that he has received a copy of such Declaration and the rules and regulations of the Association and is familiar with the provisions of same."

If an Owner fails to include said provision in any lease or sublease, it shall be conclusively deemed to be included and part of said lease or sublease.

ARTICLE XI.
GENERAL PROVISIONS

Section 11.01 Enforcement. The Association and each Owner (including the Declarant) shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, rules, regulations, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Act, the Bylaws or rules and regulations adopted by the Association. Failure by the Association or an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

The Association shall not be obligated to take action to enforce any covenant, restriction or rule which the Board reasonably determines is, or is likely to be construed as, inconsistent with applicable law, or in any case in which the Board reasonably determines that the Association's position is not strong enough to justify taking enforcement actions, or any case in which the Board reasonably determines that the cost of enforcement outweighs the benefit to be gained by enforcement. Any such determination shall not be construed as a waiver of the right to enforce such provisions under other circumstances or to estop the Association from enforcing any other covenant, restriction, or rule.

Section 11.02 Term. The covenants and restrictions of this Declaration shall run and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated by a vote of eighty percent (80%) of the Owners after the expiration of such twenty-five (25) year period.

Section 11.03 Build Time Requirement, Option to Repurchase, Notification. To the extent no Dwelling already exists on a Lot, a Lot Owner or Builder other than the Declarant, shall commence construction of a dwelling on a Lot within ninety (90) days from the date of recording of a Deed vesting ownership in said Lot Owner or Builder and shall complete construction of the dwelling no later than twelve (12) months from the commencement of construction. Within 90 days of first lot closing, Builder to obtain building permit/s and start construction for at least one (1) home, except that in the event that Builder purchases multiple Lots simultaneously, Builder shall commence construction of a home on one of the multiple Lots within ninety (90) days after Builder acquires the Lots and shall be required to commence construction of a home on an additional Lot no later than ninety (90) days after the sale of previously constructed home and Lot. If home construction has not started ninety (90) days from closing, Developer has the right to re-purchase the Lot at the price paid by Builder to Developer. At all times during the term of this Agreement, Buyer agrees to obtain plan approval for and diligently pursue building permits for and maintain under construction at least one (1) home. Otherwise, Builder agrees to pay Mason Jar Development, LLC or assigns $200.00 per month per lot/home under one (1) home until in compliance. In the event that said deadlines have not been satisfied, then Declarant shall have the unrestricted right and option (but not the obligation) to repurchase the Lot from the Lot Owner or Builder, as applicable, which Declarant may exercise at any time prior to completion of construction of the dwelling by delivery of written notice to the Lot Owner or Builder. To exercise this right, Declarant shall deliver written notice to the Lot Owner or Builder of its intention to repurchase the Lot. Within thirty (30) days of receipt of such notice, the Lot Owner or Builder shall convey the Lot to Declarant, and Declarant shall pay the Lot Owner or Builder a repurchase price equal to the sum of (i) the price Declarant received for the Lot from the applicable Lot Owner or Builder, plus (ii) the appraised value of the dwelling improvements as constructed on the Lot to date, as determined by a reputable appraiser designated by Declarant. Each reconveyance of a Lot to Declarant pursuant to this Section 11.03 shall be by special warranty deed, subject to all encumbrances of record. All conveyances of Lots by Declarant shall be deemed made and accepted subject to the aforesaid option, and on the condition that the Owner convey the Lot to Declarant upon the timely exercise by Declarant of its option to repurchase. The obligations set forth in this Section 11.03 shall bind each Lot Owner's and Builder's successors and assigns.

All Lot Owners, Owners and Builders shall notify the Association (which in turn shall notify the Declarant during the Declarant Control Period) of its intent to sell, gift, bargain or otherwise convey their ownership in a Lot at least 10 business days prior to said conveyance.

Section 11.04 Subdivision of Lots. No Lot may be subdivided by sale or otherwise so as to reduce the total Lot area shown on a recorded map or plat, except with the consent of the Declarant during the Declarant Control Period and, thereafter, by the Association, and, if required, by the County. Subdivision or recombination of any Lot(s) may, as appropriate, increase or decrease the number of votes in the Association.

Section 11.05 Rules and Regulations; Remedies. The Board of Directors shall have the authority to adopt additional rules and regulations governing the use of the Common Area and the Lots and shall furnish a written copy of said rules and regulations to the Owner of each Lot at least fifteen (15) days before such rules and regulations become effective.

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the Bylaws of the Association, the rules and regulations adopted by the Association, or other restrictions applicable to the Properties, in accordance with procedures set forth in the Bylaws, which sanctions may include, but are not limited to, reasonable monetary fines, which fines shall be deemed an individual special assessment and a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any recreational facilities within the Common Area; provided, however, that the Association may not suspend such Owner’s right of access to or any utilities servicing his Lot.

In addition, pursuant to procedures provided in the Bylaws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any Common Area if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association, provided, however, that the Association may not suspend such Owner's right of access to or any utilities or drainage facility servicing his Lot.

The Association shall have the right and easement to go upon any Lot for the purposes of exercising its rights hereunder, including, but not limited to, enforcement of the architectural guidelines or Architectural Review Committee's approvals/disapprovals applicable to the Properties. Any entry onto any Lot for purposes of exercising this power of self-help shall not be deemed as trespass. All remedies set forth in this Declaration and the Bylaws shall be cumulative of any remedies available at law or in equity. In any action to enforce its rights and remedies, the party prevailing in such action shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

Section 11.06 Condemnation/Casualty. If all or any part of the Common Area and improvements thereon or the portion of the insurable improvements on the Lots are taken by power of eminent domain or are damaged or destroyed by fire or other casualty, the proceeds of the condemnation award or any insurance policies covering such improvements shall be payable to the Association. The Board of Directors shall propose to the Members, at an annual or special meeting held within sixty (60) days after the date of the condemnation or casualty, whether or not to reconstruct the improvements. The insurance proceeds shall be used to reconstruct the improvements except as provided in §47F-3-113(g) of the Act, in which event the proceeds shall be retained by the Association for operation expenses or reserves, as determined by the Board or the Members. Nothing in this Section 11.06 shall prevent the Board from proposing and the Members from approving the use of such proceeds for construction of different improvements, e.g., playground on Common Area in lieu of a destroyed club house.

Section 11.07 Association Contracts and Leases during Declarant Control Period. All Association contracts and leases made during the Declarant Control Period which extend beyond the Declarant Control Period must: (i) be for a term of two years or less; (ii) be terminable without penalty by the Association upon no more than ninety (90) days written notice; and (iii) be commercially reasonable.

Section 11.08 Evidence of Member Approval. In the event that any action requires evidence of consent of the Members or a specified percentage of the Members, such approval shall be conclusively presumed if supported by a Certification signed by the President or Secretary of the Association in substantially the following form:

CERTIFICATE OF GLENN MEADOWS PROPERTY OWNERS ASSOCIATION, INC.

This is to certify that, upon proper notice given a [the] Special [Annual] Meeting of the Members of the Glenn Meadows Property Owners Association, Inc., was held on [Date and Year] at [Time]. The purpose [One of the purposes] of the meeting, as set forth in the Notice of Meeting, was to: [State action for which Member approval is required.]

At such meeting, at which a quorum was present, in person or by proxy, a total of _____ votes were cast: ______ votes were cast in favor of such action, and ______ votes were cast against such action.

Accordingly, the motion to approve [describe the action approved] was approved by at least ____% of the Members as required by the Declaration and Bylaws of the Association.

____

[President/Secretary]

Section 11.09 Number and Gender. Whenever the context requires, the singular shall include the plural, and vice versa, and one gender shall include all.

Section 11.10 Captions. Captions are for the purpose of reference only and shall not be deemed to be in any manner interpretive of any provision of this Declaration.

Section 11.11 Severability. If any provision of this Declaration is held by a court of competent jurisdiction to be invalid or void, such provision shall be deemed severable from the remaining provisions of the Declaration and shall not be deemed to nullify or affect any other provision hereof. If any such provision is deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

If any item, term, or provision contained in this Declaration is in conflict with any applicable federal, state or local law, this Declaration shall be affected only as to its application to such item, term or provision, and shall in all other respects remain in full force and effect.

Section 11.12 Conflicts.

(a) The Properties are subject to the provisions of the Act, and the provisions of the Act control over any inconsistent provisions of this Declaration, any other Governing Documents, and the Code.

(b) The provisions of the Code control over any inconsistent provisions of this Declaration and any other Governing Documents. As applicable provisions of the Code are amended, modified, revised, deleted, or moved to different sections, this Declaration and all other Governing Documents are deemed to be revised so as to conform to the provisions of the Code as they exist from time to time and are applicable to the Properties or any part thereof. Notwithstanding the foregoing, any provision of this Declaration that is more restrictive than an applicable provision of the Code (for example, a building setback distance required by this Declaration that is greater than that required by the Code) is not an inconsistent provision of this Declaration unless the Code specifically provides otherwise and is not deemed revised to conform to the Code.

(c) In the event of a conflict between this Declaration and the Article of Incorporation of the Association, the Articles of Incorporation shall control. In the event of a conflict between this Declaration and the Bylaws, this Declaration shall control.

(d) Specific provisions shall control general provisions. Notwithstanding the foregoing, a construction consistent with the Act, the North Carolina Nonprofit Corporation Act (N.C.G.S. Chapter 55A), and the Code shall in all cases control over any construction inconsistent therewith. The provisions of the Act and the Nonprofit Corporation Act shall in all cases control any conflicting provisions of the Code.

Section 11.13 Rule against Perpetuities. As provided in §47F-2-103(b) of the Act, the rule against perpetuities may not be applied to defeat any provision of this Declaration, Bylaws, or rules and regulations adopted pursuant to thereto and §47F-3-102(1) of the Act. In the absence of the protection provided in §47F-2-103(b) of the Act, if any provision of this Declaration violates any applicable rule against perpetuities, such provision shall be deemed amended to be and remain in effect for the maximum period of time that such provision could be in effect without violating the applicable rule against perpetuities.

Section 11.14 Declarant. Nothing contained in this Declaration shall be construed to permit interference with the development of the Properties by Declarant and construction of homes by Builders so long as such development and construction follow the general plan of development previously approved by the County. The restrictions contained herein shall not be deemed to apply to any sales office, signs, landscaping construction trailer, model home, or other temporary or permanent improvement installed by or with the approval of Declarant.

Section 11.15 Legal Actions Against Declarant and Owners. The affirmative vote or consent of the Owners that is equal to or greater than sixty-seven percent (67%) of the total number of votes in the Association first shall be required prior to the Association doing any or all of the following with respect to the Declarant, any successor Declarant, any Owner or any Member regardless of whether such Person is the Declarant or is an Owner or Member at the time the Association takes the action or obtains the necessary vote or consent required to take such action: (i) file a complaint, on account of any act or omission with any Governmental Entity which has regulatory or judicial authority over the Properties or any part thereof; or (ii) assert a claim against, sue or request legal or equitable relief against Declarant, Owner or Member in any court, before any Governmental Entity board, or otherwise, provided however, nothing contained in this Section 11.15 shall be construed to require said number of votes for any lien enforcement actions arising out of Article V.

Section 11.16 Non-Discrimination. Neither the Association, the Board, any committee of the Board, any member of the Board or committee, nor any officer of the Association, in exercising its/his/her rights and obligations under this Declaration or the Articles of Incorporation or Bylaws, shall discriminate against any person on the basis of the race, color, religion, national origin or handicap of such person.

Section 11.17 Security Measures. Neither the Association nor the Board shall have any responsibility for establishing or maintaining any security measures within the Properties, such measures being the sole responsibility of each Owner, as to his Lot and property, and to the appropriate public officials including, without limitation, the Franklin County Sheriff's Department.

Section 11.18 Hazardous Substances. Declarant hereby informs all Owners and other Persons who may from time to time deal with or come in contact with the Properties, that as storm water drains from the Properties or other properties into any of the Stormwater Control Measures for the Properties, it is possible that substances or materials that may be classified or regulated as "hazardous substances" or "toxic substances" or other regulated substances or materials under Legal Requirements relating to the environment, may flow through and/or accumulate in such Stormwater Control Measures. Accordingly, each Owner and other Person assumes the risk that such flowing through and/or accumulation may occur. In addition, each Owner further acknowledges that if it becomes necessary (as determined by Legal

Requirements or by the Board) for such substances to be removed from the Stormwater Control Measures or otherwise handled in accordance with Legal Requirements, and for such Stormwater Control Measures to be cleaned-up following such removal or other handling, that the costs associated with such removal, handling and/or clean-up are Common Expenses, and that an additional storm water assessment may be required to pay for such removal and/or resultant clean-up of the Stormwater Control Measures.

Section 11.19 Properties are Subject to the Code. The Properties, this Declaration and the other Governing Documents are subject to the ordinances, regulations, and rules of the County, and shall be construed in accordance with all of the applicable provisions of the Code, whether or not such Code provisions are specifically referenced in this Declaration. There may be certain provisions of the Code that apply to all of the Properties and certain provisions of the Code that apply only to certain portions of the Properties. It shall be the responsibility of the Association and each Owner of each portion of the Properties to comply with all provisions of the Code applicable to such portion of the Properties, whether or not any approval, disapproval, waiver or variance of the terms of this Declaration with respect to such portion of the Properties has been given by the Declarant or its authorized agent, the Board, any committee of the Board, or any other Person who has the authority to give such approval, disapproval, waiver or variance.

Section 11.20 Dissolution or Insolvency of the Association. The Association shall be dissolved upon the termination of this Declaration, or upon the written assent given in writing and signed by Members entitled to at least eighty percent (80%) of the votes of the Association, or upon such more restrictive or additional conditions and in such manner as otherwise provided by the laws of the State of North Carolina. Upon dissolution or insolvency of the Association or upon loss of ownership of the Common Area (once such ownership has been acquired) by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by this Declaration or by reason of merger and/or consolidation with any other association as allowed by this Declaration), any portion of the Common Area not under the jurisdiction and being maintained by the Association, shall be offered to the County, North Carolina, or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Area and such assets were required to be devoted by the Association. If the County, or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Area and assets shall be conveyed by the Association to the County or to such other appropriate governmental entity or public agency, subject to the superior right of the Owner of each Lot to an easement (if necessary) for reasonable ingress and egress to and from such Owner's Lot and the public or private street(s) on which such Lot is located, and subject to all other applicable rights of way and easements and subject to ad valorem property taxes subsequent to the date of such conveyance.

In the event that the County or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Area and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Area was required to be devoted by this Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

Section 11.21 Withdrawal of Property from this Declaration. Subject to Legal Requirements, at any time during the Declarant Control Period, the Declarant, in its sole discretion, may record in the Registry a "withdrawal declaration" to withdraw any portion of the Properties from the Declaration. All portions of the Properties withdrawn from the Declaration shall be identified in such withdrawal declaration, either by a reference to a map recorded in the Registry or by a metes and bounds description. Such withdrawal shall be effective on the date the withdrawal declaration is recorded in the Registry, or on such later date (if any) specified therein.

After the end of the Declarant Control Period, and subject to Legal Requirements, at any time and from time to time, one or more portions of the Properties may be withdrawn from the Declaration, with the consent of the Owner of the portion of the Properties being withdrawn, by amendment of this Declaration as provided in Section 11.02 above.

Notwithstanding the foregoing, if any Legal Requirement requires approval of withdrawal of any portion of the Properties by a Governmental Authority, the withdrawal shall not be effective unless and until the approval of the applicable Governmental Authority is obtained.

Any portion of the Properties withdrawn from the Declaration may be owned, held, transferred, sold, conveyed, leased, used, occupied, mortgaged and developed in any manner allowed under Legal Requirements, and shall be released from the terms and provisions of the Declaration on the date the withdrawal becomes effective as provided herein, except that all easements located on or specifically affecting such withdrawn portions of the Properties shall remain in effect unless released or terminated by all Persons having rights to exercise such easements. Furthermore, unless responsibility for maintenance of any Common Area Easement and structures, facilities and improvements located on the withdrawn portion is accepted in writing by the owner of the portion withdrawn, the Association shall continue to have such responsibility and shall have a perpetual, non-exclusive easement to enter onto the withdrawn portion of the Properties for such purposes, regardless of whether or not such easement is reserved in the deed or other document conveying title to such portion.

Notwithstanding any other provision of this Declaration, Common Area owned by the Association in fee may not be withdrawn from this Declaration without the written consent of the Owners of at least eighty percent (80%) of the Lots.

<u>Section 11.22</u> <u>Marketable Title Act</u>. It is the intention of the Declarant that the Declaration exist and continue until terminated as provided herein, and that it constitute an exception to any automatic termination or expiration provision that might be applicable under the Real Property Marketable Title Act as contained in Chapter 47B of the North Carolina General Statutes, or under any successor or replacement statute or any other Legal Requirement that would or could terminate the Declaration other than in the manner provided for termination herein. Accordingly, the Association, in its discretion, may re-record in the Registry the Declaration or some memorandum or other notice hereof in order to continue the Declaration in full force and effect and/or to qualify the Declaration as an exception to any such automatic termination or expiration provision of the Real Property Marketable Title Act or any other Legal Requirement.

<u>Section 11.23</u> <u>Effective Date</u>. The Declaration is effective as of the date and time of its recording in the Registry.

ARTICLE XII.
AMENDMENT OF DECLARATION

<u>Section 12.01</u> <u>Amendment by Declarant</u>. In addition to specific amendment rights, if any, granted or reserved elsewhere in the Declaration, during the Development Period Declarant may unilaterally, and in its sole discretion, without the joinder or approval of the Association, any Member, or any other Person

and without the necessity of a meeting of the Association, amend the Declaration for any purpose, and may record any such amendment or may record an amended and restated version of the Declaration that incorporates any such amendment. Any amendment to the Declaration adopted by the Declarant shall be effective upon the later of the effective date contained therein or the date of its recording in the Registry.

Section 12.02 Amendment by the Members. Unless amended as allowed under Section 12.01 above, the Declaration may be amended only as follows:

(a) Unless a higher percentage or different voting requirement is specified herein or by Legal Requirements, the Declaration may be amended only by (i) the written agreement or consent of those Members, or the affirmative vote at a meeting of the Association of those Members, to whom are allocated sixty-seven percent (67%) or more of the total number of votes in the Association, and (ii) during the Development Period, with the written consent of Declarant.

(b) Written notice of an annual or special meeting of the Association at which any proposed amendment to the Declaration is to be voted on, together with at least a summary description of the proposed amendment, shall be given to all Members not less than ten (10) days nor more than sixty (60) days in advance of the date of such meeting.

(c) When any amendment to the Declaration is approved by Members of the Association (and Declarant, when applicable) as provided in this Section 12.02, the appropriate officers of the Association (and Declarant, when applicable) shall execute in the same manner as a deed and record in the Registry, a document setting forth the following: the amendment; the effective date of the amendment (if no effective date is stated the amendment shall be effective upon the recording of same in the Registry); and if applicable, the date of the meeting of the Association at which such amendment was adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum at such meeting, the total number of votes present at such meeting, the total number of votes necessary to adopt the amendment, the total number of votes cast in favor of such amendment and the total number of votes cast against the amendment. The document shall be recorded in the Registry within thirty (30) days following the date of the meeting at which the amendment was adopted or the written agreement for the amendment is completed. Provided, however, and notwithstanding the foregoing or anything to the contrary appearing herein, no amendment to the Declaration duly adopted by the Members of the Association shall be void or invalid solely because the document describing the amendment is not recorded in the Registry within said thirty (30) day period, and any such duly adopted amendment to the Declaration recorded following the end of said thirty (30) day period shall become effective on the later of the effective date specified therein, if any, or on the date it is recorded in the Registry.

Section 12.03 Consent of Mortgagees. No consent of any Mortgagee to any amendment of the Declaration is required with respect to any amendment by the Declarant pursuant to the unilateral right of Declarant to amend the Declaration during the Development Period. No consent of any Mortgagee to any amendment of the Declaration by the Members is required unless (i) the amendment adversely affects the rights of Mortgagees under the Declaration, or (ii) a Legal Requirement requires the consent of Mortgagees or a percentage of Mortgagees, or (iii) the mortgage held by such Mortgagee specifically requires the Mortgagee's consent with respect to the portion of the Property subject to the mortgage, and if either (ii) or (iii) is applicable, the Mortgagee has notified the Association of its rights regarding consent to amendments in the same manner required for an Institutional Lender to notify the Association in the Article of the Declaration dealing with Institutional Lenders. Provided, however, if the amendment is adopted by the required percentage of Members exclusive of the Member or Members who own portions of the Property for which consent of a Mortgagee is required under this Section 12.03, then the amendment is valid whether or not the necessary Mortgagees have consented to the amendment.

Section 12.04 Prohibited Effects of Amendment. No amendment to the Declaration shall do or result in any of the following:

(a) increase the financial obligations of an Owner in a discriminatory manner.

(b) further restrict development on any portion of the Property in a discriminatory manner.

(c) diminish, impair, or in any way affect the rights or protections of Declarant under this Declaration without the written consent of Declarant.

(d) impose obligations upon Declarant without the written consent of Declarant.

(e) diminish or impair the express rights of Institutional Lenders under the Declaration without the prior written approval of a majority of the Institutional Lenders who have requested the exercise of such rights as provided herein.

(f) terminate or revise any easement established by the Declaration, without the written consent of the Person benefitted by the easement.

(g) without the consent of the County, terminate, reduce, amend, revise, or alter any obligation of the Association or the Members of the Association under the Code or under any Stormwater Agreement, encroachment agreement, or other agreement entered into with the County by the Association, or as allowed by the Declaration, by the Declarant on behalf of the Association.

(h) alter or remove or attempt to alter or remove any Legal Requirement.

[signatures on following page]

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed by its duly authorized Manager, as of the latest date set forth in the notary acknowledgment below.

DECLARANT:

MASON JAR DEVELOPMENT LLC
A North Carolina limited liability company

By: ______________________________
Kenneth A. Beaird
Member/Manager

By: ______________________________
Bradley A. Hartman
Member/Manager

==

STATE OF NORTH CAROLINA – COUNTY OF _________________:

I certify that the following person personally appeared before me this day and acknowledged to me that he signed the foregoing document for the purposes stated therein and in the capacity indicated: Kenneth A. Beaird.

Date: ____________________, 2026

(*Stamp or Seal*)

____
Notary Public
My commission expires: ____________________

STATE OF NORTH CAROLINA – COUNTY OF _________________:

I certify that the following person personally appeared before me this day and acknowledged to me that he signed the foregoing document for the purposes stated therein and in the capacity indicated: Bradley A. Hartman.

Date: ____________________, 2026

(*Stamp or Seal*)

____
Notary Public
My commission expires: ____________________

<u>**EXHIBIT A**</u>

Lying and being in Harris Township, Franklin County, North Carolina, and being more particularly described as follows:

(insert survey legal description)