



EXHIBIT C

Initial Rules and Regulations

The following restrictions shall apply to all of the Freedom Community until such time as they are amended, modified, repealed, or limited pursuant to Article IV of the First Supplemental Declaration:

1. General. The Freedom Community shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for Declarant to assist in the sale of any property or portion thereof as described in **Exhibit A** or **B**, offices for any property manager retained by the Freedom Association, and business offices for Declarant or the Freedom Association) consistent with this First Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within the Freedom Community unless expressly authorized by, and then subject to such conditions as the Board may impose:

(a) Parking any vehicles on streets or thoroughfares within the Freedom Community or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, golf carts, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; however, construction, service, and delivery vehicles shall be exempt from this provision during daylight hours for such period of time as is reasonably necessary to provide service or to make a delivery to an Freedom Lot or the Freedom Common Areas. For the purposes of these Rules and Regulations a "commercial vehicle" shall mean any vehicle whose title is placed in the name of a company or corporation or any vehicle that is required to be licensed as a commercial vehicle by the North Carolina Division of Motor Vehicles;

(b) Raising, breeding or keeping animals, livestock or poultry of any kind, except that a reasonable number of dogs, cats (the combined number of dogs and cats not to exceed three) or other usual and common household pets may be permitted on an Freedom Lot. Any animal which, makes objectionable noise or, in the Board's judgment, constitutes a nuisance or inconvenience to the Occupants of other Freedom Lots, shall be removed by the owner upon the Board's request. If the pet owner fails to honor such request, the Board may remove the pet. Rottweilers, pit bulls, chows and other aggressive breeds of dogs shall not be allowed within the Freedom Community. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Owners shall clean up behind any pet while walking such pet on any Freedom Common Areas or Freedom Lot. Pets shall be registered, licensed, and inoculated as required by any applicable state, municipal or local law, ordinance, rule or regulation;

(c) Any activity that emits foul or obnoxious odors outside the Freedom Lot or creates noise or other conditions, which tend to disturb the peace or threaten the safety of the Occupants of other Freedom Lots;

(d) Any activity that violates local, state, or federal laws or regulations; provided, the Board shall have no obligation to take enforcement action in the event of a violation;

(e) Pursuit of hobbies or other activities which tend to cause an unclean, unhealthy, or untidy condition to exist outside of enclosed structures on the Freedom Lot;



(f) Any noxious or offensive activity (including, without limitation, barking dogs) which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Freedom Common Areas or to the Occupants of other Freedom Lots;

(g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of constructing a dwelling on an Freedom Lot;

(h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to Occupants of other Freedom Lots, except alarm devices used exclusively for security purposes;

(i) Use and discharge of firecrackers and other fireworks;

(j) Dumping grass clippings, leaves, or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Freedom Community, except that fertilizers may be applied to landscaping on Freedom Lots provided care is taken to minimize runoff, and Declarant and builders may dump and bury rocks and trees removed from a building site on such building site;

(k) Accumulation of rubbish, trash, or garbage except between regular garbage pick ups, and then only in approved containers. Such containers shall be either screened from view or kept inside, except as reasonably necessary for garbage pick ups;

(l) Obstruction or rechanneling drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Freedom Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Freedom Lot without the Owner's consent;

(m) Subdivision of an Freedom Lot into two or more Freedom Lots, or changing the boundary lines of any Freedom Lot after a subdivision plat including such Freedom Lot has been approved and recorded, except that Declarant shall be permitted to subdivide or replat Freedom Lots it owns;

(n) Swimming, boating, use of personal flotation devices, or other active use of lakes, ponds, streams, or other bodies of water within the Freedom Community. The Freedom Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, streams, or other bodies of water within or adjacent to the Freedom Community;

(o) Use of any Freedom Lot for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Freedom Lot rotates among participants in the program on a fixed or floating time schedule over a period of years, except that Declarant and its assigns may operate such a program;

(p) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;



(q) On-site storage of gasoline, heating, or other fuels, except that a reasonable amount of fuel may be stored on each Freedom Lot for emergency purposes and operation of lawn mowers, gas grills, and similar tools or equipment, and the Freedom Association shall be permitted to store fuel for operation of maintenance vehicles, generators, and similar equipment;

(r) Any business, trade, or similar activity, except that an Owner or Occupant residing in a Freedom Lot may conduct business activities within the Freedom Lot so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Freedom Lot; (ii) the business activity conforms to all zoning requirements for the Freedom Community; (iii) the business activity does not involve door-to-door solicitation of residents of the Freedom Community; (iv) the business activity does not, in the Board's judgment, generate a level of vehicular or pedestrian traffic or a number of vehicles being parked within the Freedom Community which is noticeably greater than that which is typical of Freedom Lots in which no business activity is being conducted; and (v) the business activity is consistent with the residential character of the Freedom Community and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents within the Freedom Community, as may be determined in the Board's sole discretion.

The terms "business" and "trade," as used in this provision, shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work, or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether: (i) such activity is engaged in full or part-time, (ii) such activity is intended to or does generate a profit, or (iii) a license is required.

Leasing of an Freedom Lot shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a builder approved by Declarant with respect to its development and sale of the Freedom Community or its use of any Freedom Lots which it owns within the Freedom Community;

(s) Capturing, trapping, or killing of wildlife within the Freedom Community, except in circumstances posing an imminent threat to the safety of persons using the Freedom Community;

(t) Any activities which materially disturb or destroy the vegetation, wildlife, wetlands, or air quality within the Freedom Community;

(u) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Lot without prior approval pursuant to Article V;

(v) Operation of motorized vehicles on pathways or trails maintained by the Freedom Association;

(w) Any construction, erection, placement, or modification of any thing, permanently or temporarily, on the outside portions of the Freedom Lot, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article V of this First Supplemental Declaration. This shall include, without limitation, landscaped or grassed areas; signs; basketball hoops, swing sets, and similar sports and play equipment; clotheslines; garbage cans; woodpiles; and hedges,



walls, dog runs, animal pens, or fences of any kind. Under no circumstances shall the ARC approve the replacement of all or a majority of the grassed area of an Freedom Lot with mulch or stone; and

(x) Use of exterior decorative lights, including holiday displays; furthermore, if a holiday display creates a significantly increased traffic flow within the Freedom Community, the Freedom Lot's Owner or Occupant responsible for such display shall remove it upon request of the Board and if the Owner or Occupant does not remove such display within a reasonable time, the Board may remove the display.

(y) Hanging of sheets, towels, clothes or laundry in windows or anywhere on an Freedom Lot so as to be visible from any roadway or any other Freedom Lot.

3. Prohibited Conditions. The following shall be prohibited within the Freedom Community:

(a) Plants, animals, devices, or other things of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Freedom Community;

(b) Structures, equipment, or other items on the exterior portions of an Freedom Lot which have become rusty, dilapidated, or otherwise fallen into disrepair;

(c) Installation of any sprinkler or irrigation systems or wells of any type, other than those initially installed by Declarant or a Declarant approved builder, which draw upon water from lakes, creeks, streams, ponds, wetlands, or other ground or surface waters within the Freedom Community, except that Declarant and the Freedom Association shall have the right to draw water from such sources;

(d) Satellite dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind, except that Declarant and the Freedom Association shall have the right, without obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Freedom Community; and (i) satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi point distribution services which are one meter or less in diameter or diagonal measurement; or (iii) antennas designed to receive television broadcast signals ((i), (ii), and (iii), collectively, "Permitted Devices") shall be permitted; however, any such Permitted Device must be placed in the least conspicuous location on the Freedom Lot (generally being the rear yard) at which an acceptable quality signal can be received and is not visible from the street, Freedom Common Areas, or neighboring property or is screened from the view of adjacent Lots in a manner consistent with the Freedom Community-Wide Standard and the Architectural Guidelines; and

(e) Installation of exterior decorative items, including but not limited to statuary, fountains or wishing balls.

4. Leasing of Freedom Lots. "Leasing," for purposes of this Paragraph, is defined as regular, exclusive occupancy of an Freedom Lot by any person, other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. The Board may require a minimum lease term; however, in no case shall such term be shorter than six (6) months. No owner shall lease any Freedom Lot without first providing all lessees with copies of the Governing Documents. Each lease shall require all lessees to acknowledge



receipt of copies of all of the Governing Documents and to comply with and adhere to all of the Governing Documents. A true copy of each executed lease, together with such additional information as may be required by the Board, shall be given to the Board by the Freedom Lot Owner within ten (10) days of execution of the lease. Leasing shall be subject to all terms and conditions of the First Supplemental Declaration.