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Return To: Declarant

Declarant's Address: 503 Wando Park Blvd., Ste. 200, Mt. Pleasant, SC 29464

**AMENDED AND RESTATED
 FIRST SUPPLEMENTAL DECLARATION OF COVENANTS, CONDITIONS AND
 RESTRICTIONS FOR THE FARM AT BRUNSWICK, A PLANNED COMMUNITY**

This First Supplemental Declaration is made May 11, 2017, by **D.R. HORTON, INC.**, a Delaware corporation, hereinafter referred to as the "Declarant." Declarant states and declares as follows:

A. Declarant is the owner of those tracts of land located in Brunswick County, North Carolina, and described in **Exhibit A** attached hereto and incorporated herein (the "Freedom Property"). The Freedom Property is a portion of that planned community known as "The Farm at Brunswick" (the "Master Community").

B. Declarant previously caused to be recorded a Declaration of Creation of the Farm at Brunswick, a Planned Community as recorded in Book 2217, Page 1066, Brunswick County Registry, which was subsequently supplemented and amended by: (i) that Annexation Declaration for the Farm at Brunswick of record at Book 2352 Page 1175, Brunswick County Registry; (ii) that First Amendment to Declaration of Creation of the Farm at Brunswick, a Planned Community, of record at Book 2352 Page 1177, Brunswick County Registry; (iii) that Supplemental Declaration of Creation of the Farm at Brunswick, a Planned Community, of record at Book 2377 Page 226, Brunswick County Registry; (iv) that Supplemental Declaration of Creation of the Farm at Brunswick, a Planned Community, of record at Book 2377 Page 235, Brunswick County Registry; (v) that Annexation Declaration for the Farm at Brunswick of record at Book 2434 Page 775, Brunswick County Registry; and (vi) that Annexation Declaration for the Farm at Brunswick of record at Book 3255 Page 616, Brunswick County Registry (collectively, the "Master Declaration"). The terms and provisions of the Master Declaration apply to the Freedom Property.

C. Declarant previously made that certain First Supplemental Declaration of Covenants, Conditions, Easements and Restrictions for the Farm at Brunswick, a Planned Community recorded in Book 3882 Page 1012, Brunswick County Register of Deeds (the "Original Supplemental Declaration").

D. Section 11.10 of the Original Supplemental Declaration provides that during the Declarant Control Period, Declarant shall have the right to amend or rescind and restate the Original Supplemental Declaration by a Recorded Document, without approval or joinder of any other Party.

E. Declarant desires to amend and restate the Original Supplemental Declaration in its entirety for the purpose of amending certain provisions, incorporating new provisions for Freedom Homes at the Farm at Brunswick community (the "Freedom Community"), and to impose certain additional restrictive and protective covenants upon the Freedom Property to protect and to promote the beneficial ownership, use and enjoyment of all residential lots located within the Freedom Community.

F. Section 11.9 of the Master Declaration provides that the Declarant, acting in its sole and absolute discretion, shall have the right during the Declarant Control Period to establish separately developed residential Neighborhoods within the Master Community, designate Limited Common Area for the exclusive use of these Neighborhoods, and subject every Lot situated within a designated Neighborhood to additional covenants, conditions, restrictions and assessments in a Supplemental Declaration.

G. Declarant intends to establish the Freedom Property as a separately developed residential Neighborhood and planned community within the Master Community to be known as Freedom Homes at the Farm at Brunswick and impose on the Freedom Property additional covenants, conditions and restrictions to protect and to promote the beneficial ownership, use and enjoyment of all Freedom Lots located within the Freedom Community, the terms of which shall supplement the covenants, conditions and restrictions of the Master Declaration.

THEREFORE, pursuant to Chapter 47F of the North Carolina General Statutes (the "Planned Community Act"), Declarant hereby executes this First Supplemental Declaration to create Freedom Homes at the Farm at Brunswick, a North Carolina planned Community, and declares that henceforth all of the Freedom Property shall be designated as a separately developed residential Neighborhood within the Master Community, all of the Freedom Common Areas located within the Freedom Property shall be designated as Limited Common Areas for the exclusive use of the Freedom Lots, and all of the Freedom Property shall be held and owned subject to the following terms, provisions, covenants, conditions and restrictions, which shall run with the Freedom Property and which shall be binding upon all owners of any portion of the Freedom Property and their lessees, guests, mortgagees, heirs, executors, administrators, successors and assigns. This First Supplemental Declaration shall constitute a Supplemental Declaration to the Master Declaration pursuant to the Section 11.9 of the Master Declaration.

Article I. Application of the North Carolina Planned Community Act.

The terms and provisions of Chapter 47F of the North Carolina General Statutes, as the same shall be amended from time to time, shall apply to the Freedom Community.

Article II. Definitions.

The definitions set forth in N.C.G.S. § 47F-1-103 shall apply to this First Supplemental Declaration and are incorporated herein, except that the terms listed below shall have the specific meanings stated:

"Annexation Declaration" shall mean an instrument recorded at the Brunswick County Registry that subjects additional land to this First Supplemental Declaration.



“Architectural Guidelines” shall mean the architectural, design and construction guidelines and review procedures adopted pursuant to Article V below, as they may be amended.

“Articles of Incorporation” shall mean the Articles of Incorporations for Freedom Homes at the Farm at Brunswick Association, Inc., a North Carolina nonprofit corporation.

“Base Assessment” shall mean the assessment levied on all Freedom Lots subject to assessment under Article IX below to fund Freedom Common Expenses, as determined in accordance with Article IX below.

“Board of Directors” or “Board” shall mean the executive board of the Freedom Association, as defined by the Planned Community Act and as created by the Bylaws.

“Bylaws” shall mean the bylaws of the Freedom Association as they now or hereafter exist and as they may be amended from time to time.

“Declarant” shall mean D.R. Horton, Inc., a Delaware corporation, or any successor or assign designated as Declarant in a Recorded Document executed by the immediately preceding Declarant.

“Declarant Control Period” shall mean the period of time during which Declarant holds a fee interest or contractual right in any portion, however small, of the land described in **Exhibit A** and/or **Exhibit B** attached hereto and incorporated herein.

“Disregarded Resident” means any Occupant who is either: (i) an employee of the Freedom Association, provided that such person performs substantial duties related to the management of the Freedom Association or maintenance of any Common Area; or (ii) necessary to provide reasonable accommodation to disabled Occupants.

“First Supplemental Declaration” shall mean this First Supplemental Declaration of Covenants, Conditions and Restrictions for the Farm at Brunswick, and any amendments hereto or restatements hereof.

“Freedom Association” shall mean Freedom Homes at the Farm at Brunswick Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

“Freedom Common Area” shall mean all property, and any improvements thereon, wherever located, owned or leased by the Freedom Association or subjected to an easement or license in favor of the Freedom Association for the common use and enjoyment of Members. Freedom Common Area shall include all water and sewer lines serving more than one Freedom Lot and located outside any public rights-of-way or utility easements. Freedom Common Area shall include any Stormwater Control Facilities, drainage easements, stormwater pipes, detention and retention facilities serving more than one Freedom Lot and not accepted by any governmental authority for maintenance. Owners in the Master Association shall have no easements or rights in the Freedom Common Area.

“Freedom Common Expenses” shall mean all costs of the Freedom Association in maintaining Freedom Common Areas, and meeting its responsibilities pursuant to Articles VI, VII and IX of this First Supplemental Declaration.

“Freedom Community-Wide Standard” shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Freedom Community or the minimum standards established pursuant



to the architectural guidelines under the Master Declaration, Rules and Regulations, and Board resolutions, whichever is the higher standard. Declarant shall initially establish such standard, which may involve both objective and subjective elements. The Freedom Community-Wide Standard shall evolve as the Freedom Community evolves.

“Freedom Lot” shall mean any separate parcel of land within the Freedom Community designated for construction and maintenance of a residence and designated for separate ownership or occupancy and residential use.

“Freedom Limited Common Area” shall mean a portion of the Freedom Common Area reserved for the exclusive use of one or more, but less than all, of the Freedom Lots.

“Governing Documents” shall mean, collectively, the Master Declaration, this First Supplemental Declaration, any applicable Supplemental Declaration, the Articles of Incorporation, the Bylaws, the Architectural Guidelines and the Rules and Regulations, as the same may be amended from time to time.

“Master Association” shall mean The Farm at Brunswick Homeowners Association, a North Carolina non-profit corporation, its successors and assigns.

“Master Declaration” shall mean that Declaration of Creation of the Farm at Brunswick, a Planned Community as recorded in Book 2217, Page 1066, Brunswick County Registry, which was subsequently supplemented and amended by: (i) that Annexation Declaration for the Farm at Brunswick of record at Book 2352 Page 1175, Brunswick County Registry; (ii) that First Amendment to Declaration of Creation of the Farm at Brunswick, a Planned Community, of record at Book 2352 Page 1177, Brunswick County Registry; (iii) that Supplemental Declaration of Creation of the Farm at Brunswick, a Planned Community, of record at Book 2377 Page 226, Brunswick County Registry; (iv) that Supplemental Declaration of Creation of the Farm at Brunswick, a Planned Community, of record at Book 2377 Page 235, Brunswick County Registry; (v) that Annexation Declaration for the Farm at Brunswick of record at Book 2434 Page 775, Brunswick County Registry; and (vi) that Annexation Declaration for the Farm at Brunswick of record at Book 3255 Page 616, Brunswick County Registry.

“Master Plan” shall mean the master land-use plan for the development of the Freedom Community approved by Brunswick County, North Carolina.

“Member” shall mean and refer to every person or entity entitled to membership in the Freedom Association as provided in Article III below.

“Mortgage” shall mean a deed of trust recorded at the Brunswick County Registry that is a lien against any Freedom Lot. “Mortgagee” shall refer to a beneficiary or holder of a Mortgage. A “First Mortgage” shall be a Mortgage having priority over all other Mortgages encumbering an Freedom Lot. “First Mortgagee” shall refer to a beneficiary or holder of a First Mortgage.

“Occupant” means any person occupying all or any portion of an Freedom Lot or other property located within the Freedom Community for any period of time, regardless of whether such person is a tenant of the Owner of such property. “Occupants” shall refer to more than one Occupant.

“Owner” shall mean and refer to an owner of record of a fee simple interest in any Freedom Lot, including contract sellers, but excluding those having an interest only as security for the performance of an obligation. There may be more than one Owner of any single Freedom Lot.

“Recorded Document” shall mean any document, including any map or plat of survey, recorded at the Office of the Register of Deeds of Brunswick County, North Carolina.

“Rules & Regulations” shall mean the initial rules and regulations for use and occupancy of the Freedom Lots and the Freedom Common Areas set forth in **Exhibit C**, as they may be supplemented, modified, restated or superseded pursuant to Article IV below.

“Special Assessments” shall mean assessments levied in accordance with Section 9.2 below.

“Specific Assessments” shall mean assessments levied in accordance with Section 9.3 below.

“Stormwater Control Facilities” shall mean one or more of the following devices and measures, together with associated private drainage easements utilized for conveying stormwater (however identified on a plat, map or in a recorded document) that serve(s) the Freedom Property and which are located outside of public street rights-of-way and drainage easements accepted into public use by Brunswick County, including, but not limited to, bio-cells, conduits, inlets, channels, pipes, level spreaders, ditches, grassed swales, sand filters, wet ponds, dry detention basins, wetlands, permanently protected undisturbed open space areas (and similarly designated areas shown on any recorded plat of any portion of the Property), bio-retention areas, retention or detention ponds, runoff and pollutants for more than one (1) Freedom Lot in the Freedom Property. Private drainage easements, however identified on a recorded plat or recorded map or in a recorded document, that serve more than one (1) Lot are deemed to be dedicated to the Freedom Association for the benefit of the Freedom Property or applicable portions thereof.

“Supplemental Declaration” shall mean any declaration of covenants, conditions and/or restrictions that Declarant may file at the Brunswick County Registry subsequently to filing this First Supplemental Declaration, which shall apply only to a particular area or areas within the Freedom Community. Such Supplemental Declaration may supplement, change, amend or supersede the terms and provisions of this First Supplemental Declaration as necessary to accommodate differences between the plan of the development for the subject property and the plan of the development for the rest of the Freedom Community.

Article III. Freedom Homes at the Farm at Brunswick Association, Inc.

Every person or entity who is an owner of a fee or undivided fee simple interest in any of the Freedom Lots shall be a Member of the Freedom Association. Ownership of such interest shall be the sole qualification for membership, and membership shall be appurtenant to and shall not be separated from such ownership.

The Freedom Association shall be organized and governed as follows:

- 3.1. Purposes. The purposes of the Freedom Association shall be:
- a. To maintain and preserve all Freedom Common Areas, and all roads, streets, decorative and protective structures (including but not limited to entry monuments and buffer walls), ponds, lakes, utilities, landscaped areas and other improvements located thereon, if any;
 - b. To enforce the provisions of the Governing Documents;
 - c. To perform all duties and functions allotted to owner’s associations pursuant to the



Planned Community Act;

d. To promote and to protect the enjoyment and beneficial use and ownership of the Freedom Lots; and

e. To promulgate and enforce the Rules and Regulations and administrative rules and regulations for use of the Freedom Common Areas.

3.2. Powers and Responsibilities. The Freedom Association shall have all powers and responsibilities and shall perform all duties and functions allotted to owner's associations by Article 3 of the Planned Community Act, the terms and provisions of which are incorporated herein. The Freedom Association shall also have all rights and powers and shall perform all duties and functions that may be assigned to it by Declarant pursuant to this First Supplemental Declaration.

3.3. Voting Rights and Meetings. On matters of Freedom Association business submitted to vote of the membership, there shall be two classes of membership:

Class A. Every person who is an Owner, with the exception of the Declarant, shall be a Class A Member. Class A Members shall be entitled to one (1) vote per Freedom Lot. No more than one vote per Freedom Lot may be cast by Class A Members, regardless of the number of Owners of a given Freedom Lot.

Class B. The Declarant shall be the sole Class B Member. Class B membership shall be a full voting membership and, during its existence, the Class B Member shall be entitled to vote on all matters or issues before or considered by the Freedom Association. The Class B Member shall be entitled to three (3) votes for each Freedom Lot it owns, plus one (1) vote for each Freedom Lot owned by a person other than the Declarant. The Class B membership shall cease and shall be converted to Class A membership at such time as the first of the following events occur: (i) the date that all the Freedom Lots in the Freedom Community have been conveyed by the Declarant to other Owners; (ii) the surrender by the Declarant of the right to appoint or remove any officer of the Freedom Association or member of the Board by a Recorded Document executed by the Declarant; or (iii) the expiration of Declarant's rights to appoint or remove any officer of the Freedom Association or member of the Board pursuant to Article XI below.

Unless otherwise provided herein or in the Planned Community Act, all voting matters shall be decided by a simple majority vote. Requirements for a quorum shall be as provided by the Bylaws. The Members shall meet as provided by the Bylaws.

3.4. Bylaws. The initial Board shall enact and adopt all and any Bylaws that they deem necessary for the operation of the Freedom Association, which Bylaws shall be binding upon all Members, their Mortgagees, lessees, tenants and invitees.

Article IV. Use and Occupancy of Lots and Common Areas.

4.1 Fundamental Restriction on Use.

The Freedom Lots and Freedom Common Areas shall be used for residential and related purposes only, subject to and consistent with the Governing Documents, including the Rules and

Regulations; provided that Declarant, the Freedom Association and/or builders approved by Declarant may maintain a business or management office within the Freedom Community, and provided that Declarant and/or any brokers or builders approved by Declarant may maintain information centers, model homes and sales offices within the Freedom Community. Notwithstanding the above, home business use ancillary to the primary residential use of an Freedom Lot is permitted, subject to the Rules and Regulations and all applicable laws and ordinances of governmental authorities.

4.2 Fundamental Restrictions on Occupancy.

All Occupants of a single Lot shall be members of a single family. For purposes of this Declaration, a single family unit is defined as a group of individuals related by blood, marriage, adoption, or guardianship, or not more than three (3) persons not so related, living together as a single housekeeping unit. The number of Occupants on each Lot shall also be reasonably limited by the Lot's size and facilities and by a policy against disproportionate use of the Common Areas.

4.3 Additional Restrictions on Use and Occupancy of Lots.

Use and occupancy of all Freedom Lots shall be restricted as follows:

4.3.1 Completion of Construction. Once construction of any structure located within the Freedom Community is begun, it must be prosecuted diligently and must be completed within twelve (12) months of its commencement, unless otherwise approved in writing by Declarant.

4.3.2 Subdivision of Lots. No dwelling shall be erected on less than one Freedom Lot and no Freedom Lot shall be subdivided; however, owners of adjoining Freedom Lots may adjust a common boundary line, provided that the adjustment conforms in all respects with all applicable governmental regulations and ordinances, and with this First Supplemental Declaration.

4.3.3 Subdivision of Common Area. No Freedom Common Area shall be subdivided unless a revised Preliminary Plat and a revised Final Plat showing such subdivision have been submitted and approved by the governing municipality.

4.3.4 Signs. No signs, billboard or other advertising of any kind shall be displayed to public view on any Freedom Lot, right of way or Freedom Common Areas. This provision shall not apply to marketing, construction, advertising or informational signs placed on any Freedom Lot, right of way or Freedom Common Areas by Declarant. This provision shall not apply to professionally prepared signs placed on any Lot which are used to advertise an Freedom Lot for sale or rent, provided that no such sign shall be larger than 18" x 24". Although approval of the Freedom Association or the ARC is not required prior to the display of such signs, the Freedom Association may itself remove, have removed, or require the removal of any such sign which in its opinion would not otherwise be allowed under Article 5 of this First Supplemental Declaration or as amended or supplemented. A valid easement shall exist on any Freedom Lot for such removal by the Freedom Association or its agents.

4.3.5 Refuse Storage. No Freedom Lot shall be used or maintained as a dumping ground for rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such Freedom Lot to appear in an unclean or untidy condition or that will be obnoxious to the eye, nor shall any substance, thing or material be kept upon any Freedom Lot that will emit foul or obnoxious odors, or that will cause any noise that might disturb the peace, quiet, comfort or serenity of the occupants of surrounding Freedom Lots. Trash, garbage or other waste shall not be burned or disposed of on any Freedom Lot and shall be kept in sanitary containers approved by the ARC. All equipment for the



storage prior to disposal of such material shall be kept in a clean and sanitary condition. The placement of containers shall be approved by the ARC and, in any event, shall be kept in an enclosed area not subject to view from any person, from any direction.

4.3.6 Storage of Building Materials. No lumber, brick, stone, cinder block, concrete block, cement or other materials used for building purposes shall be stored upon any Freedom Lot longer than a reasonable time for the completion of the construction in which they are to be used.

4.3.7 Temporary Structures. No temporary structures such as sheds shall be erected or placed on an Freedom Lot without the written approval of the Declarant or the Freedom Association. Such structures, if permitted, may be used only during periods of construction, and never as a residence.

4.3.8 Parking and Vehicle Storage. Only licensed and operative vehicles, classified as passenger cars, station wagons, passenger pick-up trucks or passenger vans may be regularly parked in driveways. No vehicle will be permitted to park regularly on any roadway within the Freedom Community. Recreational vehicles must be screened from view. No vehicle located on an Freedom Lot may be used as a dwelling, even temporarily.

4.3.9 Offensive Activities Prohibited. No noxious or offensive activity shall be conducted upon any Freedom Lot or Freedom Common Areas, nor shall anything be conducted thereon tending to cause embarrassment, discomfort, annoyance or nuisance to the neighborhood or to the Occupants of any Freedom Lot.

4.3.10 Underground Utilities. All utility lines serving structures located on Freedom Lots shall be placed underground.

4.3.11 Mobile Homes and Manufactured Housing. No mobile home, trailer or manufactured housing shall be located on any Freedom Lot.

4.3.12 Screening. Boats, boat trailers, campers, satellite dishes, antennae, clotheslines, pet enclosures and the like shall not be located on an Freedom Lot so as to be visible from any roadway or any other Freedom Lot.

4.3.13 Window Treatments. Owners shall not cause or permit any curtains, shades or other window coverings to be hung inside or outside any windows or transparent doors which show any color other than white or off-white on the outside.

4.4 Rules and Regulations

In addition to the restrictions stated above, which may be modified or rescinded only by an amendment to this First Supplemental Declaration, use and occupancy of the Freedom Lots and Freedom Common Areas shall be subject to the Rules and Regulations, which are intended to govern day-to-day use and occupancy of the Freedom Lots and Freedom Common Areas. The initial Rules and Regulations are set forth in **Exhibit C** attached hereto and incorporated herein. In order to adapt and respond to changing or unforeseen circumstances affecting the Freedom Community, the Declarant, the Freedom Association and the Owners must have the ability to change the Rules and Regulations in an expedited and inexpensive manner. Accordingly, the Rules and Regulations may be amended, supplemented and/or rescinded and restated as set forth in this Section 4.4.



4.4.1. Declarant's Authority. During the Declarant Control Period, the Declarant shall have the unilateral right to amend, supplement and/or rescind and restate the Rules and Regulations, without prior notice to the Freedom Association or to other Owners; provided that no such action by Declarant may have a materially adverse effect on title to or marketability of any Freedom Lot.

4.4.2. Board Authority. The Board may amend, supplement and/or rescind and restate the Rules and Regulations. The Board shall send notice by mail or electronic notification to all Members concerning any such proposed action at least five (5) business days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken. The Board's decision on such action shall be final, subject only to subsection 4.4.1 above.

4.4.3. Members' Authority. Members representing more than Fifty percent (50%) of the total votes in the Freedom Association, at an Freedom Association meeting duly called for such purpose, may amend, supplement and/or rescind and restate the Rules and Regulations.

4.4.4. Conflicts. Nothing in this Article shall authorize the Board to modify, repeal or expand the Architectural Guidelines or any provision of this First Supplemental Declaration. In the event of a conflict between the Architectural Guidelines and the Rules and Regulations, the Architectural Guidelines shall control. In the event of a conflict between this First Supplemental Declaration and the Rules and Regulations, this First Supplemental Declaration shall control.

4.5. Limitations. The right and ability of the Declarant and the Board to amend, supplement or restate the Rules and Regulations shall be limited as follows:

4.5.1. Displays. The rights of Owners to display religious and holiday signs, symbols and decorations inside structures on their Freedom Lots of the kinds normally displayed in single-family residential neighborhoods shall not be abridged, but no such display may violate the Freedom Community-Wide Standard or violate any other provision of this First Supplemental Declaration.

4.5.2. Activities Within Dwellings. No rule established pursuant to this Article shall interfere with the activities carried on within the confines of dwellings, except that the Freedom Association may restrict or prohibit any activities that create costs for the Freedom Association or other Owners, that create a danger to the health or safety of others, that generate excessive noise, traffic or use of parking facilities, that create unsightly conditions visible outside the dwelling or that otherwise violate the provisions of this First Supplemental Declaration or any applicable governmental law, ordinance or regulation.

4.5.3. Alienation. No rule promulgated pursuant to this Section shall prohibit leasing or transfer of any Freedom Lot or require consent of the Freedom Association or Board for leasing or transfer of any Freedom Lot; however, the Freedom Association may require a minimum lease term of six (6) months and otherwise regulate the leasing of Freedom Lots.

4.5.4. Abridging Existing Rights. No rule shall require an Owner to dispose of personal property that was in or on an Freedom Lot prior to the adoption of such rule and which was in compliance with all rules previously in force. This limitation shall apply only for the duration of such Owner's ownership of the Freedom Lot personally, and this right shall not run with title to any Freedom Lot.



The limitations stated in this subsection shall not apply to amendments to this First Supplemental Declaration.

4.6 Freedom Common Areas Administrative Rules.

The Board may promulgate and enforce administrative rules and regulations governing use of the Freedom Common Areas without notice to the Members or any hearing. Examples of such administrative rules and regulations shall include, but not be limited to, setting hours of operation of a recreational facility or allocating or reserving use of a facility by particular individuals at particular times.

4.7 Notice to Purchasers and Mortgagees.

All prospective purchasers and mortgagees are given notice that use of the Freedom Lots and the Freedom Common Areas is restricted and governed by the Rules and Regulations, as they may be amended, expanded, and otherwise modified hereunder. Each Owner, by acceptance of a deed, acknowledges and agrees that the use, enjoyment and marketability of his or her Freedom Lot shall be affected by the Rules and Regulations which may change from time to time, and that the current Rules and Regulations may not be set forth in a Recorded Document. **Take notice that the Declarant or the Freedom Association may have changed the initial Rules and Regulations since the recording of this First Supplemental Declaration.** The Freedom Association shall provide a copy of the current Rules and Regulations to any prospective purchaser Member or Mortgagee upon written request and payment of the reasonable cost of such copy.

Article V. Architecture and Landscaping. No structure or thing, including but not limited to fences, shall be placed, erected, or installed upon or adjacent to any Freedom Lot and no improvements or other work (including staking, clearing, excavation, grading, and other site work, exterior alterations of existing improvements, or planting or removal of landscaping) shall take place on such Freedom Lot except pursuant to approval and in compliance with the Master Declaration.

Article VI. Maintenance and Repair

6.1 General All areas within the Freedom Property and all areas covered by easements or licenses owned or held by the Freedom Association shall be maintained to the Freedom Community-Wide Standard, and to all other standards stated in this First Supplemental Declaration, the Master Declaration, the Bylaws, and Rules and Regulations of the Freedom Association. The Freedom Association and the individual Owners shall be responsible for such maintenance, as provided in this Article VI.

6.2 Freedom Association Responsibility. The Freedom Association shall maintain all landscaped rights-of-way and all entry features; all streets and roadways within any easement or licenses owned or held by the Freedom Association, unless such streets or roadways are maintained by some governing authority; all Freedom Common Areas, and all landscaping, paving, streets, structures and improvements of any nature located thereon; and all ponds, streams and culverts located on the Freedom Property which serve as part of any drainage and storm-water retention system. In addition, the Freedom Association shall provide exterior maintenance to each Freedom Lot which is subject to assessment hereunder, as follows: repair, replace and care for trees, shrubs, and grass, including mowing lawns on a regular basis and pruning trees and shrubs. In order to enable the Freedom Association to accomplish the foregoing, a perpetual easement in gross over all the Freedom Lots and Freedom Common Area is hereby granted to



the Freedom Association for the purpose of unobstructed access over and upon each Freedom Lot and Freedom Common Area at all reasonable times to perform maintenance as provided in this Article. The Owner of any Freedom Lot may, following approval by the ARC pursuant to Article V above, plant harmonious trees, shrubs, flowers and grass in his or her rear yard and maintain portions or all of his or her rear yard, provided that such maintenance by the Owner does not hinder the Freedom Association in performing its maintenance of the exterior of the building and the remaining spaces that are not enclosed with a fence. No such maintenance by an Owner shall reduce any assessments payable by him to the Freedom Association. If, in the opinion of the Freedom Association, any such Owner fails to maintain his or her rear yard in a neat and orderly manner, the Freedom Association may revoke the Owner's maintenance rights for a period of not more than one year. In the event that the need for maintenance or repair by the Freedom Association pursuant to this subsection is caused through the willful or negligent act of any Owner, his or her family, guests, invitees or delegates, the cost of such maintenance and repair shall be assessed against the Freedom Lot(s) of such Owner(s) as a Specific Assessment pursuant to subsection 6.4 below, and may be collected by the Freedom Association as provided in Article IX below.

6.3 Owner's Responsibility. Each owner shall maintain all paving, structures and improvements of any nature whatsoever located on his or her Freedom Lot. Each Owner's maintenance of his or her Freedom Lot shall include but not be limited to:

- a. Keeping the Freedom Lot free and clear of all litter, trash, refuse and wastes;
- b. Keeping exterior lighting and mechanical facilities in working order;
- c. Keeping parking areas and driveways in good repair;
- d. Complying with all governmental health and police requirements;
- e. Keeping lawns alive, including, but not limited to, watering lawns;
- f. Repainting of all structures; and
- g. Repair of exterior damage to all structures.

6.4 Association's Right to Perform Owner's Responsibility. If any Owner or Occupant of an Freedom Lot fails to perform any of the duties or responsibilities set forth in this subsection, then the Freedom Association or Declarant may give such person written notice of such failure and such person must within ten (10) days after receiving such notice (which notice shall be deemed to have been received upon deposit in any official depository of the United States mail, addresses to the party to whom it is intended to be delivered at that party's current address as shown by the records of the Freedom Association, and sent by certified mail, return receipt requested), perform the care and maintenance required or otherwise perform the duties and responsibilities of such Owner. Should any such person fail to fulfill this duty and responsibility within such period, then the Declarant or the Freedom Association, acting through its authorized agent or agents, shall have the right and power to enter onto the Freedom Lot in question and perform such care and maintenance without any liability for damages for wrongful entry, trespass or otherwise at any person. All Owner(s) of an Freedom Lot on which such work is performed shall be liable for the cost of such work together with interest on the amounts expended by the Freedom Association or the Declarant in performing such work computed at the rate of twelve percent (12.00%) per annum from the date(s) such amounts are expended until repaid to the Freedom Association or the Declarant, as the case may be, and for all costs and expenses incurred in seeking the compliance of such Owner with his duties and responsibilities hereunder, and shall reimburse the Freedom Association

or the Declarant, as the case may be, on demand for such costs and expense (including interest as above provided). If such Owner shall fail to reimburse the Freedom Association or the Declarant, as the case may be, within thirty (30) days after mailing to such Owner of a statement for such costs and expense by the Freedom Association or Declarant, the Freedom Association has performed the work on the Freedom Lot of the delinquent Owner(s), the Freedom Association may charge a Specific Assessment for such amounts against the Freedom Lot of such Owner(s), and proceed to collect such Specific Assessment as provided in Article IX below.

6.5 Cost of Maintenance. All costs of the Freedom Association in meeting its responsibilities pursuant to this Section shall be Freedom Common Expenses.

6.6 Conveyance of Common Areas to Association; No Implied Rights. Declarant, or the owner of the property with the consent of the Declarant, may transfer or convey to the Freedom Association at any time and from time to time any personal property and any interest in improved or unimproved real property. Such conveyance shall be deemed to be accepted by the Freedom Association upon delivery of any personal property or upon recordation with the Brunswick County Registry of a non-warranty deed conveying any interest in real property, and the property shall thereafter be Freedom Common Areas to be used and, if and as provided in this Article VI, maintained by the Freedom Association for the benefit of its Members. The Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section and shall have no duty or obligation to convey any property or property rights to the Freedom Association regardless of whether or not any such property has been made available for the use of Owners. Declarant, or the owner of the property with consent of Declarant, may reserve, by lease, license, easement or otherwise such rights of use and enjoyment in and to all or any portion of the property so conveyed as Declarant may reasonably require so long as such reservation is not materially inconsistent with the overall scheme of development for the Freedom Community. Neither the recordation of any subdivision plat nor the use by the Owners or maintenance by the Freedom Association of any property shall create any rights, easements or licenses, in the Freedom Association or the Owners, express or implied, unless and until any such property rights, easements or licenses are conveyed by the Declarant or the owner of such property to the Freedom Association or the Owners, as the case may be, by an instrument recorded in the Office of the Register of Deeds of Brunswick County, North Carolina.

6.7 Liability. Owners, Occupants and their guests shall use the Freedom Common Areas and all portions of the Freedom Community not contained within an Freedom Lot at their own risk and shall assume sole responsibility for their personal belongings used or stored thereon. All Owners and Occupants shall have an affirmative duty and responsibility to inspect the Freedom Common Areas and all portions of the Freedom Community not contained within an Freedom Lot for any defects, perils or other unsafe conditions relating to the use and enjoyment thereof. The Freedom Association, the Declarant and their respective officers, directors, employees, representatives and agents shall not be held liable for personal injury to any person, nor for loss or damage to personal belongings used or stored on any of the foregoing property. The Freedom Association shall not be liable for injury or damage to any person or property: (a) caused by the elements or by an Owner or any other person, (b) resulting from any rain or other surface water which may leak or flow from any street, pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Freedom Association or from any portion of the Freedom Common Area, or (c) caused by any street, pipe, plumbing, drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Freedom Association, becoming out of repair. Nor shall the Freedom Association be liable to any Owner or Occupant for loss or damage, by theft or otherwise, of any property of such Owner or Occupant.



6.8 Cost of Maintenance. All costs of the Freedom Association in maintaining Freedom Common Area and Freedom Buildings and in meeting its responsibilities pursuant to this Article shall be Freedom Common Expenses.

Article VII. Insurance.

7.1. Freedom Association's Responsibility.

7.1.1 The Freedom Association shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available.

a. Blanket property insurance for all insurable improvements on the Freedom Common Areas insuring against all risks of direct physical loss commonly insured against, including fire and extended coverage perils. All property insurance policies the Freedom Association obtains shall have policy limits sufficient to cover the full replacement cost of the insured improvements at the time of the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies. This coverage shall not, however, include any improvements or betterments installed by an Owner or any of the personal property belonging to an Owner. The Freedom Association shall be deemed trustee of all Members' interests in all insurance proceeds paid to the Freedom Association under any such policies and shall have full power to receive and to deal with such proceeds. The insurance proceeds shall be used by the Freedom Association for the repair or replacement of the property for which the insurance was carried, except as otherwise provided in this Section.

b. Commercial general liability insurance covering without limitation, liability for personal injuries and activities in connection with the ownership, operation, maintenance, and other use of the Freedom Common Areas. The Board shall use its business judgment in deciding upon per occurrence limits for such coverage and shall consider any applicable secondary mortgage guidelines relating to such coverage. The liability insurance shall name, as separately protected insureds, Declarant, any property manager, the Freedom Association, the Board, the officers of the Freedom Association, the ARC, and their respective representatives, members, agents, and employees with respect to any liability arising out of the maintenance or use of the Freedom Common Areas.

c. Workers' compensation insurance and employers' liability insurance, if and to the extent required by law.

d. Directors' and officers' liability coverage.

e. Commercial crime insurance, including fidelity insurance covering all persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-quarter of the annual Base Assessments on all Freedom Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation.

f. Such additional insurance as the Board, in its business judgment determines advisable.

7.1.2 Premiums for all insurance shall be Freedom Common Expenses unless the Board reasonably determines that other treatment of the premiums is more appropriate. The Freedom Association shall include such premiums in the assessments it levies. The Board shall review the limits



of all Freedom Association insurance policies at least once a year and shall adjust the policy limits as the Board deems necessary or appropriate.

7.1.3 The Freedom Association shall arrange for a periodic review of the sufficiency of its insurance coverage by one or more qualified persons, at least one of whom must be familiar with replacement costs in the Brunswick County area. All Freedom Association policies shall provide for a certificate of insurance to be furnished to the Freedom Association and, upon request, to each Member insured.

7.1.4 The policies may provide for a reasonable deductible. In the event of an insured loss, the deductible shall be treated as an Freedom Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with the Bylaws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Freedom Lots as a Specific Assessment pursuant to Section IX below.

7.1.5 All insurance coverage obtained by the Board shall:

a. be written with a company authorized to do business in North Carolina which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate and carries a Best rating of AA or better;

b. be written in the name of the Freedom Association as trustee for the benefited parties. (policies on the Freedom Common Areas shall be for the benefit of the Freedom Association and its Members);

c. not be brought into contribution with insurance purchased by Owners, Occupants, or their Mortgagees individually;

d. contain an inflation guard endorsement;

e. include an agreed amount endorsement, if the policy contains a coinsurance clause;

f. provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's membership in the Freedom Association or interest in the Freedom Common Areas as a Member in the Freedom Association (provided, this provision shall not be construed as giving any Owner any interest in the Freedom Common Areas other than that of a Member);

g. include an endorsement precluding cancellation, invalidation, suspension or non-renewal by the insurer conditioning recovery on account of an act or omission of any one or more Owners, or on account of any curable defect or violation without prior written demand to the Freedom Association to cure the defect or violation and allowance of a reasonable time to cure; and



h. include an endorsement precluding the insurer from denying a claim by an Owner or conditioning recovery under the policy based upon or due to the negligent acts or omissions of the Freedom Association or any other Owner.

7.1.6 In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners (as a class) as additional insureds for claims arising in connection with the ownership, existence, use or management of the Freedom Common Areas and provide:

- a. a waiver of subrogation as to any claims against the Freedom Association's board of directors, officers, employees and its manager, or the Owners and their tenants, servants, agents and guests;
- b. a waiver of the insurer's rights to repair and reconstruct instead of paying cash; and
- c. an endorsement requiring at least 30 days' prior written notice to the Freedom Association of any cancellation, substantial modification or non-renewal

7.2 Owner's Responsibility.

7.2.1 Each Owner of an Freedom Lot shall be responsible for obtaining and maintaining at all times hazard insurance at their own expense covering all portions of the Owner's Freedom Lot, including structures and improvements on the Freedom Lot and Owner's personal property. In addition, to the extent not insured by policies of the Freedom Association or the extent insurable losses result in the payment of deductibles under the Freedom Association's policies, every Owner shall obtain and maintain at all times insurance covering consequential damages to any other Freedom Lot or the Freedom Common Areas due to occurrences originating with the Owner's Freedom Lot and caused by the Owner's negligence, the Owner's failure to maintain the Owner's Freedom Lot or any other casualty within the Freedom Lot, which caused damage to any other Freedom Lot or Freedom Common Areas. Additionally, each Owner of an Freedom Lot may, at their option, obtain insurance at their own expense to cover their personal liability, and to provide such other coverage as they may desire

7.2.2 Owner's policies shall: (i) name the Freedom Association as an additional insured; (ii) contain waivers of subrogation and of any reduction of pro rata liability of the insurer as a result of any insurance carried by the Freedom Association or of any invalidity arising from any acts of the Freedom Association or any other Owners; and (iii) shall provide that such policies may not be canceled or substantially modified without at least thirty (30) days prior written notice to the Freedom Association. At the Freedom Association's request, Owners shall file a copy of each individual policy or policies covering their Freedom Lot and personal property with the Board within ten (10) days after receiving such request. Such Owner shall promptly notify the Freedom Association in writing in the event such policy is canceled.

7.2.3 No Owner shall do or keep anything on his/her Freedom Lot or on the Freedom Common Areas which shall cause an increase in the premiums for or the cancellation of any insurance maintained by the Freedom Association.

7.2.4 In the event that the Freedom Association is terminated pursuant to Section 17.2 herein, or in the event that the Freedom Association otherwise defaults under its maintenance responsibilities



for the Stormwater Control Facilities, each Owner shall be jointly and severally responsible for maintenance of the Stormwater Control Facilities, including payment of any unpaid ad valorem taxes, public assessments for improvements, and unsafe building and public abatement liens charged against the Stormwater Control Facilities and Freedom Lots benefitted by those Stormwater Control Facilities, and including all interest charges thereon, together with the costs and expenses of collection incurred by themselves (or other collecting agent), including court costs and reasonable attorney's fees actually incurred. Each Owner has a right of contribution against all other Owners whose portions of the Freedom Property are served by the same Stormwater Control Facilities for payment of such costs and expenses to the extent that the Owner having such right of contribution pays more than such Owner's pro rata share thereof, such pro rata share being determined either dividing the acreage of such Owner's portion of the Freedom Property served by the Stormwater Control Facilities by the total acreage of the portion of the Freedom Property served by the same Stormwater Control Facilities when no maintenance assessments apply to the Freedom Property.

Article VIII. Repair and Reconstruction.

The Freedom Association shall have the authority and the duty to repair or reconstruct Freedom Common Areas or other property which the Freedom Association is obligated to insure ("Insured Property") that is damaged or destroyed unless such repair or reconstruction would be illegal under any state or local ordinance governing health or safety, or Members representing at least eighty percent (80%) percent of the total vote of the Freedom Association vote not to repair or reconstruct.

Except as otherwise provided in this Section, the Board shall diligently pursue to completion the repair or reconstruction of that part of the Insured Property damaged or destroyed. The Freedom Association may take all necessary or appropriate action to affect such repair or reconstruction. Such repair or reconstruction shall be in accordance with the original plans and specifications unless other plans are approved by the Board.

The proceeds of any insurance collected shall be available to the Freedom Association for the purpose of repair or reconstruction of Insured Property. If the proceeds of insurance are insufficient to pay the estimated or actual cost of such repair or reconstruction, then the Board, pursuant to Section IX may levy in advance a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair or reconstruction. Such assessment shall be allocated and collected as provided in Article IX. Further levies may be made in like manner if the amounts collected prove insufficient to complete the repair or reconstruction. The insurance proceeds held by the Freedom Association and the amounts of any such Special Assessments shall constitute a fund for the payment for costs of repair or reconstruction after casualty. If a balance exists after payment of all costs of such repair or reconstruction, such balance shall be distributed to the Owners of the Freedom Lots in proportion to the contributions made by each Owner to the Freedom Association.

If a decision is made not to restore the damaged improvements and no alternative improvements are authorized, the Freedom Association shall clear the affected property of all debris and ruins and thereafter shall maintain such improvements in a neat and attractive, landscaped condition consistent with the Freedom Community-Wide Standard. The cost of removal and landscaping shall be paid for with insurance proceeds. The Freedom Association shall retain the remaining proceeds in its general or other funds or shall allocate or distribute such funds as the Board determines appropriate, provided any such distribution of insurance proceeds shall be proportionate to the Members' interests.

Article IX. Assessments and Association Finances

9.1. Purpose of Assessments. The assessments provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners of Freedom Lots, including, without limitation, the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors. Furthermore, the Freedom Association shall be required to maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of the Stormwater Control Facilities out of the assessment levied. The maintenance of the Stormwater Control Facilities shall be an Freedom Common Expense of the Freedom Association.

9.2. Creation of the Lien and Personal Obligation for Assessments. Each Owner of an Freedom Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay to the Freedom Association any and all assessments levied by the Freedom Association hereunder (including, without limitation, Base Assessments, Special Assessments, and Specific Assessments) and any other charges established pursuant to the terms of this First Supplemental Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this First Supplemental Declaration and the Bylaws. In addition to the foregoing, the Board may charge each Owner a service, collection, consulting or administration fee (an "Administrative Fee") in an amount to be determined by the Board from time to time in connection with the assessment and collection of the assessments provided for in this First Supplemental Declaration.

Each such assessment, together with late charges (in an amount determined by the Board from time to time, but not to exceed the greater of Twenty and No/100 Dollars (\$20.00) per month or ten percent (10%) of any assessment installment unpaid or such higher amount as may be permitted by the Act), interest (at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum or such other amount as may be permitted by the Planned Community Act), costs of collection, reasonable attorney's fees actually incurred and any Administrative Fee, shall be the personal obligation of the person who was the Owner of such Freedom Lot at the time the assessment fell due. Each Owner shall be personally liable for his or her portion of each assessment coming due while he or she is the Owner of an Freedom Lot and his or her successor-in-title shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, further, however, the liability of a grantee for the unpaid assessments of the grantor shall not apply to any First Mortgagee or other purchaser taking title through foreclosure proceedings or deed in lieu of foreclosure.

No Owner may waive or otherwise be exempt from liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Freedom Lot or non-use of the Freedom Common Area. No diminution or abatement of any assessment shall be claimed or allowed by reason of any failure of the Freedom Association to take some action or perform some function required to be taken or performed by the Freedom Association, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Freedom Association, or from any action taken by the Freedom Association to comply with any law, ordinance or directive of any governmental or municipal authority, the obligation to pay assessments being a separate and independent covenant on the part of each Owner. All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

Assessments shall be paid at a uniform rate per Freedom Lot in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten



(10) days' written notice, of assessments for delinquents; provided however, (a) notwithstanding any provision in this First Supplemental Declaration to the contrary, assessments to pay a judgment against the Freedom Association may be made only against the Freedom Lots in the Freedom Community at the time the judgment was entered; and (b) if any common expense is caused by the negligence or misconduct of any Owner or Occupant, the Freedom Association may assess the expenses exclusively against that Owner's Freedom Lot, as more particularly set forth in Section 9.3 hereof.

All sums assessed against any Freedom Lot pursuant to this First Supplemental Declaration, together with late charges (in an amount determined by the Board from time to time, but not to exceed the greater of Twenty and No/100 Dollars (\$20.00) per month or ten percent (10%) of any installment unpaid or such higher amount as may be permitted by the Planned Community Act), interest on the principal amount due (at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum or such higher amount as provided in the Planned Community Act), costs of collection, reasonable attorney's fees actually incurred and any Administrative Fee when remaining unpaid for thirty (30) days or longer, shall be secured by a lien on such Freedom Lot in favor of the Freedom Association when the Freedom Association files a claim of lien in the Brunswick County, North Carolina land records in the manner provided by law, if filing of such lien is required by law, otherwise such lien shall automatically attach. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (i) liens and encumbrances recorded before the docketing of the claim of lien, and (ii) liens for real estate taxes and other governmental assessments and charges against the Freedom Lot. This Section does not affect the priority of mechanics' or materialmen's liens.

All persons acquiring a lien or encumbrance on any Freedom Lot after this First Supplemental Declaration has been recorded in the Brunswick County, North Carolina land records shall be deemed to consent that such lien or encumbrance shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such lien or encumbrance.

9.3. Budgeting and Allocating Common Expenses.

Until the Freedom Association first levies assessments, Declarant shall be responsible for all Freedom Common Expenses. Thereafter, assessments for Freedom Common Expenses shall be levied at least annually in accordance with this Article.

At least Sixty (60) days before the beginning of each fiscal year, the Board shall prepare and approve a budget of the estimated Freedom Common Expenses for the coming year. The budget shall include any contributions to be made to a reserve fund for repair and replacement of capital assets, based on a separate reserve budget which takes into account the number and nature of replaceable assets, the expected life of each asset and each asset's expected repair or replacement cost. The budget shall reflect the sources and estimated amounts of funds to cover such expenses, which may include any surplus to be applied from prior years, any income expected from sources other than assessments levied against the Freedom Lots and the amount to be generated through the levy of Base Assessments and Special Assessments against the Freedom Lots, as authorized in Article IX. After the Declarant Control Period terminates, the annual Base Assessments shall not be increased by an amount greater than twenty (20%) percent of the annual Base Assessment of the immediately preceding calendar year.

The Freedom Association is hereby authorized to levy Base Assessments equally against all Freedom Lots subject to assessment to fund the Freedom Common Expenses. In determining the Base



Assessment rate per Freedom Lot, the Board may consider any assessment income expected to be generated from any additional Lots reasonably anticipated to become subject to assessment during the fiscal year. Base Assessments include any sums the Board determines necessary for the continued ownership, operation and maintenance of the Freedom Common Area, operating expenses of the Freedom Association, payment for any items of betterment and the establishment of reserve funds as the Board shall deem proper. Base Assessments may include, without limitation, sums for property taxes, insurance premiums, legal and accounting fees, management fees, charges for utilities and other services provided by the Freedom Association, if any, cleaning and janitor services, landscape maintenance, costs and expenses associated with the operation and maintenance of the storm water drainage facilities and storm water detention/retention pond(s) in the Freedom Community, and expenses and liabilities incurred as provided herein and in the Articles of Incorporation and Bylaws for indemnification of officers and directors and in connection with the enforcement of rights and duties of the Freedom Association against Owners and others.

Declarant may, but shall not be obligated to, reduce the Base Assessment for any fiscal year by paying any deficit between the Freedom Common Expenses and Freedom Association funds collected pursuant to the current year's budget, or any portion of any such deficit (in addition to any amounts paid by Declarant under Section 9.7), which may be a contribution, an advance against future assessments due from Declarant or a loan, in Declarant's discretion. Any such deficit payment shall be disclosed as a line item in the income portion of the budget. Payment of such deficit, or portion thereof, in any year shall not obligate Declarant to continue payment of such deficit in future years, unless otherwise provided in a written agreement between the Freedom Association and Declarant.

9.4. Special Assessments.

In addition to other authorized assessments, the Freedom Association may levy Special Assessments to cover unbudgeted expenses or expenses in excess of those budgeted. Any such Special Assessment may be levied against the entire membership. Except as otherwise specifically provided in this First Supplemental Declaration, any Special Assessment shall require the affirmative vote or written consent of a majority of the Board and the consent of Declarant during the Declarant Control Period. Special Assessments shall be payable in such manner and at such times as determined by the Board and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved.

9.5. Specific Assessments.

The Board shall have the power to levy specific assessments as, in its discretion, it shall deem appropriate. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Freedom Association and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. Fines levied pursuant to this First Supplemental Declaration, the capital contribution described in Section 9.14, and the costs of maintenance performed by the Freedom Association for which the Owner is responsible shall be specific assessments. The Board of Directors may also specifically assess Owners for Freedom Association expenses as follows: (a) expenses of the Freedom Association which are incurred to cover the costs, including overhead and administrative costs, of providing services to Freedom Lots upon



request of an Owner pursuant to any menu of special services which the Freedom Association may offer (which might include the services listed in Section 6.3); (b) expenses of the Freedom Association which are incurred to cover costs incurred in bringing the Freedom Lot into compliance with the Governing Documents, or costs incurred as a consequence of the conduct of the Owner or Occupants of the Freedom Lot, their agents, contractors, employees, licensees, invitees, or guests; and (c) expenses of the Freedom Association which are incurred as a result of the conduct of a particular Owner or Occupant or the guests, tenants, invitees or licensees of such Owner or Occupant may be assessed against the Freedom Lot of such Owner or Occupant.

9.6. Authority to Assess Owners; Time of Payment. Declarant hereby establishes and the Freedom Association is hereby authorized to levy assessments as provided for in this Article and elsewhere in the Governing Documents. The obligation to pay assessments shall commence as to each Lot on the date that the Freedom Lot is first occupied for residential purposes. An Freedom Lot shall be deemed to be occupied for residential purposes when it has been improved with a dwelling for which a certificate of occupancy has been issued and has been conveyed to an Owner who intends to occupy the dwelling, or, if the dwelling is occupied as a residence before such conveyance, the date of such occupancy. Any Freedom Lot which has been approved by Declarant for use as a model home for marketing and sales purposes shall not be deemed to be occupied for residential purposes and shall not be subject to assessments under this First Supplemental Declaration whether owned by Declarant or any other person, so long as such Freedom Lot is approved for use as a model home and is not occupied for residential purposes. The first annual Base Assessment levied on each Freedom Lot shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Freedom Lot.

Assessments shall be paid in such manner and on such dates as the Board may establish. The Board may require advance payment of assessments at closing of the transfer of title to an Freedom Lot and impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in two or more installments. Unless the Board provides otherwise, the Base Assessment shall be due and payable in advance on the first day of each fiscal year. If any Owner is delinquent in paying any assessments or other charges levied on his Freedom Lot, the Board may require the outstanding balance on all assessments to be paid in full immediately.

9.7. Subordination of Liens to Mortgages. The lien of all assessments authorized herein is hereby made subordinate to the lien of any first Mortgage if, but only if, all assessments and charges with respect to such Lot authorized herein having a due date on or prior to the date of the Mortgage as filed of record have been paid. The lien hereby subordinated is only such lien as relates to assessments and charges authorized hereunder having a due date subsequent to the date such Mortgage is filed of record and prior to the satisfaction, cancellation or foreclosure of such Mortgage or the sale or transfer of the Freedom Lot pursuant to any proceeding in lieu of foreclosure or the sale or transfer of the Freedom Lot pursuant to a sale under power contained in such Mortgage. Such subordination is merely a subordination and shall not relieve the Owner of the Freedom Lot of the personal obligation to pay all assessments coming due during such period of ownership; shall not relieve such Freedom Lot from the lien provided for herein (except to the extent a subordinated lien is extinguished as a result of such subordination as against a Mortgagee or such Mortgagee's assignee or transferee by foreclosure or by sale under power); and no sale or transfer of such Freedom Lot to the Mortgagee or to any other person pursuant to a decree of foreclosure, or pursuant to any other proceeding in lieu of foreclosure or



pursuant to a sale under power, shall relieve any existing or previous Owner of such Freedom Lot of any personal obligation or relieve such Freedom Lot or the then Owner of such Freedom Lot from liability for any assessment authorized hereunder that becomes due after such sale and transfer.

9.8. Remedies of the Freedom Association. Any sums or charges (including assessments or installments thereof) assessed against any Freedom Lot pursuant to this First Supplemental Declaration which are not paid when due shall be delinquent. Any such sums delinquent for a period of more than ten (10) days shall incur a late charge (in an amount determined by the Board from time to time, but not to exceed the greater of Twenty and No/100 Dollars (\$20.00) per month or ten percent (10%) of any installment unpaid or such higher amount as may be permitted by the Planned Community Act) and interest (at a rate not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum or such higher amount as may be permitted by the Planned Community Act). The Freedom Association shall cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date (the "Delinquency Notice"). The Delinquency Notice shall state: (i) the outstanding balance due as of the date of the Delinquency Notice; (ii) that the member has fifteen (15) days from the mailing of the Delinquency Notice (the "Grace Period") to pay the outstanding balance without being required to pay attorneys fees and court costs; (iii) the name of and contact information for a representative of the Freedom Association whom the member can contact to discuss a payment schedule for the outstanding balance; provided however, the Freedom Association shall not be required to permit payment of the outstanding balance in installments; and (iv) that if the outstanding balance is not paid within the Grace Period, the Freedom Association intends to seek payment of attorneys' fees and court costs. The Delinquency Notice must be sent by first class mail to the Freedom Lot of such member and, if different, to the mailing address of the member in the Freedom Association's records. If any such sums are not paid within thirty (30) days after the due date, the Board may accelerate and declare immediately due all such sums (including annual assessments or installments thereof) without any further notice being given to the delinquent Owner, and (i) to the extent permitted by applicable law, a lien, as herein provided, shall attach; and (ii) a claim of lien, as herein provided, may be filed in the Brunswick County, North Carolina land records in the manner provided by law. Such lien shall include, interest, all late charges from the date first due and payable, any Administrative Fee, all costs of collection, and, if the Owner has been provided with a Delinquency Notice and failed to pay the outstanding balance set forth therein within fifteen (15) days from the mailing of the Delinquency Notice, court costs and reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law.

Notwithstanding anything to the contrary in this First Supplemental Declaration, if a member does not contest the collection of the unpaid assessments and enforcement of a lien after the expiration of the Grace Period, then reasonable attorneys fees collected by the Freedom Association in connection with such debt shall not exceed One Thousand Two Hundred and No/100 dollars (\$1,200.00), or such higher amount as may be permitted by the Planned Community Act, not including costs or expenses incurred; provided however, such limitation shall not apply to judicial foreclosures or to proceedings authorized under Section 116 (d) or Section 120 of Article 3 of the Planned Community Act. The collection of the unpaid assessments and enforcement of the lien shall be deemed uncontested as long as the member does not dispute, contest or raise any objection, defense, offset or counterclaim as to the amount or validity of the unpaid assessments and lien asserted or the Freedom Association's right to collect the debt and enforce the lien.



If any sum assessed against any Freedom Lot pursuant to this First Supplemental Declaration remains unpaid after ninety (90) days from the due date, the Freedom Association may, as the Board shall determine, institute suit to collect such amounts and/or vote to foreclose its lien. The Freedom Association may vote to foreclose the claim of lien in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes or in any other manner permitted by applicable law; provided however, (i) the Freedom Association may not foreclose the lien under Article 2A of Chapter 45 of the North Carolina General Statutes if the debt securing the lien consists solely of fines imposed by the Freedom Association, interest on unpaid fines, or attorneys fees incurred by the Freedom Association solely associated with fines imposed by the Freedom Association (such lien may be enforced by judicial foreclosure as provided in Article 29A of Chapter 1 of the North Carolina General Statutes); and (ii) any lien securing a debt consisting solely of Administrative Fees may only be enforced by judicial foreclosure as provided in Article 29A of Chapter 1 of the North Carolina General Statutes. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Freedom Association or its agents, to the extent permitted by this First Supplemental Declaration and applicable law, the right and power to bring all actions against him or her, personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes; or in any other manner permitted by applicable law. The lien provided for in this Article shall be in favor of the Freedom Association and shall be for the benefit of all other Owners. The Freedom Association, acting on behalf of the Owners, shall have the power to bid on the Freedom Lot at any foreclosure sale or to acquire, hold, lease, mortgage or convey the same.

In addition to the foregoing, in the event that an Owner is at least thirty (30) days delinquent in the payment of any assessment or charge owed to the Freedom Association, the Freedom Association may suspend the right of such Owner to vote, suspend the right of such Owner to use and enjoy the Freedom Common Area and the suspend any services or utilities which may be provided to Freedom Lots in the Freedom Community, subject to any notice requirements imposed by the institutional providers providing such services or utilities in the Freedom Community and in accordance with the notice and hearing procedure in the Bylaws.

9.9. Budget Deficits During Declarant Control.

During the Declarant Control Period, Declarant may (but shall not be required to):

a. Declarant may advance funds to the Freedom Association sufficient to satisfy the deficit, if any, between the Freedom Association's actual operating expenses and the sum of the Base, Special, and Specific Assessments collected by the Freedom Association in any fiscal year. Such advances shall, upon request of Declarant, be evidenced by promissory notes from the Freedom Association in favor of Declarant. Declarant's failure to obtain a promissory note shall not invalidate the debt.

b. Declarant may cause the Freedom Association to borrow any amount from a third party at the then prevailing rates for such a loan in the local area of the Freedom Community. Declarant, in its sole discretion, may guarantee repayment of such loan, if required by the lending institution, but no Mortgage secured by the Freedom Common Areas or any of the improvements maintained by the Freedom Association shall be given in connection with such loan.



Declarant may acquire property for, or provide services to, the Freedom Association or the Freedom Common Areas. Declarant shall designate the value of the property or the services provided, and such amounts, at Declarant's request, shall be evidenced by a promissory note. Failure to obtain a promissory note shall not invalidate the obligation referred to in this Section.

9.10. Failure to Assess. The omission or failure of the Board to fix the assessment amounts or rates or to deliver or mail to each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Freedom Association.

9.11. Statement of Account.

Upon written request of any Member, Mortgagee, prospective Mortgagee or prospective purchaser of an Freedom Lot, the Freedom Association shall issue a written statement setting forth the amount of the unpaid assessments, if any, with respect to such Freedom Lot, the amount of the current periodic assessment and the date on which such assessment becomes or became due, and any credit for advanced payments or prepaid items. Such statement shall be delivered to the requesting person personally or by certified mail, first-class postage prepaid, return receipt requested. The Freedom Association may require the payment of a reasonable processing fee for issuance of such statement.

Such statement shall bind the Freedom Association in favor of persons who rely upon it in good faith. Provided such request is made in writing, if the request for a statement of account is not processed within fourteen (14) days of receipt of the request, all unpaid assessments that became due before the date of making such request shall be subordinate to the lien of a Mortgagee that acquires its interest after requesting such statement.

9.12. Exempt Property.

The following property shall be exempt from payment of Base Assessments, Specific Assessments, and Special Assessments:

- a. all Freedom Common Areas;
- b. any property dedicated to and accepted by any governmental authority or public utility; and
- c. any and all property owned by the Declarant.

9.13. Capitalization of Freedom Association.

Upon the sale of each and every Freedom Lot in the Freedom Community after it has been improved with a residence for which a certificate of occupancy has been issued, a capital contribution may be collected from the purchaser at the closing of such sale for the benefit of the Freedom Association (or if not collected at the closing, shall be paid immediately on demand by the Freedom Association). This capital contribution shall be a Specific Assessments against the Freedom Lot and shall be in addition to, not in lieu of, the annual Base Assessment. The capital contribution shall not be



considered an advance payment of the annual Base Assessment. This capital contribution shall be deposited into a specially designated reserve account of the Freedom Association and shall be for the purposes of ensuring that the Freedom Association will have cash available to pay Freedom Common Expenses, meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Board of Directors. The capital contribution may be established, increased or decreased in the sole and exclusive discretion of the Board; provided, however, that in no event shall this capital contribution equal more than the annual Base Assessment for the year in which the closing on the sale of the Freedom Lot improved with a residence for which a certificate of occupancy has been issued occurred.

Article X. Expansion of the Freedom Community

10.1. Expansion by Declarant.

Until all property described in **Exhibit B** has been subjected to this First Supplemental Declaration or twenty (20) years after the recording of this First Supplemental Declaration, whichever is earlier, Declarant reserves the right, but not the obligation, to subject unilaterally to the provisions of this First Supplemental Declaration all or any portion of the real property described in **Exhibit B** which Declarant currently owns or to which Declarant may obtain title in the future. Declarant may transfer or assign this right to subject property to this First Supplemental Declaration, provided that the transferee or assignee is the developer of or owns at least a portion of the real property described in **Exhibit B**, and provided that the transfer or assignment is evidenced by a Recorded Document.

Declarant shall subject additional property to this First Supplemental Declaration by recording an Annexation Declaration describing the property being subjected. Such Annexation Declaration shall not require the Members' consent but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the recording of such Annexation Declaration unless otherwise provided therein.

10.2. Expansion by the Freedom Association.

Upon termination of the Declarant Control Period, the Freedom Association may subject any real property to the provisions of this First Supplemental Declaration with the consent of the owner of such property, if authorized by the affirmative vote of Members representing sixty-seven percent (67%) of the total existing votes in the Freedom Association.

The Freedom Association shall subject such property by recording an Annexation Declaration describing the property being subjected. Any such Annexation Declaration shall be executed by the Freedom Association and the owner of the subject property, and shall be certified by the Secretary of the Freedom Association to have been authorized by the requisite vote of the Members of the Freedom Association.

Article XI. Declarant Rights.

11.1. Reasonable Rights To Develop.

Declarant, builders approved by Declarant and/or their contractors or subcontractors may construct improvements to or within the Freedom Community including to the Freedom Lots. The



completion of such construction and the sale or other disposal of the Freedom Lots is essential to the establishment and welfare of the Freedom Community. Therefore, during the Declarant Control Period, nothing in this First Supplemental Declaration or the other Governing Documents shall be construed to:

- a. prevent Declarant, approved builders, or their contractors or subcontractors from doing whatever is reasonably necessary or advisable in connection with the commencement or completion of the above-described work throughout the Freedom Community;
- b. prevent Declarant or its representatives from erecting, constructing, and maintaining anywhere in the Freedom Community such structures as reasonably may be necessary for the conduct of its business of completing the work, establishing Freedom Homes at the Farm at Brunswick as a residential community and disposing of the Freedom Lots by sale, lease, or otherwise;
- c. prevent Declarant and/or builders approved by Declarant from maintaining such signs and conducting such activities in any part of the Freedom Community owned by Declarant and/or builders approved by Declarant as Declarant and/or builders may deem to be reasonably necessary for the sale, lease, or disposition of Freedom Lots; or
- d. prevent Declarant and/or builders approved by Declarant from placing and utilizing on Freedom Lots or other property which it owns one or more mobile trailers or temporary structures as sales offices or for construction activities.

Nothing in this Section shall give Declarant and/or builders approved by Declarant the right to damage any Freedom Lot or other property not owned by Declarant and/or builders approved by Declarant.

11.2. Marketing and Sales Activities.

During the Declarant Control Period, Declarant and builders approved by Declarant may construct, relocate, maintain and carry on upon any Freedom Lot Declarant owns, the builder owns or upon portions of the Freedom Common Areas, such facilities and activities as may be reasonably required, convenient or incidental to the construction, marketing or sale of Freedom Lots, as determined in Declarant's sole opinion. Such facilities and activities may include, without limitation, business offices, signs, model homes, and sales offices. There shall be no limit on the number or size of such facilities. Declarant and builders approved by Declarant shall have easements for access to and use of such facilities. Declarant reserves the right to remove any personal property used in connection with its activities on the Freedom Common Areas upon termination of its rights under this Section.

11.3. Construction of Improvements.

During the Declarant Control Period, Declarant and its employees, agents and designees shall have a right of access and use and an easement over and upon all of the Freedom Common Areas for the purpose of making, constructing and installing such improvements to the Freedom Common Areas as it deems appropriate in its sole discretion.

11.4. Right to Approve Additional Covenants.

During the Declarant Control Period, no person or entity shall record any declaration of covenants, conditions and restrictions, or similar instrument affecting any portion of the Freedom Community without Declarant's prior written approval. Any instrument recorded without such consent shall be void and of no force and effect unless Declarant subsequently consents in a Recorded Document.

11.5. Right to Transfer or Assign Declarant Rights.

Any or all of Declarant's rights or obligations set forth in this First Supplemental Declaration or the Bylaws may be transferred in whole or in part to other persons; however, the transfer shall not reduce an obligation or enlarge a right beyond that which Declarant has under this First Supplemental Declaration or the Bylaws. No such transfer or assignment shall be effective unless evidenced by a Recorded Document. The foregoing sentence shall not preclude Declarant from permitting other persons to exercise, on a one-time or limited basis, any right reserved to Declarant in this First Supplemental Declaration where Declarant does not intend to transfer such right in its entirety. In such case it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

11.6. Exclusive Rights to Use Name of Development.

During the Declarant Control Period, no person or entity shall use the name "Freedom Homes at the Farm at Brunswick" or any derivative of such name in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Freedom Homes at the Farm at Brunswick" in printed or promotional matter where such term is used solely to specify that particular property is located within the Freedom Community and the Freedom Association shall be entitled to use the words "Freedom Homes at the Farm at Brunswick" in its name.

11.7. Right to Approve Changes in Freedom Community Standards.

During the Declarant Control Period, no amendment to or modification of any Rules and Regulations or Architectural Guidelines shall be effective without Declarant's prior written approval.

11.8. Easement to Inspect and Right to Correct.

11.8.1. Easement. Declarant reserves for itself, the Freedom Association, and such other persons as it may designate perpetual non-exclusive easements throughout the Freedom Community to the extent reasonably necessary for the purposes of accessing, inspecting, testing, redesigning or correcting any portion of the Freedom Community including Freedom Lots and Freedom Common Areas. Declarant shall have the right to redesign or correct any part of the Freedom Community, including Freedom Lots owned by Declarant and Freedom Common Areas.

11.8.2. Right of Entry. Entry onto a Freedom Lot shall be after reasonable notice, except in an emergency. Entry into a structure on a Freedom Lot shall be only after Declarant notifies the

Freedom Lot's Owner and agrees with the Owner regarding a reasonable time to enter the structures on such Freedom Lot to perform such activities.

11.8.3. Damage. Declarant shall promptly repair any damage to an Freedom Lot or the Freedom Common Areas resulting from the exercise of the easement or right of entry described in subsections 11.8.1 and 11.8.2 of this Section at its own expense. The exercise of these easements shall not unreasonably interfere with the use of any Freedom Lot, and entry onto any Freedom Lot shall be made only after reasonable notice to the Owner or Occupant.

11.9. Appointment or Removal of Members of the Board and officers. During the Declarant Control Period, Declarant shall have the right to appoint or remove any member of the Board or officer of the Freedom Association.

11.10 Amendment to Declaration. During the Declarant Control Period, Declarant shall have the right to amend or rescind and restate this First Supplemental Declaration by a Recorded Document, without approval or joinder of the Freedom Association or any other Party.

11.11 Review of Design and Construction. During the Declarant Control Period, Declarant shall have the right to control the design, quality, installation and construction of improvements within the Freedom Community as provided in Article V above.

Article XII. Easements.

12.1 Owners' Easements of Enjoyment. Except as limited by this First Supplemental Declaration and the Planned Community Act, every Owner shall have a right of use and enjoyment in and to the Freedom Common Areas which shall be appurtenant to and shall pass with the title to every Freedom Lot. Except as limited by this First Supplemental Declaration and the Planned Community Act, any Owner may delegate his rights of use and enjoyment of the Freedom Common Areas to the members of his family, his tenants, contract purchasers who reside on the Freedom Property, or his guests.

12.2 Walks, Drives, Parking Areas, and Utilities. All areas of the Freedom Community shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities and for the maintenance of and general access to all stormwater control structures, gas lines, telephone and electric power lines, television antenna lines, other utilities, ingress, egress and regress and otherwise as shall be established by the Declarant or by its predecessor in title, prior to the conveyance of the Freedom Property designated to be the Freedom Common Areas to the Freedom Association; and the Freedom Association shall have the power and authority to grant and establish further easements upon, over, under, and across the Freedom Common Areas.

12.3 Encroachments and Declarant's Easement to Correct Drainage. All Freedom Lots and the Freedom Common Areas shall be subject to easements for the encroachment of initial improvements constructed on any Freedom Lots or Freedom Common Areas to the extent that such initial improvements actually encroach, including, without limitation, such items as overhanging eaves, gutters, downspouts, exterior storage rooms, bay windows, steps and walls. For a period of twenty-five (25) years from the date of conveyance of the first Freedom Lot in a parcel or section, the Declarant reserves a blanket easement and right-of-way on, over, and under the ground within that parcel, phase or section to maintain and to correct drainage or surface water in order to maintain reasonable standards of health, safety and appearance. Such rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil or take any other similar action reasonably necessary. After such action



has been completed, the Declarant shall restore the affected Freedom Property to its original condition to the extent practicable. Declarant shall give reasonable notice of intent to take such action to all affected owners. These rights and reservations are assignable by the Declarant.

12.4 Easement for Entry Features. There is hereby reserved to the Declarant and the Freedom Association an easement for ingress, egress, installation, construction landscaping and maintenance of entry features and similar streetscapes for the Freedom Community, over and upon each Freedom Lot and all Freedom Common Areas. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around such entry features and the right to grade the land under and around such entry features.

12.5 Construction and Sale Period Easement. Notwithstanding any provisions contained in this First Supplemental Declaration, the Master Declaration, the Bylaws, the Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's right unilaterally to subject property to this First Supplemental Declaration terminates and thereafter so long as Declarant owns any property in the Freedom Community for development or sale, Declarant reserves an easement across the Freedom Community for Declarant and any builder or developer approved by Declarant to maintain and carry on development, construction, and sales activities related to property within or near the Freedom Community, upon such portion of the Freedom Community as Declarant may reasonably deem necessary. This reserved easement shall include an easement for such facilities and activities which, in the sole opinion of Declarant, may be required, convenient or incidental to the development, construction and sales activities related to property within or near the Freedom Community. This easement shall include, without limitation: (i) the right of access, ingress and egress for vehicular and pedestrian traffic and construction activities over, under, on or in any portion of the Freedom Community as well as any Freedom Lot in the Freedom Community; (ii) the right to tie into any portion of the Freedom Community with driveways, parking areas and walkways; (iii) the right to tie into or otherwise connect and use (without a tap-on or any other fee for doing so), replace, relocate, maintain and repair any device which provides utility or similar services; (iv) the right (but not the obligation) to construct recreational facilities on the Freedom Common Areas; (v) the right to carry on sales and promotional activities in the Freedom Community; (vi) the right to place direction and marketing signs on any portion of the Freedom Community, including any Freedom Lot or Freedom Common Areas; and (vii) the right to construct and operate business offices, signs, construction trailers, model residences, and sales offices incidental to the construction, development and sales activities. Further, the Declarant and any builder or developer authorized by Declarant, may use residences, offices or other buildings owned or leased by Declarant or such builder or developer as model residences and sales offices, and may also use recreational facilities available for use by the Freedom Community as a sales office or for marketing purposes without charge. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, and reasonable steps shall be taken to protect such property from damage. Any damage shall be repaired by the person causing the damage at its sole expense. This section shall not be amended without the Declarant's express written consent until the Declarant's rights hereunder have terminated as provided in this First Supplemental Declaration.

12.6 Irrigation. There is hereby reserved to the Declarant and the Freedom Association a blanket easement to pump water from ponds, lakes and other bodies of water located within the Freedom Community for irrigation purposes.

12.7 Fence Easement. Declarant hereby reserves an easement across any Freedom Lot which borders upon or contains a portion of any water facility, detention pond, or retention pond for the purpose of access to such facility or pond, and for the purpose of erecting any fence which is either required by



the subdivision development and construction plans or governmental regulation, rule, ordinance, or plan approval requirement.

12.8 Easement to Government Entities. An easement is hereby established for municipal, State or public utilities serving the area, their agents and employees, over all Freedom Common Areas hereby or hereafter established for setting, removing and reading utility meters, maintaining and replacing utility connections, and acting with other purposes consistent with the public safety and welfare, including, without limitation, garbage collection, mail delivery, police and fire protection.

12.9 Easement and Right of Entry for Repair, Maintenance and Reconstruction. If any dwelling is located closer than four (4) feet from its lot line, the Owner thereof shall have a perpetual access easement over the adjoining lot to the extent reasonably necessary to perform repair, maintenance or reconstruction of his home. Such repair, maintenance or reconstruction shall be done expeditiously and, upon completion of the work, the Owner shall restore the adjoining Freedom Lot to as near the same condition as that which existed prior to the commencement of the work as is reasonably practicable.

12.10 Pedestrian Easements. To the extent that they are not maintained by the Owners of those portions of the Properties on which they are located, the Freedom Association shall maintain all Pedestrian Access Easements required to be located on any portion of the Properties pursuant to approved subdivision plan approvals and/or pursuant to plats of the Freedom Properties recorded in the register of deeds of the county in which the Freedom Property is located, and/or pursuant to written maintenance agreements with the municipal or county authorities.

Article XIII. Dispute Resolution and Limitation on Litigation.

13.1 Consensus for Freedom Association Litigation.

Except as provided in this Section, the Freedom Association shall not commence a judicial or administrative proceeding without the approval of Members representing at least sixty-seven percent (67%) of the total votes of the Freedom Association. This Section shall not apply, however, to (a) actions by the Freedom Association to enforce the Governing Documents (including, without limitation, the imposition of fines, the suspension of privileges or services or the foreclosure of liens); (b) the collection of assessments; (c) proceedings involving challenges to *ad valorem* taxation; or (d) counterclaims brought by the Freedom Association in proceedings instituted against it. This Section shall not be amended unless such amendment is approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Prior to the Freedom Association or any Member commencing any judicial or administrative proceeding to which Declarant is a party and which arises out of an alleged defect in the Freedom Community or any improvement constructed thereon, Declarant shall have the right to meet in good faith and discuss the subject of the proceeding with the Members or the particular Member, and to access, inspect, correct the condition of or redesign any portion of the Freedom Community, including any improvement as to which a defect is alleged. In addition, the Freedom Association or the Member shall notify the builder who constructed such improvements prior to retaining any other expert witness or for other litigation purposes.

13.2. Alternative Method for Resolving Disputes.

Declarant, the Freedom Association, its officers, directors and committee members, all persons subject to this First Supplemental Declaration, any builder within the Freedom Community, and any



person not otherwise subject to this First Supplemental Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Freedom Community without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to use good faith efforts to resolve those claims, grievances, or disputes described in Section 13.3 ("Claims") using the procedures set forth in Section 13.4 hereof.

13.3. Claims.

Unless specifically exempted below, all Claims arising out of or relating to the interpretation, application, or enforcement of the Governing Documents, or the rights, obligations, and duties of any Bound Party under the Governing Documents or relating to the design or construction of improvements in the Freedom Community (other than matters of aesthetic judgment under Article V, which shall not be subject to review) shall be subject to the provisions of Section 13.4.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 13.4:

- a. any suit by the Declarant and/or Freedom Association against any Bound Party to enforce the provisions of this First Supplemental Declaration;
- b. any suit by the Declarant, Freedom Association or any Owner to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the party's ability to enforce the provisions of this First Supplemental Declaration;
- c. any suit between Owners, which does not include Declarant or the Freedom Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Governing Documents;
- d. any suit in which any indispensable party is not a Bound Party; and
- e. any suit as to which any applicable statute of limitations would expire within 180 days of giving the Notice required by Section 13.4.1 unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to such Claim for such period as may reasonably be necessary to comply with this Article.

With the consent of all parties thereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 13.4.

13.4. Mandatory Procedures.

13.4.1. Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (collectively, the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

- a. the nature of the Claim, including the persons involved and Respondent's role in the Claim;



- b. the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);
- c. Claimant's proposed remedy; and
- d. that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

13.4.2. Negotiation and Mediation.

a. The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

b. If the Parties do not resolve the Claim within Thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have Thirty (30) additional days to submit the Claim to mediation under an independent agency providing dispute resolution services in Brunswick County or surrounding areas.

c. If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; however, nothing herein shall release or discharge Respondent from any liability to any person other than the Claimant.

d. Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within Thirty (30) days after submission of the matter to the mediation, or within such time as determined by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth that the Parties are at an impasse and the date that mediation was terminated.

e. Within five (5) days of the Termination of Mediation, the Claimant shall make a final written demand ("Settlement Demand") to the Respondent, and the Respondent shall make a final written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimants' original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take nothing" Settlement Offer.

13.4.3. Final and Binding Arbitration.

a. If the Parties do not agree in writing to a settlement of the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to arbitration in accordance with the rules of arbitration promulgated or observed by the agency providing the arbitrator. If not timely submitted to arbitration or if the Claimant fails to appear for the arbitration proceeding, the Claim shall be deemed abandoned, and Respondent shall be released



and discharged from any and all liability to Claimant arising out of such Claim; however, nothing herein shall release or discharge Respondent from any liability to parties other than Claimant.

b. This subsection 13.4.3(b) is an agreement to arbitrate and is specifically enforceable under any applicable arbitration laws of the State of North Carolina. The arbitration award ("Award") shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of North Carolina.

13.5. Allocation of Costs of Resolving Claims.

13.5.1. Subject to Section 13.5.2, each Party shall bear its own costs, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator(s) and all filing fees and costs of conducting the arbitration proceeding ("Post Mediation Costs").

13.5.2. Any Award that is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add Claimant's Post Mediation Costs, including reasonable attorney's fees, to the Award, such costs to be borne equally by all Respondents. Any Award that is equal to or less favorable to Claimant than any Respondents' Settlement Offer shall award such Respondent its Post Mediation Costs, including reasonable attorney's fees.

13.6. Enforcement of Resolution.

If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section 13.4 and any Party thereafter fails to abide by the terms of such agreement, or if any Party fails to comply with an Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in Section 13.4. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

Article XIV. Mortgage Provisions.

The following provisions are for the benefit of holders, insurers, and guarantors of First Mortgages on Freedom Lots in the Freedom Community. The provisions of this Article apply to both this First Supplemental Declaration and to the Bylaws, notwithstanding any other provisions contained therein.

14.1. Notices of Action.

An institutional holder, insurer, or guarantor of a First Mortgage which provides a written request to the Freedom Association, such request to state the name and address of such holder, insurer, or guarantor and the street address of the Freedom Lot to which its Mortgage relates, thereby becoming an ("Eligible Holder"), shall be entitled to timely written notice of:

a. any condemnation loss or any casualty loss which affects a material portion of the Freedom Community or which affects any Freedom Lot on which there is a First Mortgage held, insured, or guaranteed by such Eligible Holder;



b. any delinquency in the payment of assessments or charges owed by an Freedom Lot subject to the Mortgage or such Eligible Holder, where such delinquency has continued for a period of sixty (60) days, or any other violation of the Governing Documents relating to such Freedom Lot or the Owner or Occupant which is not cured within sixty (60) days of receiving notice of such violation;

c. any lapse, cancellation or material modification of any insurance policy the Freedom Association maintains; or

d. any proposed action which would require the consent of a specified percentage of Eligible Holders.

14.2. No Priority.

No provision of this First Supplemental Declaration or the Bylaws gives or shall be construed as giving any Owner or other party priority over any rights of the First Mortgagee of any Freedom Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Freedom Common Areas.

14.3. Notice to Association.

Upon request, each Owner shall be obligated to furnish to the Freedom Association the name and address of the holder of any Mortgage encumbering such Owner's Freedom Lot.

14.4. Failure of Mortgagee To Respond.

Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Freedom Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Freedom Association's request, provided such request is delivered to the Mortgagee by certified or registered mail, return receipt requested.

14.5. Construction of Article XIV.

Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under this First Supplemental Declaration, the Master Declaration, the Bylaws, or the Planned Community Act for any of the acts set out in this Article.

Article XV. Changes in Common Areas

15.1. Condemnation.

If an Freedom Lot or portion thereof shall be taken by eminent domain, compensation and the Owner's interests in the Freedom Common Areas shall be appropriately allocated among all other Owners. If any part of the Freedom Common Areas shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of Members representing at least sixty-seven percent (67%) of the total votes in the Freedom Association) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking



or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceeds shall be payable to the Freedom Association to be disbursed as follows:

a. If the taking or conveyance involves a portion of the Freedom Common Areas on which improvements have been constructed, the Freedom Association shall restore or replace such improvements on the remaining Freedom Common Areas to the extent available, unless within sixty (60) days after such taking Declarant, during the Declarant Control Period, and Members representing at least eighty percent (80%) of the total votes in the Freedom Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board. The provisions of Article VIII regarding funds for restoring improvements shall apply.

b. If the taking or conveyance does not involve any improvements on the Freedom Common Areas, if a decision is made not to repair or restore, or if net funds remain after any such restoration or replacement is complete, then such award or net funds shall be disbursed to the Freedom Association and used for such purposes as the Board shall determine.

15.2. Transfer, Partition, or Encumbrance of Freedom Common Areas.

a. Except as this First Supplemental Declaration otherwise specifically provides, the Freedom Common Areas shall not be judicially partitioned or subdivided into Lots, nor shall the ownership of the Freedom Common Areas be otherwise divided or encumbered in any manner after conveyance to the Freedom Association, except upon the approval of Members representing at least eighty percent (80%) of the total votes in the Freedom Association, including a majority of the votes held by Members other than Declarant, and the consent of Declarant if during the Declarant Control Period, and the submission to and approval by the governing municipality of a revised Preliminary Plat and a revised Final Plat showing such subdivision or partition.

b. The Freedom Association shall have the authority, subject to approval of Members representing a majority of the total votes in the Freedom Association, including a majority of the votes held by Members other than Declarant, and the consent of Declarant, if during the Declarant Control Period, to transfer portions of the Freedom Common Areas and improvements thereon to appropriate governmental entities or tax-exempt organizations for the maintenance, operation, and preservation thereof; provided, any such transfer shall not relieve such Freedom Common Areas from the rights and benefits of the Freedom Association and the Members as provided in this First Supplemental Declaration and shall otherwise be subject to the provisions of this First Supplemental Declaration.

Article XVI. Fines and Suspension of Privileges or Services.

Notwithstanding any other provision herein, the Board may impose fines on an Owner and/or suspend an Owner's right and privilege to use certain Freedom Common Areas for failure of that Owner, his lessees, agents or invitees, to abide by this First Supplemental Declaration, the Rules and Regulations or the administrative rules and regulations governing Freedom Common Areas. The procedure for the Board to do so shall be as set forth in the Bylaws. The Board shall not impose any such fine or suspension unless and until the Owner charged has been given notice of the charge, opportunity to be heard by and present evidence to the Board and notice of the Board's decision. Suspensions may be imposed for a reasonable period of time and/or until a violation or delinquency is cured.



Article XVII. Miscellaneous

17.1 Parties Bound. All persons and entities acquiring any interest in any of the Freedom Lots, including but not limited to lessees, shall be bound by the provisions of this First Supplemental Declaration. All guests and invitees of such persons and entities, and any other occupants of any of the Freedom Lots, shall likewise be bound.

17.2 Duration. The provisions of this First Supplemental Declaration shall run with and bind the Freedom Property perpetually, unless and until the Freedom Community is terminated pursuant to N.C.G.S. Section 47F-2-118.

17.3 Amendment. Except as provided in Section 11.11 above, this First Supplemental Declaration may be amended only by a written instrument executed by the Freedom Association and authorized by the affirmative vote of at least sixty-seven percent (67%) of all Freedom Lots, cast in person or by proxy at a meeting held in accordance with the Bylaws of the Freedom Association. Any amendment must be recorded to be effective. Notwithstanding anything contained herein to the contrary, any amendment serving to revise Section 7.2.4 herein shall not be valid unless reviewed and approved in writing by the governmental entity having jurisdiction over the Stormwater Control Facilities.

17.4 Enforcement. Subject to the provisions of Article XIII above, the Declarant, any Owner and/or the Freedom Association shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants and obligations imposed by this First Supplemental Declaration. Subject to the provisions of Article XIII above, the Declarant, the Freedom Association or any Freedom Lot owner may bring any action necessary to enjoin any violation or breach of the provisions of this First Supplemental Declaration. The Declarant, the Freedom Association and/or any Owner shall be entitled to recover reasonable attorney's fees incurred in bringing and prosecuting such action from the breaching or violating Owner(s).

17.5 Failure to Enforce Not a Waiver. The failure to enforce any right, reservation, covenant or restriction contained in this First Supplemental Declaration, however long continued, shall not be deemed a waiver of the right to do so thereafter.

17.6 Assignment by Declarant. Any or all of the rights, powers, easements, functions and obligations reserved or given to the Declarant in this Freedom Declaration may be assigned to the Freedom Association, and the Freedom Association shall accept and assume responsibility for any or all such rights, powers, easements, functions and obligations when requested by the Declarant. Any such assignments or transfer shall be made by a Recorded Document, executed by both the Declarant and the Freedom Association, and the Freedom Association shall thereupon have the same rights and powers and be subject to the same obligations and duties as are herein given to and assumed by the Declarant. The Declarant, but not the Freedom Association, shall thereupon be released from such obligations and duties.

17.7 Notice of Sale, Lease or Acquisition. In the event an Owner sells or leases such Owner's Freedom Lot, the Owner shall give to the Freedom Association, in writing, prior to the effective date of such sales or lease, the name of the purchaser or lessee of the Freedom Lot and such other information as the Freedom Association may reasonably require. Upon acquisition of an Freedom Lot, each new Owner shall give the Freedom Association, in writing, the name and mailing address of the Owner and such other information as the board may reasonably require.



17.8 Variances. Notwithstanding anything to the contrary contained herein, the Declarant and/or the Freedom Association or its designee shall be authorized to grant individual variances from any of the provisions of this First Supplemental Declaration, the Bylaws and any rule, regulation or use restriction promulgated pursuant thereto if the Declarant or the Freedom Association determine that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Freedom Community.

17.9 Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall not affect any of the other provisions of this First Supplemental Declaration, which shall remain in full force and effect.

17.10 Captions. The captions herein are inserted only as a matter of convenience and for reference, and shall not be construed to define, limit or describe the scope of any provision of this First Supplemental Declaration.

17.11 Law Controlling. This First Supplemental Declaration shall be construed and governed pursuant to the laws of North Carolina.

17.12 References to Statutes. All references herein to any statutory provision shall be construed to include and apply to any subsequent amendments to or replacements of such provision.

17.13 Assessments for Public Improvements/Ad Valorem Taxes. Pursuant to Section 9.3 above, the Freedom Association is authorized to levy Base Assessments against Owners for the payment of any assessments for public improvements or taxes that may be assessed against the Freedom Association or the Freedom Common Areas. In the event that the Freedom Association defaults in the payment to the jurisdiction entitled thereto of any assessments for public improvements or ad valorem taxes levied against the Freedom Common Areas, and in the event that said default shall continue for a period of six (6) months, each Owner shall become personally obliged to pay to the jurisdiction a pro-rated portion of the taxes or assessments in an amount determined by dividing the total taxes and/or assessments due to the jurisdiction by the total number of Freedom Lots in the Freedom Association. If the sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, the sum shall become a continuing lien on the property of the Owner, his heirs, devisees, personal representatives, and assigns. The taxing or assessing jurisdiction may either bring an action at law against the Owner personally obliged to pay the same, or may elect to foreclose the lien against the property of the Owner.

SIGNATURE ON NEXT PAGE



IN WITNESS WHEREOF, D.R. Horton, Inc., as the Declarant hereunder, has caused this instrument to be executed by its duly authorized City Manager all by order and authority duly granted by its corporate board of directors, as of the day and year first above written.

D.R. Horton, Inc.,
a Delaware corporation, Declarant

By: [Signature]
Name: Bradford C. Brundage
Its: City Manager

STATE OF SC
COUNTY OF Horry

I, Stephanie Hribar, a Notary Public of the County and State aforesaid, certify that Bradford C. Brundage personally appeared before me this day and acknowledged that s/he is City Manager of D.R. Horton, Inc., a Delaware corporation, and that s/he, being duly authorized to do so, executed the foregoing for and on behalf of said corporation.

Witness my hand and official stamp or seal, this 11 day of May, 2017

NOTARY SEAL

[Signature]
Signature of Notary Public
My Commission Expires: _____
Stephanie J Hribar
My Commission Expires
02-18-2026



B3907 P1109 05-16-2017
14:43:00.000
Brenda M. Clemmons PROP
Brunswick County, NC Register of Deeds page 38 of 44

EXHIBIT A

Land Initially Submitted

BEING all of that property as shown on that Subdivision Plat of the Farm at Brunswick Phase 11, as depicted in Plat Book 98 Pages 44 and 45, Brunswick County Register of Deeds.



B3907 P1110 05-16-2017
14:43:00.000
Brenda M. Clemmons PROP
Brunswick County, NC Register of Deeds page 39 of 44

EXHIBIT B

Land Subject to Annexation in Future

Any land within one mile of the Property described in **Exhibit A** of this Declaration.