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WAYNE COUNTY, NC
LOIS J MOORING REGISTER OF DEEDS
BK 3106 PG 205-234

PREPARED BY/RETURN TO:
H. JACK EDWARDS, ATTORNEY

30 - $86.00

STATE OF NORTH CAROLINA:

COUNTY OF WAYNE :

RESTRICTIVE COVENANTS

GANDER LAKE

SECTION ONE AND FUTURE SECTIONS

THIS DECLARATION made this 22nd day of April, 2014, by GANDER LAKE DEVELOPMENT, LLC, a North Carolina Limited Liability Company, herein after referred to as "Developer".

WITNESSETH:

WHEREAS, Developer is the owner of certain property in Buck Swamp Township, Wayne County, North Carolina, which is known as GANDER LAKE, SECTION ONE, as shown on a plat duly recorded in Plat Cabinet N, Slide 90-F, Wayne County Registry.

NOW THEREFORE, Developer hereby declares that all of the properties described above along with future sections of GANDER LAKE subdivision shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on all parties having any right, title, or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

Section 1. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 2. "Properties" shall mean and refer to that certain real property hereinbefore described. .

Section 3. "Lot" shall mean and refer to any of the Lots as shown on the plat entitled GANDER LAKE, SECTION ONE, duly recorded in Plat Cabinet N, Slide 90-F, Wayne County Registry and as may be shown on the recorded plat(s) of future sections of the subdivision.

Section 4. "Association' shall mean and refer to the GANDER LAKE HOMEOWNERS ASSOCIATION, INC., a nonprofit corporation organized and existing under the laws of the State of North Carolina.

ARTICLE II

USE RESTRICTIONS

Section 1. All Lots shall be used for residential purposes only and shall not be used for any business or commercial purposes; provided, however, that Developer reserves the right to use any Lot and any improvement thereon owned by Developer as a model home with sales office. Group family homes are prohibited.

Section 2. All Lots shall be residential lots, and no structure shall be erected, altered, placed or permitted to remain on any of said lots except one detached single family dwelling of not more than two and one-half stories in height, a private garage for not more than three cars and other outbuildings in the rear of the dwelling house which may be incidental to normal residential use in subdivisions of similar category. Manufactured metal buildings may also be placed on the lot for storage to the rear of the family dwelling. No mobile home (Class A or B) or modular home shall be allowed on any lot to which these covenants apply.

Section 3. No dwelling shall be erected or allowed to remain on any of the said lots which shall contain a heated-area living space of less than One Thousand Three hundred (1300) square feet. A One and One Half or Two story dwelling shall contain heated area living space of no less than One Thousand Seven Hundred (1700) square feet. Heat-area living space shall mean the ordinary living space in a house which is designed and constructed so as to be capable of being heated for regular living use in cold weather. In the computation of floor space, furnace room

areas, garages, carports and porches shall not be counted. No residence or other building, and no fence, wall, utility yard, driveway, swimming pool or other structure or improvement, regardless of size or purposes, whether attached to or detached from the main residence, shall be commenced, placed, erected or allowed to remain on any building lot, nor shall any addition to or exterior change or alteration thereto be made, unless and until building plans and specifications covering the same, showing the nature, kind, shape, height, size, materials floor plans, exterior color schemes with paint samples, location and orientation on the building lot and approximate square footage, construction schedule, on-site sewage and water facilities, and such other information as the Developer shall require, including, if so required, plans for the grading and contours of the land, have been submitted to and approved in writing by the Developer and until a copy of all such plans and specifications, as finally approved by the Developer, have been lodged permanently with the Developer. The Developer shall have the absolute and exclusive right to refuse to approve any such building plans and specifications and lot-grading and landscaping plans which are not suitable or desirable in its opinion for any reason, including purely aesthetic reasons connected with future development plans of the Developer of said land or contiguous lands. In passing upon such building plans and specifications and grading and landscaping plans, the Developer may take into consideration the suitability ad desirability of the proposed construction and of the materials of which the same are proposed to be built to the building lot upon which it proposes to erect the same, the quality of the proposed workmanship and materials, the harmony of external design with the surrounding neighborhood and existing structures therein, and the effect and appearance of such construction as viewed from neighboring properties. In the event the Developer fails to approve or disapprove such building plans and specifications within thirty (30) days after the same have been submitted to it as required above, the approval of the Developer shall be presumed and the provisions of this paragraph shall be deemed to have been complied with. However, no residence or other building, structure or improvements which violates any of the covenants and restrictions herein contained, or which is not in harmony with the surrounding neighborhood and the existing structures therein, shall be erected or allowed to remain on any part of that lot. All driveways shall be constructed of concrete.

Section 4. All structures shall comply with (i) the Wayne County ordinances with regard to the set-back requirements, and (ii) such set-back requirements as are set forth on the plats of GANDER LAKE, SECTION ONE, and future sections, as hereinbefore described or as may hereafter be recorded. When consistent with the zoning ordinances, the building line set-back as provided for in this paragraph may be varied by as much as ten (10) percent with the express consent of the Developer, which said consent document need not be on record in the Wayne County Register of Deeds.

Section 5. No solid panel fences may be erected closer to any street line than the comer of the house closest to the street line. No wire fences of any description shall be permitted closer to any street line than the comer of the house closest to the street line. No fences made of concrete

block or what is commonly known as "chicken wire" shall be permitted anywhere on the lot. No fence shall exceed six feet (6') in height. Only ornamental fences (e.g., split rail fences or fences through which there is at least 75% visibility) not to exceed three feet (3") in height may be erected between the house and the street lines. Fences on the rear of the house situated on interior lots must be attached to the rear comer of the house and must extend toward the side lines. Rear fences may be solid wood or vinyl, not to exceed six feet (6'), or wood or vinyl picket, split rail with welded wire mesh or chain link not to exceed four feet (4 ') in height. On comer lots, the fence must extend from the rear comer of the house closest to the side street and extend to the rear lot line. On the opposite comer the fence can extend to the interior side property line before turning to the rear lot line.

Section 6. Television satellite or dish antennae having a diameter in excess of twenty-two inches (22") are prohibited. All dishes are to be placed on the rear of the house or to the side of the house within five (5') of the rear comer of the house.

Section 7. No sign or signs other than a "For Sale" or "For Rent" sign shall be displayed on the property.

Section 8. No automobile or motor vehicle may be dismantled or stored on said property; and no mechanically defective automobile, motor vehicle, mechanical machine, or machinery shall be placed or allowed to remain on said property for over thirty-five (35) days. Notwithstanding the above, these restrictions shall not apply if such vehicle is kept in an enclosed garage. Commercial vehicles, camper trailers, trailers, and/or boats shall be stored at the rear of the residence and shall be within the yard set-backs. If more than two of the above non-private vehicles, trailers or boats are stored on any lot, they shall be screened from view of other lots.

Section 9. No trailer, tent, shack, garage, barn or similar type outbuilding shall be placed, erected or allowed to remain on said property without the written consent of Gander Lake Development, LLC, Inc., its successors and/or assigns. Nor shall any structure of a temporary character be used as a residence temporarily, permanently, or otherwise.

Section 10. Only break-away mailboxes provided by the builder may be constructed in the subdivision, it being the intention of the Developer to preclude the erection of permanently constructed mailboxes in the North Carolina State Right-of-Way areas.

Section 11. It is understood and agreed that these restrictions are made for the mutual benefit of the grantors and grantees and any and all subsequent grantees, and all such parties shall be deemed to have a vested interest in these restrictions and the right to enforce same.

Section 12. The invalidation of anyone or more, or any part of anyone or more, of the covenants and conditions set forth herein shall not affect or invalidate the remaining covenants or portions thereof

Section 13. No animals or poultry of any kind, except common pets, shall be placed or kept on any part of the premises. No breed of dog that may be perceived by members of the general public as being dangerous or having a propensity for being dangerous, including, but not limited to, Pit bulls, Rottweiler, Dobermans, Chows, and German shepherds, nor any dog whose lineage includes any part of any of said breeds, nor any dog that has at any time bitten a person, not any dog that has trained as an attack dog shall be permitted on the premises unless such dog is at all times confined within fencing as follows: Refer to Section 5 for the approved location and types of fences. The aforementioned dangerous breeds of dogs must be contained in a double fence when outside the residence. The outer fence shall be a solid panel privacy fence six feet (6') tall. There shall be an interior fence that totally contains the animal or animals running parallel to the privacy fence at a distance of not less than five feet (5') from the outer fence at any point, including the points where the outer fence joins the residence. The inner fence shall comply with Section 5 and shall be six feet (6') tall. Under no circumstances shall the animal or animals be allowed outside the interior fence. Dogs described above must remain in the yard at all times. They cannot be walked or exercised in the neighborhood at any time.

It is the intent of these covenants to hide dog houses or dog containment structures from public view. Other than the dual fences described above, any dog house or dog containment structure for any type of dog not fully contained inside a privacy fence must be located to the rear of the principal structure and must be located Within thirty feet (30') of the rear of the main structure. No such permitted dog house or dog containment structure or system shall be placed, erected, or maintained closer to any street than the rear corner or side of the principal dwelling structure on improved lots or closer to any street than the set-back line on any vacant lot, and in no event closer to any street than thirty feet (30'). On improved corner lots, no dog house or dog containment structure or system shall be placed any closer to the street than the rear corner of the principal dwelling structure closest to "the street, or, on vacant lots, closer to any street than "the setback line, and in no event closer to any street than thirty feet (30').

ARTICLE III

UTILITY AND UTILITY AND DRAINAGE EASEMENTS

Section 1. Developer reserves the right to subject the real property in this entire subdivision to a contract with Public Utility Provider(s) for "the installation of overhead and/or underground electric cable and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to such Public Utility Provider(s) by "the owner of each lot. Developer and its successors in title may devote any lot or portion thereof, not already sold, for any construction and uses with it, in its discretion, deems necessary in order to provide the subdivision with utilities.

Section 2. Basements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure,

planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction or flow of drainage, or which may obstruct or retard the flow of water. All areas indicated as streets and easements on the recorded plat are hereby dedicated to public use for such uses forever except side yard easements which are for the use and benefit of those persons and lots as described herein.

ARTICLE IV

ASSOCIATIONAL DEFINITIONS

Section 1.1 "Annual Organizational Board Meeting" means "the annual Organizational Board Meeting of the Board, which shall take place immediately after each Annual Meeting of the Members.

Section 1.2 "Annual Meeting" means the annual meeting of the Members held in Wayne County, North Carolina, within the last quarter of each calendar year, upon proper notice, at a date, time and at a place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (I) year from the date of incorporation on such date as the initial Board shall determine.

Section 1.3 "Articles" or "Articles of Incorporation" shall mean those articles filed with the Secretary of State of North Carolina, incorporating Gander Lake Homeowners Association, Inc. as a nonprofit corporation under the provisions of North Carolina State law, as the same may be amended from time to time.

Section 1.4 "Assessments" mean Regular Assessments, Special Assessments, Working Capital Assessments, Individual Assessments and Fine Assessments.

Section 1.5 "Association" shall mean and refer to Gander Lake Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and/or assigns.

Section 1.6 "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 1.7 "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

Section 1.8 "Class A Members" shall mean as defined in Section 4.5.1 below.

Section 1.9 "Class B Members" shall mean as defined in Section 4.5.2 below.

Section 1.10 "Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation, the Recreational Facilities Easement Agreement, the Roadway Declaration and the Rules and Regulations, if any, and any other basic documents used to create and govern the Subdivision.

Section 1.11 "Common Areas" shall mean all the real estate (including retention ponds, storm drainage improvements, entrance signage, streets, including any dedicated streets prior to their acceptance for public maintenance, and all landscaping and other improvements thereon) owned by the Association for the common use and enjoyment of the Owners, Common Areas shall include, but not be limited to, the Recreational Facilities and parcels designated on the Subdivision plat as "Park" unless such parks are later dedicated to the public by a subsequent dedication plat or conveyance), "COS", "Open Space", "Alley", Private swimming pools, clubhouse, or any other recreational facilities, "Common Area" or reserved as an access drive or private street.

Section 1.12 "Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Subdivision, including, without limitation hereof, operation of the Subdivision, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefore, all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Subdivision; all costs incurred in acquiring a lot pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include the cost of operation, maintenance, improvement, and replacement of any Recreational Facilities, including establishing reserves therefore. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas of the Subdivision, including, but not limited to, private road and parking lot resurfacing. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly:

Section 1.13 "Declarant" or "Developer" shall mean and refer to Gander Lake Development, LLC., a North Carolina Limited Liability Company, its successors and/or assigns as a Declarant.

Section 1.14 "Default" shall mean any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

Section 1.15 "Development Period" means the period commencing on the date on which this Declaration is recorded in the office of the Wayne County Register of Deeds and terminating on the earlier to occur of (i) when Declarant no longer owns a lot in the Subdivision; (ii) the date the Declarant relinquishes in writing Declarant's right to appoint Directors; or (iii) the occurrence of the date ten (10) years from the date of recording this Declaration, renewable for an additional ten (10) year period with the consent of a majority of Lot Owners other than the Declarant.

Section 1.16 "Dwelling Unit" shall mean and refer to the individual family living unit on an individual lot.

Section 1.17 "Fine Assessment" means the charge established by Section 5.4.2 of this Declaration.

Section 1.18 "Individual Assessment" means the charge established by Section 5.3 of this Declaration.

Section 1.19 "Lot" shall mean and refer to any parcel of land designated on the plat upon which a Dwelling Unit has been or is to be constructed.

Section 1.20 "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article IV below.

Section 1.21 "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot located within the Subdivision.

Section 1.22 "Plat" shall mean and refer to the record plat of the Subdivision recorded by Declarant, as the same may be amended or supplemented by Declarant from time to time.

Section 1.23 "Planned Community Act" shall mean and refer to the North Carolina Planned Community Act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same be amended from time to time.

Section 1.24 "Property" or "Subdivision" shall mean and refer to that certain real estate described in the Plat entitled GANDER LAKE, SECTION ONE, duly recorded in Plat Cabinet N, Slide 90-F, Wayne County Registry, as the same may be amended or supplemented by Declarant from time to time as well as future sections as may be shown on a plat(s) recorded in said registry.

Section 1.25 "Recreational Facilities" shall mean and refer to the common community and recreational facilities located upon the Property and so designated on any recorded Plat of GANDER LAKE including, but not limited to, the play area, clubhouse (including exercise room) and the related grounds, landscaping and improvements located or to be located hereon.

Section 1.26 "Regular Assessment" means the charge established by Article V of this Declaration.

Section 1.27 "Resident" shall mean and refer, to any person, not an Owner, living in the Owner's Dwelling Unit, including, but not limited to, temporary guests and Tenants.

Section 1.28 "Restrictions" shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration, along with any Restrictions recorded for sections or phases of GANDER LAKE.

Section 1.29 "Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 4.3 below.

Section 1.30 "Special Assessment' means the charge established by Section 5.2 of this Declaration.

Section 1.31 "Tenant" means any person occupying any lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

When applicable for the sense of this instrument, the singular should be read as including the plural and the male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE V

PROPERTY SUBJECT TO THIS DECLARATION

The Property, each portion thereof, and all Dwelling units thereon shall be held, transferred, sold, conveyed, leased, mortgaged and occupied subject to the terms, provisions, covenants and conditions of this Declaration.

ARTICLE VI

PROPERTY RIGHTS IN COMMON AREAS

Section 3.1 Owner's Easements of Enjoyment. Except as herein otherwise provided, each Owner shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to his lot. Each Tenant shall have a non-transferable right to use and enjoy the Common areas, if any, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

3.1.1 The right of the Board to suspend the right of any Owner or the privilege of any Resident to use such of the Common Areas that are recreational in nature as determined by the Board for any infraction of the Rules and Regulations relating to the Common Areas for periods not to exceed sixty (60) days for each such infraction, or for a non-payment or delinquency of the Assessments against such Owner's Lot for a period not to exceed the period of such non-payment or delinquency;

3.1.2 The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and Rules and Regulations pertaining to the use of the Common Areas, including regulations limiting guest of Owners and Tenants who may use the Common Areas at any one time:

3.1.3 All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas, including, without limitation, The Recreational Facilities Easement Agreement and the Roadway Declaration;

3.1.4 The right of the Association to grant permits, licenses, and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property;

3.1.5 The right of Declarant or the Association to dedicate or convey portions of the Common Areas to applicable governmental authorities for park purposes.

Section 3.2 Extension of Use. Any Owner may extend his right of enjoyment to the common Areas to the immediate and/or extended members of his family, his Tenants, guests or contract purchasers of the Owner's Lot.

Section 3.3 Title To Common Areas. The Declarant shall convey by deed all Common Areas to the Association in fee simple absolute after the final platting of all Lots in the Subdivision. Any such conveyance shall be subject to taxes for the year of conveyance as well as to restrictions, conditions, limitations, and easements of record.

Section 3.4 Use Of Common Areas By Declarant. In addition to the specific rights and easements reserved herein, Declarant and its affiliates and associates shall have the same rights of use and enjoyment of the Common Areas as the Class A Members during the Development Period, and shall have the same right to use Common Areas for promotional, sales, and similar purposes until all of the Lots have been sold.

ARTICLE VII

HOMEOWNERS ASSOCIATION

Section 4.1 Homeowners Association. There is or will be created a North Carolina nonprofit corporation, known as Gander Lake Homeowners Association, Inc., which shall be responsible for the maintenance, management, and control of the Common Areas and upon each Lot and Dwelling Unit as more specifically set forth in this Declaration.

Section 4.2 Board of Directors and Officers. The Board of Directors and such officers as the Members may elect or appoint in accordance with the Articles or the Bylaws shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents, who shall, subject to the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association.

Section 4.3 Rules and Regulations. By a majority vote of the Board of Directors, the Association may from time to time adopt, amend and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities and duties under this Declaration. The Rules

and Regulations may, without limitation, govern use of the Subdivision, including prohibiting, restricting or, imposing charges for the use of any portion of the Subdivision by Owners, Residents or others, interpret this Declaration or establish procedures for operation of the Association or the administration of this . Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles or Bylaws. A copy of the Rules and Regulations, as they may from time to time be adopted, amended, or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.

Section 4.4 Membership of Association. Every Owner of a Lot in the Subdivision shall be a Member of the Association. Such Owner and Member shall abide by the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration when due, and shall comply with decisions of the Association's Board. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment.

Section 4.5 Classes of Membership. The Association shall have two (2) classes of Membership:

4.5.1 Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Dwelling Unit has been erected within the property shall automatically be a Class A Member of the Association, except the Declarant during the Development Period; provided, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a Dwelling Unit has been constructed that is subject to Assessment. Class A members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group Or persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event an agreement is not reached, the vote attributable to such Lot shall not be cast.

4.5.2 Class B Members. The Class B Member during the Development Period shall be the Declarant, its successors and/or assigns. The Class B Membership shall cease and be converted to Class A Membership upon the expiration of the Development Period.

4.5.3 Voting. Each Member shall have one vote with respect to each Lot owned by such Member, but a Class A Member shall not be entitled to exercise any vote until the expiration of the Development Period.

Section 4.6 Maintenance Obligations of the Association. The Association, at its expense, shall maintain, operate and keep in good repair, unless such obligations are assumed by any

municipal or governmental agency having jurisdiction thereof, the Common Areas and all improvements located thereon for the common benefit of the Subdivision. This shall include, without limitation, the maintenance, repair, replacement, and painting of the following landscaping and improvements (to the extent that such improvements or landscaping are located upon or constitute Common Areas): (a) all private roadways, driveways, pavement, sidewalks, walkways and uncovered parking spaces; (b) all lawns, trees, grass and landscape areas, shrubs and fences, except as otherwise set forth herein below; (c) the Recreational Facilities; (d) all conduits, ducts, utility pipes, plumbing, wiring and other facilities which are part of or located in, or for the furnishing of utility services to, the Common Areas and which are not for the exclusive use of a single Dwelling Unit, and (e) all drainage easements and ditches and any drainage water retention pond.

The Association shall make the determination as to when maintenance, repair, replacement and care shall be done, and its determination shall be binding. Declarant shall have the right to employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this instrument or the Association's Rules and Regulations.

Section 4.7 Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include:

4.7.1 To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot and Dwelling Unit. Any repair, replacement and maintenance work to be done by an Owner must comply with the Rules and Regulations of the Association, including architectural control and visual harmony.

4.7.2 To perform his responsibilities in such manner so as not to unreasonably disturb other persons residing within the Subdivision.

4.7.3 Not to impair the use of any easement without first obtaining the written consent of the Association and of the Owner or Owners for whose benefit such easement exists.

4.7.4 Each Lot Owner shall be deemed to agree by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any invitee, tenant, licensee, family member, including, but not limited to, any repairs necessary which result from damage incurred by pets or vehicles owned by the Lot Owner, or owned by any guest, invitee, Tenant, or licensee of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an Individual Assessment in accordance with Section 5.3 and Section 7.7 below.

Section 4.8 Construction Defects. The obligations of the Association and of Owners to repair, maintain and replace the portions of the Subdivision for which they respectively are responsible shall not be limited, discharged or unreasonably postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in materials or workmanship in the construction of the project. The undertaking of repair, maintenance or replacement by the Association or Owners shall not constitute a waiver of any rights against any warrantor, but such rights shall be specifically reserved. Likewise, this Section 4.8 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if Association does not have the means or the funds to repair the defect or, if by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

Section 4.9 Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Association and/or any Lot Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantee or insurance coverage shall not excuse any unreasonable delay by the Association or any Lot Owner in performing his or her obligation hereunder. Likewise, this Section 4.9 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if the Association does not have the means or the funds to repair the defect or if, by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

ARTICLE VIII

COVENANT FOR ASSESSMENTS

Section 5.1 Regular Assessments. Regular Assessments for the payment of the Common Expenses shall be made in the manner provided herein, and in the manner provided in the Bylaws. The Regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses. The minimum annual regular assessment shall be $100.00, billed on a semi-annual basis.

Section 5.2 Special Assessments. In addition to levying Regular Assessments, and to the extent that the reserve fund is insufficient, the Board of Directors may levy Special Assessments to construct, structurally alter, or replace improvements which are a part of the Common Areas, provided that funds shall not be assessed for any capital improvement in excess of Twenty-Five Thousand and No/100 Dollars ($25,000.00) for anyone item or in excess of Fifty Thousand and No/100 Dollars ($50,000.00) in the aggregate in any one calendar year ("Capital Expenditure Limit") without the prior written consent of two-thirds (2/3) of the votes of each Class of

Members who are voting either in person or by proxy at a meeting duly called for such purpose or unless expressly stated in the annual budget. The Board of Directors shall have the authority to adjust the Capital Expenditure Limit annually to account for inflation, which adjustment shall be effective each January (hereinafter referred to as the "Adjustment Date" commencing January 1 of the next year following the year during which the sale of the first Lot by Declarant occurs. As of each Adjustment Date, the Capital Expenditure Limit shall be increased from the Capital Expenditure Limit on the date of this Declaration ("Effective Date") by a percentage equal to the percentage increase, if any, in the Consumer Price Index, All Urban Consumers ("CPI-U"), (1982-1984=100), All Items, as compiled and published by the Bureau of Labor Statistics, U.S. Department of Labor ("CPI") from the Effective Date to the Adjustment Date. If after the date of this Declaration the COI is converted to a different standard reference base or otherwise revised or ceases to be available, the determination of any new amount shall be made with the use of such conversion factor, formula or table for converting the CPI as may be published by any other nationally recognized publisher or similar statistical information gathered by the Board. Until the expiration of the Development Period or the date on which Declarant no longer owns a Lot, whichever is earlier, Declarant shall be one of the consenting Members, or the capital improvements shall not be made. The Board of Directors shall calculate each Lot's proportionate share of the Special Assessment for the capital improvements, and shall give the Lot Owner(s) written notice of the proportionate share and of the date (s) that the special Assessment is due and payable. Notwithstanding the foregoing, Declarant shall have no obligation to pay any Special Assessment with respect to any Lot owned by it unless there is a Dwelling Unit located upon the Lot that is occupied as a residence.

Section 5.3 Individual Assessment. In the event that the need for maintenance, repair or replacement of any improvement on the Property, for which the Association has the maintenance, repair and/or replacement obligation, is caused through the willful or negligent act of an Owner, his family, his pet (s), tenant, the cost of such maintenance, repairs or replacements shall be paid by such Owner. The Board shall have the maintenance, repair, or replacement done, and the cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter, unless an earlier date is otherwise set forth herein.

Section 5.4 Date of Commencement of Assessments: Due Date: Determination of Regular Assessments; Fine Assessments.

5.4.1 The annual Regular Assessment provided for herein shall commence as to each Owner of a Lot, except Declarant, on the first day following the initial conveyance of the Dwelling Unit to the Owner. The Declarant, its successors and/or assigns, shall not be required to pay the Regular Assessment for any Lot which it owns until such time as Declarant transfers the Lot to a third party. The Board of Directors shall fix the amount of the annual Regular Assessment to be paid by each Class A Member against each Lot at the beginning of each calendar year written notice of the annual Regular Assessment shall be sent to every Class A Member subject thereto. The Board of Directors shall establish the date due.

5.4.2 The Board of Directors, or any adjudicatory panel established by the Board of Directors, may levy a reasonable Fine Assessment as a fine or penalty for violation of this Declaration, all in accordance with the Planned Community Act. A lien may be filed for this Fine Assessment, and this Fine Assessment may be enforced by foreclosure and otherwise treated as a Regular Assessment.

5.4.3 Both Regular and Special Assessments for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the aggregate number of Lots located on the Property, except those owned by Declarant which are not assessed in accordance with Section 5.4.1 above. The Association's governing body may, at its discretion, waive the Regular Assessment for any year or part of a year for any Lot not occupied as a residence.

Section 5.5 Billing. The Association shall inform each Lot Owner of the Amount of the total Regular Assessment due from the Owner of that particular Lot. This Regular Assessment shall be paid in one annual installment. The Owner of each Lot must pay his Lot's required *Regular* Assessment in advance of the first calendar day of each year, unless the Association otherwise directs. Payment is to be made to such person at such an address as the Association determines. Special Assessments are due thirty (30) days after the bill for the Special Assessment has been mailed or otherwise sent out by the Association, unless the Association otherwise directs. The Owners of the initial Lots in the Subdivision, except Declarant, shall be obligated to pay the Regular Assessment on the first day of the initial conveyance of the Lot from Declarant to the Owner. If the Subdivision is expanded and additional Lots are brought into the Subdivision during a given Assessment year, those additional Lots shall pay the Regular Assessment on the first day of the initial conveyance of the Lot from Declarant to the Owner.

Section 5.6 Common Surplus. If the Regular Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment as for the Regular Assessment for the following year; or (c) apply the Common Surplus to the reserve.

Section 5.7 Assessment Certificate. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for Assessments a certificate in writing signed by an Officer or other authorized agent of the Association, setting forth the status of said Assessments, i.e., "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Association for each certificate.

Section 5.8 Books and Records of the Association. The Association shall keep full and correct books of account. The Association shall make available to all Lot Owners and the holders

of all first mortgages on Lots, current copies of the books, records and financial statements of the Association upon reasonable request during normal business hours. All funds collected by the Association shall be held and expended solely for the purposes designated by this Declaration and shall be deeded to be held for the use, benefit and account of the Association and all of the Lot owners. All books and records must be kept in accordance with good accounting procedures and must be reviewed at least once a year by an independent accounting firm.

Section 5.9 Nonpayment of Assessment. Any Assessments levied pursuant to these covenants which are not paid on the date Assessment when due shall be delinquent and shall, together with interest and other costs as set out elsewhere in this Declaration, thereupon becoming a continuing lien upon the Lot which shall bind the Lot in the hands of the then Owner and the Owner's successors and assigns.

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at a reasonable rate often percent (10%) per year or at such other reasonable rate set by the Association in its minutes, not to exceed the maximum amount allowed by law, and the Association may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot, in either of which events interest, costs, and reasonable Attorney's fees shall be added to the amount of each Assessment and be subject to the lien thereof No Owner may waive or otherwise escape liability for the Assessments by non-use or waiver of use of the Common Areas or by abandonment of his Lot.

Section 5.10 Priority of Association Lien. The lien provided for in this Article V shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages which have been filed of record before a claim of this lien hereunder has been docketed in the office of the Clerk of Superior Court in Wayne County, North Carolina, and may be foreclosed in the same manner as a mortgage or deed of trust on real property under power of sale in an action brought by the Association in accordance with the Planned Community Act. The Association is entitled to recover its reasonable Attorneys' fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

Section 5.11 Disputes as to Common Expenses; Adjustments. Any Owner who believes that the portion of Common Expenses chargeable to his Lot, for which an assessment lien has been filed by the Association, has been improperly charged against his or her Lot, may bring an action in the appropriate court of law.

Section 5.12 Purchaser at Foreclosure Sale Subject to Declaration. Bylaws. Rules and Regulations of the Association. Any purchaser of a Lot at a foreclosure sale shall automatically become a Member of the Association and shall be subject to all the provisions of this Declaration, the Bylaws and the Rules and Regulations.

Section 5.13 Non-Liability of Foreclosure Sale Purchaser for Past Due Common Expenses. When the holder of a first mortgage or first deed of trust of record or other purchaser of a Lot acquires title to the Lot as a result of foreclosure of the first mortgage, first deed of trust, or deed in lieu of foreclosure, such acquirer of title, his, her or its successors and assigns, shall not be solely liable for the share of the Common Expenses or other Assessments by the Association chargeable to such Lot which became due prior to the acquisition of title to the Lot by such acquirer, other than Assessments for which a claim of lien has been docketed with the Wayne County Clerk of Superior Court prior to the recordation of the lien being foreclosed. Such unpaid share of Common Expenses or Assessments shall be deemed to be Common Expenses collectible from all of the Lots, including that of such acquirer, his, her or its successors or assigns. This provision shall not relieve the party acquiring title or any subsequent Owner of the subject Lot from paying future Assessments.

Section 5.14 Liability for Assessments upon Voluntary Conveyance. In a voluntary conveyance of a Lot, any grantee or his or her first mortgagee shall inform the Board of Directors in writing of such contemplated conveyance, and such grantee or first mortgagee shall be entitled to a statement from the Board of Directors of the Association setting forth the amount of all unpaid Assessments (including current Assessments) against the grantor due the Association. Neither the grantee nor the mortgagee shall be personally obligated for any delinquent Assessments, but such delinquent Assessments, along with interest, late charges, costs, and reasonable Attorney's fees shall be a lien against the Lot in accordance with Section 5.10 and Section 5.11 herein.

Section 5.15 Late Charges. The Association may impose a charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within ten (10) days after such Assessments are due and payable and who fails to exercise his rights under this Declaration or under the laws of the State of North Carolina to successfully contest such Assessment. The amount of the late charge shall be the greater of (a) twenty and no/100 dollars ($20.00) or (b) twenty percent (20%) of the delinquent amount, or such other amount as allowed by law.

Section 5.16

5.16.1 The Association may change the interest rate due on delinquent Assessments (including any late charges), except that the rate cannot be changed more than once every six (6) months. As of its effective date, the new interest rate will apply to all Assessments then delinquent.

5.16.2 The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise notice sent by the Association to the Lot is sufficient for any notice requirement under this Declaration.

5.16.3 The Assessment lien includes, without limitation, all collection cost, including demand letters, preparation of documents, reasonable Attorney's fees, Court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment.

5.16.4 No Owner of a Lot may exempt himself or herself from liability of his or her contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Areas or by the abandonment of his or her Lot.

5.16.5 This Section 5.16 applies to every type of Assessment.

ARTICLE IX

EASEMENTS AND ENCUMBRANCES

Section 6.1 Easements for Encroachments. The Dwelling Units, all utility lines, and all other improvements as originally constructed by or on behalf of Declarant or its assigns shall have an easement to encroach upon any setback, Lot or Common Area as a result of the location of the building, utility lines and other improvements across boundary lines between and along Lots and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, provided that such alterations or additions have complied with the requirements of this Declaration.

Section 6.2 Lot's Utility Easements. Easements are granted in favor of each Lot Owner to and throughout the Common Areas and, if necessary, the setback areas of any other Lots, as may be necessary for the installation, maintenance, repair and use of underground water, gas, sewer, power and other utilities and services including power and communication, now or hereafter existing, including maintaining, repairing, and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components. The foregoing notwithstanding, no Lot Owner (other than Declarant) may exercise the easement rights reserved in this Section 6.2 without the prior written approval of the Board as described in Section 6.6 below and the Declarant, so long as it owns a Lot in the Subdivision.

Section 6.3 Utility Easements. Easements are reserved hereby in favor of the Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any dwelling located upon any Lot) and the Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines Or equipment, or other components throughout the Common Areas. Without limiting any other provision of this Article6, it is understood that Declarant's easement rights reserved herein may be utilized for the benefit of property within or outside of the Subdivision. Each Lot Owner and/or .his respective mortgagee by acceptance of a deed conveying such ownership interest and each mortgagee encumbering such ownership interest, as the case may be, hereby irrevocably appoint Declarant,

or the Association, as the case may be, as his Attorney-in-Fact, coupled with any interest, and authorize, direct and empower such Attorney, at the option of the Attorney, to execute, acknowledge and record for and in the name of such Lot Owner and his mortgagee, such easements or other instruments as may be necessary to effect the purpose of this Section 6.3. The easements may be assigned and/or granted by the Declarant and/or the Association to any utility of Service Company.

Section 6.4 General Easements. An easement is hereby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common areas, the Lots and/or Dwelling Units for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing improvements located thereon and otherwise dealing with the Common Areas, Lots and/or Dwelling Units, including all improvements thereon as required or permitted by the Constituent Documents or applicable law. An easement is hereby reserved in favor of the Declarant over the Common Areas for the purpose of advertising or promoting sales of Lots or Dwelling Units in the Subdivision.

Section 6.5 Access Easement. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress and egress to and from any such Lot over the Common Areas, to and from a public thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association and shall be subject to the terms of the Constituent Documents.

Section 6.6 Use of Easement. Any use of the rights and easements granted and reserved in this Article VI shall be reasonable. If any damage, destruction, or disturbance occurs to a Lot or Common Area as a result of the use of any easement or right, the Lot or Common Area shall be restored by, or at the direction of, the Association promptly in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction, or disturbance. Before beginning work, the Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. Additionally, should any Lot Owner other than Declarant elect to exercise its easement rights hereunder, it shall be required to obtain the Board's prior written approval (not to be unreasonably withheld), after providing the Board with detailed plans of its proposed work, as well as evidence of appropriate insurance and other such reasonable information or assurances as the Board may require. No easement may be granted across, through, over, or under any Lot or Common Area which materially restricts ingress and egress to the Lot or Common Area, unless reasonable alternate ingress and egress is provided or unless the restriction is only temporary. All easement reserved hereunder shall be perpetual and non-exclusive.

Section 6.7 Reservation of Access Easement by Declarant. Declarant reserves an easement for itself, its grantees, successors and assigns, to enter upon the Subdivision for access, including ingress and egress for both vehicles and pedestrians, to and from any public street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks, bridges

and other access ways of the Subdivision. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway or other means of access that is located on the Common Areas of the Subdivision. This reservation of access easements and the right of connection should be construed liberally in favor of the Declarant, in order to facilitate the development of all or any portion of the Subdivision.

Section 6.8 Reservation of Construction Easement by Declarant. The Declarant reserves the non-exclusive right and easement to temporarily go upon the Subdivision in order to complete the development of the Subdivision and the construction of the improvements to be located therein, and to develop other neighboring land. The easement should be construed broadly in favor of the Declarant, including giving Declarant the right to store temporarily construction materials, equipment, or dirt. After the construction is finished, Declarant must, at Declarant's cost, repair any damage done to the Subdivision, including to any landscaping. As soon as reasonably possible after Declarant has completed construction on the neighboring land, Declarant must remove all debris, equipment, materials and dirt from the Subdivision.

Section 6.9 Roadway Easement. declarant has reserved for the benefit of and hereby grants to all Lot Owners the non-exclusive right of ingress and egress on, over and across all public and private roadways (the "Roadways") located on or to be located on a portion of the Subdivision which private roadways extend from one or more publicly dedicated streets. Roadways other than those (if any) that have been accepted by applicable governmental authorities for maintenance, constitute Common Areas and shall be maintained, insured, and repaired by the Association in accordance with this declaration. The Declarant hereby reserves the right (but not the obligation), in its sole discretion, to annex additional Roadways into the Subdivision. Notwithstanding the foregoing to the contrary, no part of the Road way shall be dedicated or transferred to a unit of local government without acceptance of the unit of local government involved.

Section 6.10 Declarant's Easements: General. The easements and grants reserved for and granted to the Declarant also benefit and bind any heirs, successors and assigns of Declarant and their respective guest, invitees or lessees, including, without limitation, assignees of Declarant who do not won property within the Subdivision.

Section 6.11 Easements to Run with the Land. All easements and rights described in this Article VI are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Subdivision, or any part or portion of it.

Section 6.12 Reference to Easements and Deeds. Reference in the respective deeds of conveyance or other mortgage or trust deed or other evidence of obligation to the easements and rights described in this Declaration, shall be sufficient to create and reserve such easements and

rights to the respective grantees, mortgagees and trustees in such instruments as fully and completely as those such easements and rights were recited fully and set forth in their entirety in such instruments.

Section 6.13 Progress Energy Easement. To the extent that a utility easement has been granted to Progress Energy to construct, install, operate, utilize, inspect, rebuild, repair, replace, remove, and maintain overhead and/or underground facilities consisting of electric, communication, or other related facilities within the granted easement area, such rights shall include:

A. the right of officers, agents, and workmen of Duke Progress Energy and its contractors to go to and from said easement area at all times over the lands described in the said easement by such route or routes, including private roads and ways then existing thereon, on foot or by conveyance, with materials, machinery, supplies, and equipment as may be desirable; provided that, except in emergencies, existing roads and ways thereon shall be used to the extent that they afford ingress and egress to and from said easement area; and to construct, reconstruct, work upon, repair, alter, inspect and in general do any other thing necessary or convenient to maintain and operate said facilities for the purpose aforesaid;

B. the right to install and maintain guys, anchors, grounding, counter poles, and appurtenant devices, together with the right to install at the angle points of the overhead facilities, guy wires, and guy anchors outside of said easement area for the support of the structures of said overhead facilities.

ARTICLE X

INSURANCE

SECTION 7.1 General Insurance. In addition to such insurance as is required to be maintained by the Association pursuant to the Recreational Facilities Easement Agreement, the Association shall carry a master policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and if required by law, workmen's compensation insurance with respect to the Subdivision and the Association's administration thereof in accordance with the following provisions;

7.1.1 The Association shall purchase a master policy for the benefit of the Association, the Lot Owners and their mortgagees as their interests may appear, subject to the provisions of this Declaration and the Bylaws. The "master policy" may be made up of several different policies purchased from different agencies and issued by different companies.

7.1.2 All Common Areas now or at any time hereafter constituting a part of the Subdivision shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount not less than one hundred percent (100%) of the

replacement value thereof, with a deductible agreed to by the Board of Directors, exclusive of the cost of the land, foundations, footings, excavation, and Architect's fees, without deduction for depreciation. The policy shall have cost of demolition, water damage (excluding floods, backing up of sewers and drains, the running off of surface water, and the overflow of a body of water) and agreed amount endorsements and a deductible on any single loss or group of losses within one year in such amounts as shall be found reasonable by the Board of Directors, after carefully considering and comparing the increased premium costs resulting from a low deductible with the lower premium costs but higher per loss risk resulting from a high deductible, together with all other pertinent factors. The policy providing such coverage shall provide that no mortgagee shall have any right to apply the proceeds thereof to the reduction of any mortgage debt. Such policy shall provide coverage for built-in fixtures and equipment in an amount not less than one hundred percent (100%) of the replacement cost thereof (subject to the deductible provisions described above) and shall also provide that the insurer shall have no right to contribution from any insurance which might be purchased by any Lot Owner as hereinafter permitted. Such policy shall also contain either a waiver by the insurer of any increased hazard clause, a severability of interest endorsement, or a provision stating that the coverage will not be affected by the act, omission or neglect of any person unless such act, omission or neglect is within the knowledge and control of the Association prior to the occurrence of the loss. Such policy shall not provide coverage for any items of personal property owned by any Lot Owner.

7.1.3 Such master policy of insurance shall contain provisions requiring issuance of certificates of coverage and the issuance of written notice to the Association and to any mortgagee or mortgagees of any Lot Owner not less than thirty (30) days prior to any expiration, substantial modification of such coverage.

7.1.4 Such insurance by the Association shall not prevent an Owner of a Lot from obtaining insurance on his property, but no Lot Owner may at any time purchase individual policies of insurance covering any item which the Association is required to insure. If any Lot Owner does purchase such a policy, he shall be liable to the Association for any damages, expenses, or losses which it suffers or incurs as a result thereof, and the Association shall have the same lien rights provided by Article V hereof for Common Expense payments with respect to any such damages, expenses or losses not paid to it by such Owner.

7.1.5 The Board of Directors shall review the insurance coverage required under this Section 7.1 at least annually, and if any of such insurance coverage becomes impossible or impractical to obtain, the Association shall obtain coverage that most closely approximates the required coverage with the deductible provisions as determined by the Board of Directors. In any event, all such insurance must comply, at a minimum, with the applicable requirements set forth in the North Carolina Planned Community Act.

7.1.6 If the required insurance coverage under this Section 7.1 ceases to exist for any reason whatsoever, any mortgagee of any portion of the Subdivision may remedy that lack of

insurance by purchasing policies to supply that insurance coverage. The funds so advanced shall be deemed to have been loaned to the Association, shall bear interest a a per annum rate of two percent (2%) higher than the basic interest rate in any note secured by the mortgagee's mortgage against a portion of the Subdivision, and shall be due and payable to the mortgagee by the Association immediately. The repayment of this obligation shall be secured by a Special Assessment against all Lot Owners under Article V of this Declaration and shall not require a vote of the Members of the Association, anything to the contrary in this Declaration notwithstanding.

7.1.7 The Association shall also maintain liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas. The Association shall try to have its liability insurance contain cross-liability endorsements or appropriate provisions to cover liability of the Lot Owners, individually and as a group (arising out of their ownership interest in the Common Areas), to another Lot Owner.

Section 7.2 Fidelity Insurance. The Association may have fidelity coverage against dishonest acts on the part of Officers and employees, Members of the Association, members of the Board, Trustees, employees or volunteers responsible for the handling of funds collected and held for the benefit of the Lot Owners. The fidelity bond or insurance must name the Association as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than the insured's total Regular Assessment, plus all accumulated reserves and all other funds held by the Association either in its own name or for the benefit of the Lot Owners.

Section 7.3 Director's and Officers' Errors and Omissions Insurance. The Association shall purchase insurance to protect itself and to indemnify any Director or Officer, past or present, against expenses actually and reasonably incurred by him/her in connection with the defense of any action, suit, or proceeding, civil or criminal, in which he is made a party by reason of being or having been such Director or Officer, except in relation to matters as to which he shall be adjusted in such action, suit, or proceeding to be liable for negligence or misconduct in the performance of duty to the Association, or to obtain such fuller protection and indemnification for Directors and Officers as the law of North Carolina permits. The policy or policies shall be in an amount to be reasonably determined by the Association.

Section 7.4 Premiums. All premiums upon insurance purchased by the Association shall be Common Expenses. Notwithstanding the foregoing, the Lot Owners may be responsible for certain deductibles to the insurance policies purchased by the Association as outlined in Section 7.7 herein.

Section 7.5 Proceeds. Proceeds of all insurance policies owned by the Association shall be received by the Association for the use of the Lot Owners and their mortgagees as their

interests may appear, provided, however, the proceeds of any insurance received by the Association because of property damage shall be applied to repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

Section 7.6 Power of Attorney. Each Lot Owner shall be deemed to appoint the Association as his true and lawful Attorney-in-Fact to act in connection with all matters concerning the maintenance of the master policy or any other insurance policy obtained by the Association. Without limitation on the generality of the foregoing, the Association as said Attorney shall have full power and authority to purchase and maintain such insurance, to collect, and remit the premiums therefore, to collect proceeds and to distribute the same to the Association, the Lot Owners and their respective mortgagees as their interest may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Lot Owners and the Subdivision as shall be necessary or convenient to the accomplishment of the foregoing. Any insurer may deal exclusively with the Association in regard to such matters.

Section 7.7 Responsibility of Lot Owner. The Association shall not be responsible for procurement or maintenance of any insurance covering any Lot or Dwelling Unit, or the contents of and Lot or Dwelling Unit nor the liability of any Lot Owner for injuries not caused by or connected with the Association's operation, maintenance or use of the Common Areas or other property located in the Subdivision. Each Lot Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of or occurring within his Lot or Dwelling Unit. In addition, each Lot Owner shall maintain fire and extended coverage insurance on his Dwelling Unit, and the contents of his Dwelling Unit. The Association may request the Lot Owner to provide a copy of the policy (s) to the Association evidencing this insurance coverage at any time.

Each Lot Owner agrees that if any Owner(s) damages a building or other improvements now or at any time hereafter constituting a part of the Common Areas of the Subdivision which is covered under the Association's insurance policy, the Owner or Owners causing such damage shall be responsible for paying the lesser of (a) the insurance deductible due under the Association's insurance policy, or (b) the cost to repair and/or replace any damage to a building or other improvements, which amount shall be due within ten (10) days after the delivery of written notice of such deductible due or replacement/repair costs by the responsible Lot Owner(s) or twenty (20) days after mailing such notice by certified mail, whichever occurs first. In the event a Lot Owner refuses or fails to pay the insurance deductible or replacement/repair costs in the time period provided in the preceding sentence, the amount thereof may be advanced by the Association and the amount so advanced by the Association shall be assessed to such Owner as an Individual Assessment, which shall be due and payable following seven (7) days written notice.

Section 7.8 Release. All policies purchased under this Article VII by either the Association or the individual Lot Owners shall provide for the release by the issuer thereof of

any rights of subrogation or assignment and causes and rights of recovery against any Lot Owners, members of their family, their employees, their tenants, servants, agents and guests, the Association, the Board, or any occupant of a Dwelling Unit in the Subdivision, for recovery against anyone of them for any loss occurring to the insured property resulting from any of the perils insured against under the insurance policy.

Section 7.9 Deleted.

Section 7.10 Additional Policy Requirements. All such insurance coverage obtained by the Association shall be written in the name of the Association for the use and the benefit of the Association, the Lot Owners and their mortgagees, as further identified below. Such insurance shall be governed by the provisions hereinafter set forth:

7.10.1 Exclusive authority to adjust losses under policies in force on the Subdivision obtained by the Association shall be vested in the Board, provided, however, that no mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto.

7.10.2 In no event shall the insurance coverage obtained by the Association hereunder be brought into contribution with insurance purchased by individual Owners, occupants, or their mortgagees, and the insurance carried by the Association shall be primary.

7.10.3 All casualty insurance policies shall have an agreed amount endorsement with an annual review by one or more qualified persons.

7.10.4 The Association shall be required to make every reasonable effort to secure insurance policies that provide for the following:

7.10.5 A waiver of subrogation as discussed in Section 7.8;

7.10.6 That no policy may be cancelled, invalidated, or suspended on account of the acts of any one or more individual Owners;

7.10.7 That no policy may be cancelled, invalidated, or suspended on account of the conduct of any director, officer or employee of the Association or its duly authorized Manager without prior demand in writing delivered to the Association to cure the defect and allowance of a reasonable time thereafter within which the defect may be cured by the association, its manager, any Owner, mortgagee; and

7.10.8 That any "other insurance" clause in any policy exclude individual Owners' policies from consideration.

ARTICLE XI

ASSOCIATION

Section 8.1 Association. The administration of the Subdivision shall be vested in the Association. The Owner of any lot, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his ownership of such Lot ceases for any reason, at which time his membership in the Association shall automatically cease. The Association shall have full power and responsibility to administer, operate, sustain, maintain, and govern the Subdivision including but not limited to, the powers and responsibilities to make prudent investments of funds held by it; to make reasonable Rules and Regulations; to borrow money; to make Assessments, to bring law suits and defend lawsuits; to enter into contracts; to enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, alteration of the Subdivision. The powers of the Association shall be construed liberally and shall include, without limitation, all of the powers set forth in Section 47F-3-102 of the Planned Community Act.

Section 8.2 Board of Directors. Unless otherwise specifically stated in this Declaration, the Association shall act exclusively through its Board of Directors. The Association in accordance with the Bylaws shall choose the Board. The Board shall be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed by the Board.

Section 8.3 Limitations on Association's Duties.

8.3.1 The Association did not construct the improvements, including the Dwelling Units. The Association does not warrant in any way or for any purpose the improvements in the Subdivision. Construction defects are not the responsibility of the Association.

8.3.2 The Association shall have a reasonable amount of time in which to make any repair or do any work, which it is required to do under the Constituent Documents. The Association must first have actual knowledge of a problem. Any evaluation of the reasonableness of the Association's response must allow for the fact that the Association is volunteer and that the funds available to the Association are limited.

8.3.3 In case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant owns any portion of the Property; and such interpretation cannot be enforced against the Declarant, its successors or assigns.

ARTICLE XII

MORTGAGEE'S RIGHTS

Section 9.1 Notice of Rights of Mortgagee of a Lot. As used herein, the term "mortgagee" shall mean the holder of a first lien mortgage or deed of trust on a Lot who provides notice to the Association with its name and address with a request to receive any notices and other rights provided to "Mortgagees" under this Article XII. A Mortgagee of a Lot shall be entitled to receive written notification of any default, not cured within sixty (60) days after its occurrence, by the Owner of the Lot with respect to any obligation of the Owner under the Declaration, Bylaws of the Association or the Articles of Incorporation of the Association. Any Mortgagee of a Lot can make the request for notification. The notification shall be sent not later than the 65th day after the occurrence of any uncured Default.

Section 9.2 Rights of First Refusal. Any right of first refusal now or hereafter contained in this Declaration or any amendment or modification hereto or otherwise arising in favor of the Association or certain Owners shall not apply to or preclude or impair in any way the right of the first Mortgagee to (i) foreclose or take title to the Lot pursuant to the remedies provided in its mortgage; (ii) accept a deed or assignment in lieu of foreclosure in the event of a default under the Mortgage; (iii) sell or lease a Lot or Dwelling Unit acquired by the Mortgagee.

Section 9.3 Rights of Mortgagee. Unless at least seventy-five percent (75%) of the Mortgagees (based upon one vote for each first mortgage or deed of trust owned), and a vote of seventy-five percent (75%) of the votes allocated to the Members entitled to vote hereunder so approve, the Association shall not:

9.3.1 by an act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Subdivision or Common Areas or improvements located thereon which are owned directly or indirectly by the Association for the benefit of the Lots (the granting of easements for public utilities or for other purposes consistent with the intended use of the Subdivision, or the conveyance of common area, not including the Recreational Facilities, to a local governmental authority for public park purposes or the conveyance or dedication of the Roadways shall not be deemed a transfer within the meaning of this clause);

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

9.3.3 By act or omission change, waive or abandon any scheme of regulation or enforcement thereof pertaining to the architectural design or exterior appearance of the Dwelling Units, the exterior maintenance of the Dwelling Units, the maintenance of the common fences or driveways or the upkeep of lawns and plantings in the Subdivision;

9.3.4 Fail to maintain fire and extended coverage insurance on insurable Common Areas on current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based on current replacement cost); or

9.3.5 Use hazard insurance proceeds for losses to any Common Areas for other than the repair, replacement or reconstruction of such Common Areas.

Section 9.4 Right to Examine Books and Records. Mortgagees, their successors or assigns, shall have the right to examine the books and records of the Association.

Section 9.5 Taxes and Insurance.

A. Any City and/or County ad valorem taxes on the Common Area shall be the responsibility of and paid by the Homeowners Association (as set out in the Declaration) from the assessments provided for under and subject to all provisions of the Declaration including those providing for assessments and liens.

Upon default by the Association in the payment of any ad valorem taxes levied against Common Areas or assessments for public improvements, which continue for a period of six months, each owner of a building site in the development shall become personally obligated to pay to the tax assessing governmental authority a portion of such taxes or assessments in an amount determined by dividing the total taxes and/or assessments due by the total number of building sites. If not paid by the owner within thirty days, said sum shall become a continuing lien and the taxing or assessing governmental authority may either bring an action at law against the owner personally obligated to pay the same or elect to foreclose the lien.

B. Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which mayor have become a charge against any Lot and may pay overdue premiums on hazard insurance policies, or secure new hazard insurance coverage on the lapse of a policy, for such lot, and first mortgagees making such payments shall be owed immediate reimbursement therefore from the Lot Owner.

Section 9.6 Insurance Proceeds and Condemnation Awards. No provision of this Declaration or any other document or instrument affecting title to the Property, Common Areas, any Lot or the organization or operation of the Association shall give an Owner or any other party priority over any rights of the first mortgagees of Lots within the subdivision pursuant to their mortgagees in the case of a distribution to Owners of insurance proceeds or condemnation awards for losses to or taking of the Common Areas.

ARTICLE XIII

NON-DEDICATED STREETS

Section 10.1 Use. All non-dedicated streets constructed within the Subdivision are reserved as easements of access for the common use of the Owners and their families, guests, and invitees, by commercial vehicles authorized to make pick-ups and deliveries, by public and private utilities' personnel, trucks and equipment, by postal authorities and mail carriers, by emergency personnel and vehicles such as police, fire, and ambulance, and by such other persons or classes of persons authorized by the Board of Directors of the Association, as a means of ingress and egress, and for such other uses as may be authorized from time to time by said Board. Such non-dedicated streets may also include underground utility lines, mains, sewers or other facilities to transmit and carry sanitary sewerage and storm water drainage as well as for natural gas, electricity or any other utility. Except as provided by this Declaration, no acts shall be taken or things done by an Owner or the Association which are inconsistent with the reservation and grant of use and enjoyment hereinabove provided.

Section 10.2 Snow removal, Maintenance, Reconstruction, or Resurfacing. The Association, at the cost and expense of the Association, shall provide snow removal from, maintenance to any resurfacing or reconstruction of any non-dedicated streets or any storm water drainage facilities included as a part thereof or installed thereunder as it deems necessary or appropriate from time to time within its sole discretion.

ARTICLE XIV

GENERAL PROVISIONS

Section I Enforcement. So long as Developer is an Owner of a lot shown on the plat, Developer, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all, restriction, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of these Restrictive Covenants. Failure by the Developer or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2 Amendment. These Restrictive Covenants shall run with and bind the land, and shall insure to the benefit of and be enforceable by the Owner of any lot and subject to these Restrictive Covenants, their respective legal representatives, heirs, successors and assigns, for a term of twenty (20) years from the date theses Restrictive Covenants are recorded, after which time said covenants shall be automatically extended for successive periods often (10) years. These Restrictive Covenants may be amended by the Developer while Developer continues to own any lot in the Subdivision, by the change being approved by written consent of Developer during the first twenty (20) year period.

Section 3. In the event of any conflict between the provisions of these Covenants and any applicable provisions of the Wayne County Ordinances, the provisions of the Wayne County Ordinances shall control.

IN WITNESS WHEREOF, Gander Lake Development, LLC., the Developer herein, has caused this Declaration to be signed in its name the day and year first above written.

GANDER LAKE DEVELOPMENT, LLC

By: _____
Phillip Tyler, Member/Manager

STATE OF NORTH CAROLINA :

COUNTY OF WAYNE :

I, Lynn A Watkins, a Notary Public in and for said County and State, do hereby certify that PHILLIP TYLER as Member/Manager of GANDER LAKE DEVELOPMENT, LLC, personally came before me, this day and acknowledged that he is Member/Manager of GANDER LAKE DEVELOPMENT, LLC, being authorized to do so, executed the foregoing on behalf of the Company.

WITNESS my hand and Notarial Seal, this the 13 day of ~~April~~ August, 2014.

Lynn A Watkins
Notary Public

My commission expires:
12-7-2016

LYNN A. WATKINS NOTARY PUBLIC WAKE COUNTY, NC

Type: CRP
Recorded: 11/17/2022 2:16:44 PM
Fee Amt: $26.00 Page 1 of 3
WAYNE COUNTY, NC
CONSTANCE B. CORAM REGISTER OF DEEDS

BK 3782 PG 660 - 662

Prepared by/Mail to: Alan B. Hewett, Hewett Law Group, P.A.,
Post Office Box 369, Selma, NC 27576

NORTH CAROLINA
WAYNE COUNTY

SUPPLEMENTAL DECLARATION OF ANNEXATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
GANDER LAKE, FINAL SUBDIVISION PHASE 7
Plat Cabinet P, Slide 65-D (1&2)

This Declaration of Annexation is made by GANDER LAKE DEVELOPMENT, LLC, a North Carolina Limited Liability Company, and RRT DEVELOPMENT, LLC, a North Carolina Limited Liability, herein collectively referred to as the "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property located in Buck Swamp Township, Wayne County, North Carolina, being more particularly described in a survey entitled "FINAL SUBDIVISION PLAT: Gander Lake Phase 7" as recorded in Plat Cabinet P, Slide 65-D (1&2). For additional references, see Deed Book 3622, Pages 717-718 and Proposed Lots 2 & 3 as shown on Plat Cabinet P, Slide 23-E of the Wayne County Registry; and,

WHEREAS, RRT Development, LLC has joined this Declaration of Annexation as to all property it owns in the Gander Lake Subdivision; and,

WHEREAS, Declarant, desires to subject such property to the same said Declaration of Covenants, Conditions and Restrictions, which shall be for the benefit of such Property and for each and every owner of any part thereof, and shall insure to the benefit of and pass and run with said property, and each and every lot or parcel thereof, and shall apply to and bind the successors in interest and any owner thereof. The covenants, conditions, restrictions, reservations and charges are set forth on the recorded plats for the subdivision and specifically in Deed Book 3106, Pages 205-234; as amended in Deed Book 3179, Pages 181-183 and Deed Book 3622, Pages 717-718, all being in the Wayne County Registry, together with any supplemental amendments made thereto, with said annexation of property running with the Lots as developed

Submitted electronically by "Hewett Law Group, PA"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Wayne County Register of Deeds.

in Phase 7 and this Declaration shall be binding on all parties having any right, title or interest therein including theirs heirs, successors and assigns, and which shall inure to the benefit of each owner thereof.

In addition to the Declaration, RRT Development, LLC that owns lots in the subdivision, shall not be subject to payment of any dues or assessments that may be required under the covenants.

NOW, THEREFORE, Declarant hereby declares that the above-described Property is and shall be held, transferred, sold and conveyed subject to the Declaration of Covenants, Conditions and Restrictions referred to hereinabove.

IN WITNESS WHEREOF, Declarant has hereunto set its hand and seal, the day and year first above written.

Gander Lake Development, LLC

By: _____ (Seal)
John H. Richard, Manager

NORTH CAROLINA
JOHNSTON COUNTY

I, a Notary Public in and for said County and State, do hereby certify that John H. Richard, personally came before me this day and acknowledged that he is Manager of Gander Lake Development, LLC, a North Carolina Limited Liability Company and that he, as Manager, being authorized to do so, executed the foregoing on behalf of the Company.

Witness my hand and notarial seal/stamp, this 17th day of November 2022.

_____
Tracy H Perry, Notary Public

My commission expires: 8/2/2025

TRACY H PERRY
NOTARY PUBLIC
JOHNSTON COUNTY NC

RRT Development, LLC

By: _____(Seal)
John H. Richard, Manager

NORTH CAROLINA
JOHNSTON COUNTY

I, a Notary Public in and for said County and State, do hereby certify that John H. Richard, personally came before me this day and acknowledged that he is Manager of RRT Development, LLC, a North Carolina Limited Liability Company and that he, as Manager, being authorized to do so, executed the foregoing on behalf of the Company.

Witness my hand and notarial seal/stamp, this 17th day of November 2022.

_____
Tracy H Perry, Notary Public

My commission expires: 8/2/2025

TRACY H PERRY
NOTARY PUBLIC
JOHNSTON COUNTY NC

Type: CRP
Recorded: 8/15/2022 3:17:06 PM
Fee Amt: $26.00 Page 1 of 2
WAYNE COUNTY, NC
CONSTANCE B. CORAM REGISTER OF DEEDS

BK 3759 PG 644 - 645

Prepared by/Mail to: Alan B. Hewett, Hewett Law Group, P.A.,
Post Office Box 369, Selma, NC 27576

NORTH CAROLINA
WAYNE COUNTY

SECOND AMENDMENT TO RESTRICTIVE COVENANTS
GANDER LAKE
SECTION ONE AND FUTURE SECTIONS

WHEREAS, the property in the subdivision known as GANDER LAKE is subject to the RESTRICTIVE COVENANTS GANDER LAKE SECTION ONE AND FUTURE SECTIONS as recorded in Book 3106, Page 205-234; amended in Book 3179, Page 181-183, all being in the Wayne County Registry, together with any supplemental amendments made thereto (herein referred to as the "Covenants"); and

WHEREAS, the Developer/Declarant, Gander Lake Development, LLC (herein referred to as the "Declarant") currently owns lots in the Gander Lake subdivision and desires to amend the aforesaid Covenants as hereinafter set forth pursuant to the authority given in Article XIV, Section 2; and

NOW THEREFORE, the undersigned does hereby approve and adopt the following amendment to the Restrictive Covenants Gander Lake Section One and Future Sections recorded in Book 3106, Page 205-234 in the Wayne County Registry:

1. ARTICLE II USE RESTRICTIONS Section 2 is amended by deleting the following sentence from this section: Manufactured metal buildings may also be placed on the lot for storage to the rear of the family dwelling.

Except as amended herein, the Covenants shall remain in full force and effect as originally recorded in Book 3106, Pages 205-234 of the Wayne County Registry. This amendment shall apply to all existing and future phases of the Gander Lake Subdivision.

Submitted electronically by "Hewett Law Group, PA"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Wayne County Register of Deeds.

IN WITNESS WHEREOF, Declarant has hereunto set its hand and seal, the day and year first above written.

Declarant: Gander Lake Development, LLC

By: _____ (Seal)
Charles Phillip Tyler, Member/Manager

NORTH CAROLINA
JOHNSTON COUNTY

I, a Notary Public in and for said County and State, do hereby certify that Charles Phillip Tyler personally came before me this day and acknowledged that he is a Member/Manager of Gander Lake Development, LLC, a North Carolina Limited Liability Company and that he, as a Member/Manager, being authorized to do so, executed the foregoing on behalf of the Company.

Witness my hand and notarial seal/stamp, this 12th day of August 2021.

_____
Notary Public

My commission expires: JAN 6th 2026

WILLIAM E HALL
NOTARY PUBLIC
JOHNSTON COUNTY, NC

Indexed

BOOK 3179 PAGE 181

Doc ID: 011321620003 Type: CRP
Recorded: 09/08/2015 at 04:59:08 PM
Fee Amt: $26.00 Page 1 of 3
WAYNE COUNTY, NC
LOIS J MOORING REGISTER OF DEEDS
BK 3179 PG 181-183

RETURN: H JACK EDWARDS

STATE OF NORTH CAROLINA:

3 26.00

COUNTY OF WAYNE:

AMENDMENT TO RESTRICTIVE COVENANTS
GANDER LAKE
SECTION ONE AND FUTURE SECTIONS

WHEREAS, the property in the subdivision known as GANDER LAKE is subject to the RESTRICTIVE COVENANTS GANDER LAKE SECTION ONE AND FUTURE SECTIONS as recorded in the Wayne County Registry in Book 3106 at Pages 205-234; and

WHEREAS, the Developer currently owns lots in Gander Lake and desires to amend the aforesaid Restrictive Covenants as hereinafter set forth pursuant to the authority given in ARTICLE XIV GENERAL PROVISIONS Section 2 Amendment.

NOW THEREFORE, the undersigned does hereby approve and adopt the following amendments to the Restrictive Covenants Gander Lake Section One and Future Sections recorded in Book 3106 at Pages 205-234 in the Wayne County Registry:

1. ARTICLE II USE RESTRICTIONS Section 5 is amended by deleting the following language from this section: Only ornamental fences (e.g., split rail fences or fences through which there is at least 75% visibility) not to exceed three foot (3") in height may be erected between the house and the street lines.

2. ARTICLE VIII COVENANT FOR ASSESSMENTS Section 5.1 Regular Assessments is amended by deleting the last sentence and inserting the following language in its place: The minimum annual regular assessment shall be $100.00 to be billed as determined by the Association.

3. ARTICLE VIII COVENANT FOR ASSESSMENTS is amended by adding a new section as follows: Section 5.3 (a) Capital Assessment There shall be a capital contribution assessment in the amount of $250.00 due the Association at the time that an improved lot with a dwelling is first conveyed by the Builder or other owner of the lot to the new owner that will occupy the dwelling.

4. ARTICLE VIII COVENANT FOR ASSESSMENTS Section 5.5 Billing is amended by deleting the second and third sentences and replacing it with the following language: The Regular Assessment shall be due and payable as determined by the Board of Directors of the Association.

Except as amended herein, the RESTRICTIVE COVENANTS GANDER LAKE SECTION ONE AND FUTURE SECTIONS shall remain in full force and effect as originally recorded in Book 3106 Pages 205-234 in the Wayne County Registry.

IN THE WITNESS WHEREOF, the undersigned as the Developer and current owner of all lots in Gander Lake Section One have caused this instrument to be duly signed for the purposes therein expressed.

GANDER LAKE DEVELOPMENT, LLC

BY: _____

Member/Manager

BOOK 3179 PAGE 183

STATE OF NORTH CAROLINA:

COUNTY OF Wake:

I, Linda F. Bailey, a Notary Public of the County and State aforesaid, certify that Philip Tyler as Member/Manager of Gander Lake Development, LLC, personally came before me, this day and acknowledged that he is a Member/Manager of Gander Lake Development, LLC, and being authorized to do so, executed the foregoing on behalf of the company.

WITNESS my hand and Notarial Seal, this the 31st day of August, 2015.

Linda F. Bailey
Notary Public Linda F. Bailey

LINDA F. BAILEY
NOTARY PUBLIC
WAKE COUNTY, N.C.

My commission expires:
9/7/2019