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**DECLARATION OF  
COVENANTS, CONDITIONS, RESTRICTIONS,  
EASEMENTS, CHARGES AND LIENS  
FOR STAFFORD AT LANGTREE**

**THIS DOCUMENT REGULATES OR PROHIBITS  
THE DISPLAY OF POLITICAL SIGNS**

**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE UNITED  
STATES AND NORTH CAROLINA FLAGS**

CONTENTS

	<u>Page</u>
PREAMBLE .....	1
ARTICLE I - DEFINITIONS .....	1
Section 1 - Act .....	2
Section 2 - Additional Property .....	2
Section 3 - Annexation Declaration .....	2
Section 4 - Association .....	2
Section 5 - Board of Directors and Board .....	2
Section 6 - Builder .....	2
Section 7 - Bylaws .....	2
Section 8 - Code .....	2
Section 9 - Common Area; Common Area Easements .....	3
Section 10 - Common Expense .....	4
Section 11 - Common Property .....	4
Section 12 - County .....	4
Section 13 - Declarant .....	5

Section 14 - Declarant Control Period .....	5
Section 15 - Declaration.....	5
Section 16 - Dwelling, Dwelling Unit and Unit.....	5
Section 17 - Exempt Property.....	6
Section 18 - Fiscal Year.....	6
Section 19 - Force Majeure.....	6
Section 20 - Governing Documents.....	7
Section 21 - Governmental Entity.....	7
Section 22 - Legal Requirements.....	7
Section 23 - Limited Common Property.....	7
Section 24 - Limited Common Expense.....	7
Section 25 - Lot.....	7
Section 26 - Member.....	8
Section 27 - Mortgagee.....	8
Section 28 - Non-Profit Corporation Act.....	8
Section 29 - Operating Deficit.....	8
Section 30 - Owner.....	8
Section 31 - Person.....	8
Section 32 - Properties.....	8
Section 33 - Property Manager.....	8
Section 34 - Registry.....	8
Section 35 - Special Declarant Rights.....	8
Section 36 - Stormwater Agreement.....	9
Section 37 - Stormwater Control Measures.....	9
Section 38 - Town.....	9
ARTICLE II - PROPERTY SUBJECT TO THIS DECLARATION; ADDITION .....	9
OF PROPERTY; WITHDRAWAL OF PROPERTY	
Section 1 - Existing Property.....	9
Section 2 - Additions to Existing Property.....	9
Section 3 - Conveyance of Common Area in Annexed Property .....	10
ARTICLE III - MEMBERSHIP AND VOTING RIGHTS .....	10
Section 1 - Membership.....	10
Section 2 - Voting Rights.....	10
Section 3 - Declarant's Right to Appoint Directors and Officers of the	
Association .....	11
Section 4 - Vacant/Leased Dwellings.....	11
ARTICLE IV - PROPERTY RIGHTS .....	11
Section 1 - Owners' Easements of Enjoyment and Access.....	11
Section 2 - Delegation of Use .....	13
Section 3 - Conveyance of Title to the Association.....	13
Section 4 - Regulation and Maintenance of Common Area.....	13

	<u>Page</u>
ARTICLE V - COVENANT FOR ASSESSMENTS .....	15
Section 1 - Creation of the Lien and Personal Obligation of Assessments.....	15
Section 2 - Purpose of Assessments.....	15
Section 3 - Annual Assessment.....	15
Section 4 - Date of Commencement of Annual Assessments; Ratification of Budgets; Certificate of Payment.....	16
Section 5 - Additional Assessments for Limited Common Property .....	17
Section 6 - Special Assessments.....	17
Section 7 - Individual Special Assessments.....	17
Section 8 - Notice and Quorum for Any Action Authorized Under Section 6 .....	18
Section 9 - Effect of Nonpayment of Assessments; Remedies.....	18
Section 10 - Subordination of the Lien to Mortgages.....	18
Section 11 - Working Capital Fund.....	18
Section 12 - Declarant's Obligation to Fund Operating Deficits.....	19
Section 13 - Fines.....	19
 ARTICLE VI - MAINTENANCE OF LOTS AND COMMON AREA .....	 20
Section 1 - Owner's Responsibility; Remedy for Owner's Failure to Maintain.....	20
Section 2 - Maintenance by the Association .....	20
Section 3 - Assessment of Cost.....	20
 ARTICLE VII - RIGHTS OF LENDERS .....	 20
Section 1 - Books and Record.....	20
Section 2 - Notice to Lenders.....	21
Section 3 - Approval of Holders of First Deeds of Trust.....	21
Section 4 - Payment of Taxes and Insurance Premiums .....	21
Section 5 - Collection of Assessments.....	22
 ARTICLE VIII - EASEMENTS .....	 22
Section 1 - Access and Utility Easements.....	22
Section 2 - Easement for Support.....	23
Section 3 - Easement over Common Area.....	23
Section 4 - Association's Easements upon Lots .....	23
Section 5 - Easements for Development.....	23
 ARTICLE IX - ARCHITECTURAL CONTROL .....	 23
 ARTICLE X - USE RESTRICTIONS .....	 24
Section 1 - Land Use and Building Type.....	24
Section 2 - Building Setbacks; House Location.....	25
Section 3 - Fences .....	25
Section 4 - Temporary Structures.....	25

	<u>Page</u>
Section 5 - Parking; Driveways and Parking Pads; Abandoned Vehicles.....	26
Section 6 - Animals .....	26
Section 7 - Nuisances.....	26
Section 8 - Signs.....	27
Section 9 - Antennas; Satellite Dishes.....	27
Section 10 - Swimming Pools.....	27
Section 11 - Mailboxes.....	27
Section 12 - Maintenance of Lots and Improvements; Construction.....	27
Section 13 - Garbage; Unsightly Storage .....	28
Section 14 - Restrictions on Rental of Dwellings .....	28
Section 15 - Waiver of Violations.....	29
Section 16 - Street Lighting.....	29
Section 17 - Impervious Surface.....	29
Section 18 - Wetlands.....	29
Section 19 - Architectural Guidelines.....	30
ARTICLE XI - GENERAL PROVISIONS .....	30
Section 1 - Enforcement.....	30
Section 2 - Term; Amendment .....	30
Section 3 - Subdivision of Lots .....	31
Section 4 - Rules and Regulations.....	31
Section 5 - Condemnation/Casualty.....	32
Section 6 - Association Contracts and Leases During Declarant Control Period.....	32
Section 7 - Evidence of Member Approval .....	32
Section 8 - Number and Gender.....	33
Section 9 - Captions.....	33
Section 10 - Severability.....	33
Section 11 - Conflicts.....	33
Section 12 - Rule Against Perpetuities.....	34
Section 13 - Declarant.....	34
Section 14 - Non-Discrimination.....	34
Section 15 - Security Measures.....	34
Section 16 - Properties Are Subject to Code .....	34
Section 17 - Obligations and Liabilities of Beneficiary.....	35
ARTICLE XII - ALTERNATIVE DISPUTE RESOLUTIONS .....	35
Section 1 - Agreement to Encourage Resolutions of Disputes.....	35
Section 2 - Dispute Resolution Procedures.....	36
ARTICLE XIII - INSURANCE REQUIREMENTS.....	37
Section 1 - Property Manager Insurance/Fidelity Bonds.....	38
Section 2 - Association's Insurance.....	38
Section 3 - Placement of Association's Insurance.....	39
Section 4 - Additional Requirements.....	39
Section 5 - Fidelity Bond/Directors and Officers Insurances.....	40
Section 6 - Owner's Insurance.....	40

ARTICLE XIV - ASSOCIATION.....	41
Section 1 - Board Acts for Association.....	41
Section 2 - Power's and Obligations.....	41
Section 3 - Functions and Services.....	42
Section 4 - Stormwater Management.....	46
Section 5 - Dedication, Conveyance or Exchange of Common Property.....	47
Section 6 - Mortgage and Pledge of Common Property.....	49
Section 7 - Liability Limitations.....	49
Section 8 - Merger or Consolidation.....	50

**DECLARATION OF  
COVENANTS, CONDITIONS, RESTRICTIONS,  
EASEMENTS, CHARGES AND LIENS  
FOR STAFFORD AT LANGTREE**

This Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens for Stafford at Langtree is made as of the date on which it is recorded in the Registry (hereinafter defined) by **TAC STAFFORD, LLC**, a North Carolina limited liability company (“Declarant”).

RECITALS:

A. Declarant is the owner of approximately 209 acres of land located between Mackwood Road and Faith Road in the Town of Mooresville, Iredell County, North Carolina, as more particularly described in **Exhibit A** attached hereto and incorporation herein, all or portions of which Declarant intends to develop in multiple phases as a planned community to be known as STAFFORD AT LANGTREE (the “Community”).

B. Declarant desires to provide for the maintenance and upkeep of certain Common Property (hereinafter defined) within the Community, to provide for maintenance of certain storm water drainage systems and facilities within the Community, and to provide for the establishment and enforcement of the covenants, restrictions, rules and regulations applicable to the Community as set forth herein, and, to that end, desires to subject the Properties (hereinafter defined) to the covenants, conditions, restrictions, rules and regulations, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of the Properties and each Owner of any portion thereof; and

WHEREAS, Declarant has incorporated, or will incorporate, under North Carolina law, as a nonprofit corporation, the Stafford at Langtree Homeowner’s Association, Inc., to carry out the foregoing functions.

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

**ARTICLE I  
DEFINITIONS**

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

Section 1. "Act" shall mean and refer to the North Carolina Planned Community Act, as contained in Chapter 47F of the North Carolina General Statutes (or as contained in any successor portion of the North Carolina General Statutes), as the same exists from time to time.

Section 2. "Additional Property" shall mean and refer to all real property subjected to this Declaration, by any of the methods set forth in Article II hereof, after the initial recording of this Declaration.

Section 3. "Annexation Declaration" shall mean and refer to a document, by whatever name, that is recorded in the Registry for the purpose of subjecting Additional Property to this Declaration and causing such Additional Property to be subject to the scheme of covenants, charges, conditions and restrictions contained in this Declaration, and including any additional covenants, charges, conditions and restrictions contained in such Annexation Declaration.

Section 4. "Association" shall mean and refer to the **Stafford at Langtree Homeowner's Association, Inc.**, a North Carolina nonprofit corporation, its successors and assigns.

Section 5. "Board of Directors" and "Board" shall mean and refer to the Board of Directors of the Association elected or appointed to manage the affairs of the Association as provided in the Bylaws, and is the "Executive Board" as defined in the Act.

Section 6. "Builder" is defined as a Person, which may be, but does not have to be, the Declarant, who regularly is in the business of constructing Dwellings on Lots for resale to other Persons, and who purchases or becomes the Owner of one or more Lots within the Community for the purpose of constructing thereon one or more Dwellings for resale to other Persons. "Builders" refers to all such persons or entities collectively.

Section 7. "Bylaws" shall mean and refer to the Bylaws of the Association, as they may now or hereafter exist, including all duly adopted amendments thereto.

Section 8. "Code" shall mean and refer to both the Code of Ordinances of the Town of Mooresville, North Carolina, and the Code of Ordinances of the County of Iredell, as each exists from time to time, and includes all duly adopted regulations, rules, directives, and policies of the Town and County pursuant to or in furtherance of each Code.

**Section 9.** “Common Area” shall mean and refer to the real property, together with any improvements situated thereon, intended for the common use and benefit of the Owners and occupants of the Properties, however such real property is described on a map or other document of the Community recorded in the Registry. Common Area may be owned by the Association or it may be owned by another Person with the Association having a right or easement therein (for example, part or all of a private stormwater drainage easement located on either a Lot or real property that is not part of the Properties and that serves more than one (1) Lot in the Properties or a right of the Association to use of a portion of a public street right-of-way pursuant to an encroachment agreement with the County or Town). Common Area includes, without limitation, all of the following:

- (a) all real property owned in fee by the Association, including, without limitation, all recreational amenities constructed thereon owned by the Association;
- (b) any private street and private walkways in the Properties (but excluding private walkways on and solely for the benefit of an individual Lot);
- (c) Stormwater Control Measures;
- (d) any water or sewer utility line that serves more than one Lot and which is either located outside public street rights-of-way or outside any County or Town utility easement;
- (e) any property, site, or facility owned by the Association and designated as a common area, common easement, open space, park easements, amenity area, or other similar designation on any recorded plat or map of the Properties;
- (f) any public road right-of-way dedicated to the public on maps and plats of the Properties recorded in the Registry but not yet accepted for public maintenance by the appropriate Governmental Entity; and
- (g) any object or improvement located on, under, in or over public property or public right-of-way which object or improvement is subject to an encroachment agreement with a Governmental Entity that is recorded in the Registry, and may include: signs, landscaping, irrigation facilities, drain pipes, decorative surfaces and brick pavers.

Common Area as to which the Association has only an easement right is referred to herein as a “Common Area Easement”.

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

Common Area also includes all other property and improvements, if any, required to be included as such by the Code or other Legal Requirement, and all other property and

improvements, if any, declared to be Common Area by this Declaration or by the Declarant or the Association. (Note: The definition of Common Area in this Declaration is broader than the definition of “common elements” in the Act.) Common Area shall be maintained by the Association unless it is maintained by the Person owning the real property as to which the Association has only an easement or other right of use, or conveyed to or owned by another nonprofit entity formed for similar purposes, or dedicated to public use and accepted by a public agency, authority, or utility.

Section 10. “Common Expense” shall mean and refer to all of the expenses incurred by the Association in furtherance of its rights and responsibilities under the Act, the Code, this Declaration and other Governing Documents and including specifically, but without limitation, all of the following: (i) all expenses of ownership and maintenance of Common Property, including repair, restoration and replacement thereof, and expenses for acquisition, maintenance, repair, restoration, replacement, use and operation of personal property owned or leased by the Association for the benefit of the Members, and including monies allocated to reserve funds for any of the same; (ii) any fees or charges for utilities used in connection with the Common Area; (iii) *ad valorem* taxes and public assessments, if any, levied against the Common Property owned in fee by the Association (but specifically excluding *ad valorem* taxes on real property on, under or over which the Association has only an easement or other similar right of use, except to the extent, if any, that any improvements in any such easement that are owned or maintained by the Association result in additional taxes on such real property that would not be assessed in the absence of such improvements, in which event such additional taxes shall be paid by the Association as a Common Expense); (iv) any unpaid assessments following the foreclosure of a first mortgage or first deed of trust or an assessment lien; (v) financial obligations of the Association or financial obligations of Members with respect to which the Association has responsibility for collection and payment; (vi) costs and expenses for which the Association is obligated under any encroachment agreement or other agreement with the County, Town, or other Governmental Entity; (vii) premiums for hazard, liability and other insurance insuring the Common Property or the Association, its officers, directors and employees; (viii) fees and expenses of attorneys, accountants, and other Persons employed by the Association for Association business; (ix) expenses declared to be or described as Common Expenses by the Act, the Code, or this Declaration; (x) expenses determined by the Board of Directors or by the Members to be Common Expenses; and (xi) all other expenses incurred by the Association in performing its functions, including operating, management and administrative expenses. (Common expenses for the maintenance of Limited Common Area are Limited Common Expenses, which is a subcategory of Common Expense.)

Section 11. “Common Property” shall mean and refer to Common Area *and* all personal property owned, leased or used by the Association, or with respect to which the Association has a financial obligation, for the common use, enjoyment or benefit of the Members or the Properties, and any substitutions or replacements thereof.

Section 12. “County” shall mean and refer to the County of Iredell, North Carolina.

**Section 13.** “Declarant” shall mean and refer to **TAC Stafford, LLC**, a North Carolina limited liability company. It shall also mean and refer to any Person to whom or which Declarant might assign or delegate all or any of the rights and obligations of Declarant by an assignment of Declarant’s rights recorded in the Registry.

**Section 14.** “Declarant Control Period” shall mean and refer to the period of time during which the Declarant may appoint or remove the members of the Board of Directors and officers of the Association. The Declarant Control Period shall terminate upon the earlier of the following to occur:

- (a) December 31, 2035;
- (b) the date on which Declarant no longer owns any property within the Community; or
- (c) Relinquishment or transfer by Declarant of all Special Declarant Rights as provided in §47F-3-104 of the Act.

Notwithstanding the foregoing, if Declarant is delayed in the development of any part or all of the Properties as a result of a sanitary sewer, water or building permit moratorium, or as the result of some other cause or event beyond Declarant’s control, then the foregoing applicable time period shall be extended by the amount of time of the delay. Except in the case of voluntary termination by the Declarant, the Declarant Control Period also shall include any periods of time after the applicable termination event during which Declarant is conducting any activity within the Properties that is required by Legal Requirements or for Declarant to fulfill any obligation to the Town, the Association, a Builder or any Owner with respect to any portion of the Properties. In the event of an assignment of Declarant rights, with respect to the rights assigned the Declarant Control Period shall remain in full force and effect through the applicable periods of time as they relate to the assignee rather than the original Declarant hereunder. Declarant has the sole authority to resolve any issues or disputes regarding the date on which the Declarant Control Period ends. Any approvals granted by the Declarant under the Governing Documents shall be binding upon all successors to Declarant’s approval authority. Notwithstanding any other provision of this Declaration, Declarant, in its sole discretion, and any time and from time to time and by written instrument signed by Declarant, may relinquish part, or all, of its rights and/or obligations as Declarant under this Declaration, but such partial relinquishment shall result in relinquishment of only the rights and obligations set forth in such instrument and shall not be construed as a release of any rights or obligations not specifically set forth therein.

**Section 15.** “Declaration” shall mean and refer to this “Declaration of Covenants, Conditions, Restrictions, Easements, Charges And Liens For Stafford at Langtree”, and all amendments thereto and supplements thereof.

**Section 16.** “Dwelling” and “Dwelling Unit” shall mean and refer to any building or portion thereof within the Properties which is used or occupied, or intended for use or

occupancy, as a residence by an individual or by one family unit, whether by the Owner thereof or by tenants or lessees of the Owner as permitted herein, and specifically including detached dwellings located on separate Lots. A detached Dwelling shall be deemed to constitute a Dwelling upon issuance of a certificate of occupancy therefore.

Section 17. "Exempt Property" shall mean and refer to all portions of the Properties included within any of the following categories: (i) Common Area; (ii) property owned by, or dedicated to and accepted by the County, Town, or a public utility, including property within the right-of-way of publicly-dedicated streets and roads; (iii) property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina, provided, however, that any property containing a Dwelling used as a residence shall not be Exempt Property.

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

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

Section 18. "Fiscal Year" of the Association is defined as the calendar year until such time as the Board, by appropriate resolution on or after January 1, 2015, establishes a different Fiscal Year for the Association.

Section 19. "Force Majeure" is defined as any one or more of the following: acts of God, earthquakes, blizzards, tornadoes, hurricanes, fire, flood, malicious mischief, insurrection, terrorism, riots, strikes, lockouts, boycotts, picketing, labor disturbances, public enemy, war (declared or undeclared), landslides, explosions, epidemics, compliance with any order, ruling, injunction or decree by any court, tribunal or judicial authority of competent jurisdiction, inability to obtain materials or supplies after the exercise of all reasonable efforts, substantial interference in construction activities resulting from construction activities conducted simultaneously on adjacent lands by or under the direction of unrelated parties, and any other similar circumstances beyond the reasonable control of the Person responsible for complying with some provision of the Declaration. Notwithstanding anything in this Agreement to the contrary, Force Majeure shall not be available as a defense to (i) any action by the Association to collect assessments or other amounts due hereunder from any Owner and/or (ii) any action by the Association to obtain a temporary restraining order or other emergency equitable relief and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of the Declaration relating to creation and maintenance of the Properties.

Section 20. “Governing Documents” shall mean and refer to all of the following: this Declaration; the Articles of Incorporation and Bylaws of the Association; any architectural guidelines and any bulletins and rules and regulations of the Association; Annexation Declarations; and other declarations of restrictive or protective covenants applicable to the Properties, as the same may be amended, restated or supplemented from time to time. Nothing in this Section shall be construed to require that certain documents be implemented or adopted either now or in the future.

Section 21. “Governmental Entity” shall mean and refer to the Town of Mooresville, County of Iredell, North Carolina, the State of North Carolina, the United States of America and all other governmental entities and quasi-governmental entities that have jurisdiction over the Properties or any part thereof, and all applicable departments and agencies of any of them, whichever Governmental Entity or entities is/are applicable.

Section 22. “Legal Requirements” shall mean and refer to any duly adopted and applicable law, ordinance, regulation or requirement of the United States of America, the State of North Carolina, County of Iredell, the Town of Mooresville, North Carolina, or any other governmental entity or quasi-governmental entity or agency having jurisdiction over the Properties, including any branch, department or division of any of the foregoing governmental and quasi-governmental entities.

Section 23. “Limited Common Property” shall mean and refer to all Common Property owned, leased, used or maintained by the Association for the benefit of some but fewer than all of the Members or less than all of the Properties, and which has been designated as such by the Declarant or the Association. Limited Common Area may include, for example, private streets, alleys, and Stormwater Control Measures serving less than all of the Properties.

Section 24. “Limited Common Expense” shall mean and refer to all expenses of the type included within the term “Common Expense” but which are related solely and specifically to Limited Common Property. Limited Common Expenses shall be paid out of assessments levied only against the portions of the Properties benefited by Limited Common Property.

Section 25. “Lot” shall mean and refer to any portion of the Properties with delineated boundary lines, as shown on a map or plat recorded in the Registry or as identified by metes and bounds description, that is intended for construction of a Dwelling thereon, or on which a Dwelling has been constructed. A Lot intended to be used for construction thereon of a detached Dwelling shall become a Lot upon recording in the Registry of a map or plat creating such Lot.

In the event that any Lot is increased or decreased in size by recombination or re-subdivision through the recording of a new map or plat, the newly platted lot thereafter shall constitute a Lot.

Section 26. “Member” shall mean and refer to every Person who or which holds membership in the Association.

Section 27. “Mortgagee” shall mean and refer to the beneficiary or payee under any mortgage or deed of trust, and the terms mortgage and deed of trust are deemed to refer to both mortgages and deeds of trust.

Section 28. “Nonprofit Corporation Act” is defined as the “North Carolina Nonprofit Corporation Act”, currently contained in Chapter 55A of the North Carolina General Statutes, and including all amendments, supplements and replacements thereof as enacted from time to time.

Section 29. “Operating Deficit” shall mean and refer to the negative difference, if any, between the total amount of the annual assessments for a Fiscal Year levied on all Lots and the amount of actual expenditures by the Association during the Fiscal Year for Common Expenses, including funding of reserves, but excluding (i) amounts levied against a Lot, but which are not paid, and (ii) special assessments for capital improvements.

Section 30. “Owner” shall mean and refer to the record owner, whether one or more Persons, of fee simple title to any Lot, and shall include Declarant as to any Lot owned by Declarant. The term “Owner” shall not include any Person who holds an interest in a Lot merely as security for the performance of an obligation or as a tenant.

Section 31. “Person” shall mean and refer to any natural person, corporation, business trust, estate, trust, partnership, limited liability company, association, joint venture, Governmental Entity (including the County and Town), or other entity.

Section 32. “Properties” shall mean and refer to the “Existing Property” described in Article II of this Declaration and any additional property annexed pursuant to said Article II.

Section 33. “Property Manager” or “Management Company” is defined as a Person employed by the Association to manage or assist in the management of the business and property of the Association.

Section 34. “Registry” shall mean and refer to the office of the Register of Deeds for Iredell County, North Carolina (or any successor office under applicable law in which deeds, maps, plats, easements, mortgages and deeds of trust for the Properties are recorded). All references herein to recording or to any requirement to record a document, map or plat refer to recording in the Registry.

Section 35. “Special Declarant Rights” shall mean and refer to all rights granted to, or reserved by, or established for the benefit of, Declarant in the Act, this Declaration, the Articles of Incorporation and Bylaws of the Association (whether or not such rights are

referred to as Special Declarant Rights in such documents). Declarant may assign Special Declarant Rights, in whole or in part, temporarily or permanently, at any time and from time to time, subject to such terms and conditions as Declarant specifies in the assignment document. Except as specifically provided herein, any assignment of Special Declarant Rights must be in writing and recorded in the Registry, and the assignment becomes effective upon the recording of the document in the Registry or on any later date specified therein.

Section 36. “Stormwater Agreement” shall mean and refer to any agreement recorded in the Registry among the Declarant, the Association, and the Governmental Entity, or between the Declarant and the Governmental Entity, or between the Association and the Governmental Entity, relating to Stormwater Control Measures for the Properties or any part thereof, and includes all amendments and supplements to such agreements.

Section 37. “Stormwater Control Measures” or “Stormwater Control Facilities” (such terms being used interchangeably herein) shall mean and refer to one or more of the following devices and measures, together with associated private stormwater drainage easements and maintenance easements (however identified on a map or plat or in a document) that serves the Properties: conduits, inlets, channels, pipes, level spreaders, ditches, grassed swales, sand filters, wet ponds, dry detention basins, wetlands, permanently protected undisturbed open space areas, bio-retention areas, retention or detention ponds, and other devices and measures, necessary to collect, convey, store, and control stormwater runoff and pollutants for more than one (1) Lot in the Properties, and which are located outside public street rights-of-way and drainage easements. Private stormwater drainage easements that serve more than one (1) Lot in the Properties, however identified on a recorded map or plat or in a recorded document, are deemed to be dedicated to the Association for the benefit of the Properties or applicable portion thereof.

Section 38. “Town” shall mean and refer to the Town of Mooresville, North Carolina.

## ARTICLE II PROPERTY SUBJECT TO THIS DECLARATION; ADDITION OF PROPERTY; WITHDRAWAL OF PROPERTY;

Section 1. Existing Property. The real property which, at the time of recording of this Declaration, is and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, and which is within the jurisdiction of the Association, is described on **Exhibit A** attached hereto.

Section 2. Additions to Existing Property.

(a) By Declarant. At any time during the Declarant Control Period, Declarant may subject Additional Property to this Declaration, without approval of any Person other than the County or Town (if required by Legal Requirements), by recording an Annexation Declaration extending the operation and effect of this Declaration to such

Additional Property. Except to the extent required by the Legal Requirements, nothing in this Declaration shall be deemed to require the Declarant to subject any property to this Declaration.

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

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

Section 3. Conveyance of Common Area in Annexed Property. Common Area, if any, located within any Additional Property, or the applicable phase or portion thereof, shall be conveyed to the Association pursuant to the requirements of Section 3 of Article IV of this Declaration.

### **ARTICLE III MEMBERSHIP AND VOTING RIGHTS**

Section 1. Membership. Declarant and every Owner of a Lot which is subject to assessment by the Association shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation.

Section 2. Voting Rights. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two (2) classes of membership with respect to voting rights:

(a) Class A Members. Class A Members shall be the Owners of all Lots except those owned by the Declarant. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one Person owns an interest (other than a security interest) in any Lot, all such Persons shall be Members and the voting rights appurtenant to their Lot shall be exercised as they, among themselves, determine; but fractional voting shall not be allowed, and in no event shall more than one vote be cast with respect to any Lot. Lots owned by Class A Members are "Class A Lots".

(b) Class B Member. The Class B Member shall be the Declarant. A Lot owned by the Declarant shall be a "Class B" Lot. Subject to the provisions of this subsection, Declarant shall be entitled to ninety-nine (99) votes for each Lot. Upon expiration of the Declarant Control Period, Declarant shall have one vote for each Lot; however, such Declarant-owned Lots shall continue to be treated as Class B Lots for assessment purposes.

Section 3. Declarant's Right to Appoint Directors and Officers of the Association. Notwithstanding any other provision of this Declaration or the Bylaws, Declarant will exercise its right to appoint and remove all of the Directors and officers of the Association, until the earlier of the expiration of the Declarant Control Period or Declarant surrenders such right by written instrument filed with the Secretary of the Association. See §47F-3-103(d) of the Act.

Section 4. Vacant/Leased Dwellings. As stated in Section 14 of Article X hereof, it is the intent of the Declarant that all Dwellings within the Community be occupied by the Owner thereof. Notwithstanding the foregoing, in no event shall the votes of Owners of Dwellings which are vacant or are otherwise not occupied by the Owner of the Lot be entitled to any weight greater than forty-nine percent (49%) on any matter pending before the Association and the votes of such Lots of such Owners shall automatically be fractionally reduced for such purpose. This Section applies only to Lots and Dwellings owned by a Class A Member and specifically excludes Lots and Dwellings owned by the Declarant or a Builder.

#### **ARTICLE IV PROPERTY RIGHTS**

Section 1. Owners' Easements of Enjoyment and Access. Except as limited by Section 2 of this Article IV, other provisions of this Declaration, any Annexation Declaration, or the Legal Requirements, and by rules and regulations adopted by the Members and/or the Board of Directors, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Area, which right and easement shall be appurtenant to and shall pass with title to every Lot, subject to:

(a) the right of the Association to charge reasonable admission and other fees for the use of any facilities situated or constructed on the Common Area and to limit the

use of such facilities to Owners who occupy a residence on the Properties and to their families, tenants and guests, as provided in Section 2 of this Article IV.

(b) the right of the Association, after notice and an opportunity to be heard, to suspend the voting rights of an Owner and the right of an Owner to use the Common Area and facilities thereon for any period after which; (i) any assessment against his Lot remains unpaid for a period of thirty (30) days or longer, or (ii) any infraction of the published rules and regulations of the Association remains unresolved for a period of sixty (60) days or longer, provided, that upon payment in full of the unpaid assessment, including any interest and fees accrued thereon or upon resolution of the infraction, the Owner's voting rights and right to use the Common Area and facilities thereon shall be reinstated.

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

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

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

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

(ii) after the notice is given, the Association approves the exchange in accordance with the minimum percentage of votes required by N.C.G.S. § 47F-3-112(a);

(iii) the exchanged properties and other considerations are of like value and utility;

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

(v) the exchange is approved by the County or Town, if required by the Code.

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

(g) all other rights of the Association under the Act.

Section 2. Delegation of Use.

(a) Family. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence in Iredell County, North Carolina.

(b) Tenants. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article may be delegated by such Owner to his tenants or contract purchasers who occupy such Owner's Unit, or a portion thereof, as their principal residence in Iredell County, North Carolina.

(c) Guests. The right and easement of use and enjoyment granted to every Owner by Section 1 of this Article may be delegated to guests of such Owners, tenants or contract purchasers, subject to such rules and regulations as may be established by the Board of Directors.

Section 3. Conveyance of Common Area To The Association. Declarant covenants, for itself, its successors and assigns, that it will convey to the Association title to those portions of the Common Area to be owned in fee by the Association, and the Association agrees to accept each such conveyance. Declarant hereby reserves and grants (regardless of whether or not such reservation and grant is specifically set forth in such deed), for itself and its successors and assigns, an easement over, under, across and through the Common Area so long as it owns any Lot within the Properties, for the purpose of constructing any improvements on the Common Area and/or the Lots as it deems necessary or advisable. Except as otherwise stated herein, all conveyances by the Declarant to the Association shall be free and clear of all encumbrances and liens (including statutory liens of laborers and materialmen pursuant to Article 2 of Chapter 44A of the North Carolina General Statutes) except this Declaration, restrictive covenants applicable to the Community, utility, drainage, greenway, conservation, and other easements of record or shown on the recorded maps or plats of the Community, and the lien of *ad valorem* taxes not yet due and payable. Any improvements placed on the Common Area by Declarant shall become the property of the Association upon completion of such improvements, except utilities owned and maintained by the County or other governmental entity, or a public or private utility company. Title to the Common Area in each phase or section of the Properties shall be conveyed to the Association not later than the time required by applicable Legal Requirements.

Section 4. Regulation and Maintenance of Common Area and Common Area Easements. It is the intent of Declarant that the Common Area (whether owned by the Association in fee or by easement) be preserved to the perpetual benefit of the Owners within

the Community. To that end, the Declarant, by recording any plat or map of any phase or section of the Properties, grants to the Association an easement over and across any portion of any Lot within such phase or section on which a Common Area Easement lies for the purpose of enabling the Association to take any action permitted by subsections (b) and (c) of this Section 4.

(a) Rights and Responsibilities of the Lot Owners. Notwithstanding any other provision of this Declaration, no Owner or other Person shall, without the prior written consent of the Association: (i) commit any waste, destroy any facilities or damage any facilities on any Common Area or Common Area Easement; (ii) remove any trees or vegetation from any Common Area or Common Area Easement; (iii) erect gates, fences, buildings or other structures on any Common Area or Common Area Easement; (iv) place any garbage receptacles on any Common Area or Common Area Easement; (v) fill or excavate any Common Area, any Common Area Easement or portion thereof; or (vi) plant vegetation on or otherwise restrict or interfere with the use, maintenance and preservation of the Common Area or Common Area Easement. If an Owner of a Lot on which a Common Area Easement lies acts as provided herein, the Association shall have the right to enter upon such Owner's Lot for the purpose of repairing, removing or replacing the same and shall have the right to charge such Owner for the costs of such removal, repair or replacement, which costs, if not paid within thirty (30) days after demand for payment is made by the Association, shall be deemed an individual special assessment against such Owner's Lot and shall be collected in and shall incur the late charges, interest and costs of collection as set forth in Section 9 of Article V of this Declaration. Each Owner of a Lot upon which a Common Area Easement lies shall pay all property taxes and other assessments levied against his Lot, including that portion of such tax or assessment as is attributable to such Common Area Easement.

(b) Rights and Responsibilities of the Association. The Association shall have the right and obligation to ensure that the Common Area and Common Area Easements are preserved to the perpetual benefit of the Owners and, to that end, shall: (i) maintain the Common Area and Common Area Easements in its natural or improved state, as appropriate, and keep it free of impediments to its free use by the Owners, subject, however, to easements of record and any limitations on such use provided in the Code and other Legal Requirements and this Declaration and the rules and regulations adopted by the Association as provided herein and in the Bylaws; (ii) procure and maintain adequate liability insurance covering the Association and its Members against any loss or damages suffered by any Person, including the Owner of the Lot upon which a Common Area Easement lies, resulting from use of the Common Area or Common Area Easement; and (iii) pay all property taxes and other assessments levied against the Common Area owned in fee by the Association.

(c) Association's Right of Entry. The Association and its employees, agents, contractors and subcontractors shall have a nonexclusive right and easement at all times to enter upon any portion of a Lot reserved or designated as Common Area or a Common Area Easement, and any other portion of a Lot to the extent reasonably necessary to gain access to and maintain the Common Area or Common Area Easement and any improvements therein, including to repair, remove or correct any damages or changes to the

Common Area or Common Area Easement done by the Owner in violation of subsection (a) above, and no such entry shall be deemed a trespass. To the extent practicable, the Association shall give reasonable oral notice to the Owner or occupant of such Lot.

## **ARTICLE V COVENANT FOR ASSESSMENTS**

**Section 1. Creation of the Lien and Personal Obligation for Assessments.** Each Owner of a Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association the annual assessments, special assessments, and individual special assessments to be established and collected by the Association as provided herein. All assessments which are unpaid when due, together with interest and late charges set forth in Section 7 of this Article V and all costs of collection, including, without limitation, reasonable attorneys' fees, shall be a charge on the Lot of such Owner, and, as provided in §47F-3-116 of the Act, shall be a continuing lien against the Lot against which such assessment is made. As provided in §47F-3-116 of the Act, such lien shall attach to the Lot only if an assessment against the Lot remains unpaid for at least thirty (30) days and a claim of lien is filed by the Association as provided in the Act. Each such assessment or charge, together with interest and costs of collection, shall also be the personal or corporate obligation of the Person owning such Lot at the time when the assessment fell due, but such personal or corporate obligation shall not be imposed upon such Owner's successors in title unless expressly assumed by them; however, such assessments and charges shall continue to be a lien upon the Lot against which the assessment or charge was made.

**Section 2. Purpose of Assessments.** The assessments levied by the Association shall be used exclusively to promote the recreation, health and welfare of the residents and occupants of the Community and, in particular, for (i) acquisition, improvement and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area; (ii) maintenance, repair and reconstruction of the Common Area and improvements thereon including, without limitation, Stormwater Control Facilities thereon, and including, without limitation, the cost of repair, replacement and additions thereto and the cost of labor, equipment, materials, management and supervision thereof; (iii) payment of taxes and public assessments levied against Common Property owned in fee by the Association; (iv) procurement of insurance; (v) employment of attorneys, accountants, engineers, management agents and other Persons for Association business; (vi) payment of principal and interest on funds borrowed by the Association; (vii) reserve funds; and (viii) such other needs as may arise.

**Section 3. Annual Assessments.** The initial annual assessment for each Class A Lot shall be determined by the Board and Declarant based on the initial budget for the Association. Beginning on January 1, 2017, and thereafter, the annual assessment for each Class A Lot shall be based on a budget approved under the provisions set forth in Section 4 below. Notwithstanding the foregoing, annual assessments for Lots owned by a Builder shall always be twenty five percent (25%) of the annual assessment for Class A Lots; provided,

however, that any Lot owned by a Builder which contains a dwelling occupied as a residence shall be assessed at the full Class A rate.

Prior to the expiration of the Declarant Control Period, there shall be no annual assessment for Class B Lots, if Declarant elects to fund the Operating Deficient as defined in Section 12 hereof. If, prior to the expiration of the Declarant Control Period, Declarant does not elect to fund the Operating Deficient, annual assessments for Class B Lots shall always be twenty five percent (25%) of the annual assessment for Class A Lots. From and after the expiration of the Declarant Control Period, annual assessments for Class B Lots shall always be twenty five percent (25%) of the annual assessment for Class A Lots.

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

Section 4. Date of Commencement of Annual Assessments; Ratification of Budgets; Certificate of Payment. Unless a different commencement date is set by the Board of Directors, the annual assessments provided for herein shall commence as to a Lot on the first day of the month after the Lot is subjected to this Declaration.

The Board of Directors shall adopt a proposed budget for the Association at least annually. Within thirty (30) days after adoption of the proposed budget, the Board shall send a copy of the proposed budget to the Members and shall give the Members written notice of a meeting of the Members to consider ratification of the budget, such meeting to be held not sooner than ten (10) days nor more than thirty (30) days after the mailing of such notice. Such meeting may, but need not be, combined with the annual meeting of the Members. There shall be no requirement that a quorum be present in order to vote on ratification of the budget (although a quorum must be present to vote on other matters). The budget shall be deemed ratified unless, at that meeting, Members having a majority of the votes of the entire membership vote to reject the budget. Notwithstanding the foregoing, if the proposed budget provides for annual assessments not more than ~~ten~~ fifteen percent (105%) greater than the annual assessment for the immediately preceding calendar year, such budget shall be deemed ratified unless Members having at least eighty percent (80%) of the votes of the entire membership vote to reject the budget. If the proposed budget is rejected, the budget last ratified by the Members shall be continued until such time as the Members ratify a subsequent budget proposed by the Board.

Except as otherwise provided in this Declaration, an Annexation Declaration, or any Legal Requirements (e.g., additional or different stormwater assessments or different assessments pertaining to Limited Common Area), annual assessments shall be fixed at a uniform rate for all Lots in each Class and may be collected on a yearly, semiannual, quarterly or monthly basis, as determined by the Board.

The Association shall, upon demand and for such reasonable charge as the Board may determine, furnish a certificate signed by an officer of the Association, or the management company employed by the Association, setting forth whether the assessments

for a specific Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

Section 5. Additional Assessments for Limited Common Property. Declarant reserves the right, by Annexation Declaration, to subject portions of the Properties to provisions requiring the Owners thereof to pay additional annual assessments and special assessments to the Association for the maintenance of Limited Common Property, including, without limitation, related Stormwater Control Facilities and private streets, private rights-of-way, private alleys, and private alley easements, if any.

All of the provisions of this Declaration relating to annual and special assessments shall apply to the additional annual and special assessments for Limited Common Property, with the following exceptions: (i) the additional assessments with respect to any particular Limited Common Property are assessed only against the Owners of the portion of the Properties associated with such Limited Common Property; (ii) the initial additional maximum annual assessment and additional annual assessment for each Limited Common Property shall be established in the Annexation Declaration or other declaration that creates or establishes that Limited Common Property or the obligations associated therewith; (iii) the actual additional annual and special assessments may vary from phase to phase, section to section or subdivision to subdivision; and (iv) the additional annual and special assessments for portions of the Properties in any particular phase, section or subdivision within the Properties shall be used exclusively in connection with the Limited Common Property associated with that phase, section or subdivision.

Section 6. Special Assessments. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessments for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other non-recurring cost, *provided that* any such assessment shall have been approved by the Declarant and sixty-seven percent (67%) of the votes attributable to all Lots, provided that the Class B Lots shall only be entitled to two (2) votes per Class B Lot, and further provided that the special assessments for Class B Lots shall always be twenty five percent (25%) of the special assessment for a Class A Lots. Except as otherwise provided in this Declaration, an Annexation Declaration, or the Legal Requirements, special assessments shall be fixed at a uniform rate for all Lots within each Class and may be collected on a yearly, semiannually, quarterly or monthly basis, as determined by the Board of Directors. Special assessments shall constitute a lien to the same extent as other assessments against the Lot.

Section 7. Individual Special Assessments The Board of Directors may, without vote of the Members, levy an individual special assessment against any Lot, applicable only to that Lot, for expenses incurred by the Association with regard to such Lot including, without limitation, expenses incurred under Article VI hereof. Any fine imposed against an Owner pursuant to Section 14 of this Article V and Section 3 of Article VII of the Bylaws

shall also constitute an individual special assessment against such Owner's Lot. Individual special assessments shall constitute a lien to the same extent as other assessments against the Lot.

Section 8. Notice of Quorum for any Action Authorized Under Section 6. Written notice of any meeting called for the purpose of taking any action authorized under Section 6 shall be sent to all Members not less than ten (10) days nor more than sixty (60) days prior to the meeting. At such meeting, the presence of Members or of proxies entitled to cast sixty percent (60%) of the votes of each Class of Lots shall constitute a quorum. If the required quorum is not present at any meeting, another meeting may be called subject to the same notice requirement, and if the meeting is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 9. Effect of Nonpayment of Assessments; Remedies. An assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors may from time to time establish, subject to the limitations of Section 47F-3-102(11) of the Act, and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at a rate established by the Board of Directors from time to time, but in no event shall such rate be greater than eighteen percent (18%) per annum or the maximum rate allowable by law, whichever is less, and the Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due, and shall have the right and power to take such action as is necessary to conduct such foreclosure and convey the Lot to the purchaser at the foreclosure sale, including, without limitation, the right to appoint a trustee or to request appointment of a commissioner to conduct the foreclosure. Interest, late payment charges, costs and reasonable attorneys' fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or by abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. The liens provided herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien; however, the sale or transfer of a Lot pursuant to foreclosure of a first mortgage or first deed of trust shall extinguish the lien of any assessments which become due prior to the date of conveyance pursuant to such foreclosure. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or first deed of trust.

Section 11. Working Capital Fund. In addition to, not in lieu of, the Annual Assessments, Additional Assessments, Special Assessments, Individual Special Assessments, and any other assessments or charges set forth in this Declaration, and notwithstanding anything to the contrary in this Declaration, at the closing of the initial sale of a Lot to any Person (other than Declarant or a Builder), whether or not there is a Dwelling on the Lot, or

at any subsequent sale of a Lot on which a Dwelling exists, the purchaser of the Lot or the Lot and Dwelling shall pay to the Association at the time of the closing of the purchase a "Working Capital Assessment" in an amount determined by a budget approved under the provisions set forth in this Article V, but which sum shall not be less than Five Hundred and No/100 Dollars (\$500.00). The Working Capital Assessment is and will remain distinct from the Annual Assessment and any other assessments set forth in this Declaration, and will not be considered an advance payment of the Annual Assessment or any other such assessment. The Working Capital Assessment may be used by the Association in covering operating expenses or any operating shortfall, as well as any other expense or capital outlay incurred by the Association pursuant to this Declaration and the Bylaws. Notwithstanding anything herein to the contrary, in no event shall the Declarant have any obligation to pay any working capital assessments for any Lots it acquires.

Section 12. Declarant's Obligation to Fund Operating Deficits; Assessment Credit. During the Declarant Control Period, Declarant may, at its sole discretion, choose to fund any Operating Deficit. Declarant, at its option, may fund the Operating Deficit by any one or more of the following means: (i) payment to the Association; (ii) payment directly to a person or entity providing the services or materials to the Association, or (iii) providing, directly or indirectly, to or for the Association, services or materials related to Common Expenses (the value of which shall be determined by the Board in its reasonable discretion, giving due consideration to what the fair market value of such services or materials would be if they had been furnished by a Person other than Declarant).

In the event that Declarant chooses to fund any year's Operating Deficit and the amount funded exceeds the amount of annual assessments that would be owed by Declarant if it elected not to fund the applicable Operating Deficit (the "Excess Contribution), then Declarant may, at its sole option, either (i) elect to receive an assessment credit toward payment of annual assessments due and payable by Declarant thereafter for Lots owned by Declarant, in an amount equal to the Excess Contribution, until said amount has been credited in full, or (ii) elect to treat the Excess Contribution as a loan to the Association, which loan shall bear interest at a rate no higher than the prime rate of interest listed in the "Money Rates" table of The Wall Street Journal and have a maturity date no more than one (1) year from the date of advancement of funds.

Section 13. Fines. Subject to the provisions of this Declaration, the Bylaws of the Association, and Section 47F-3-107.1 of the Act, the Board of Directors shall have the right and authority to levy fines or suspend privileges or services provided by the Association for reasonable periods for the violation of any provision of this Declaration and other rules and regulations promulgated by the Board of Directors pursuant thereto, provided, however that the right of access and support, the right to drain stormwater and the right to use Stormwater Control Measures, private streets, private utility services provided to the Lot through easements in Common Area, and any assigned parking areas shall not be suspended for violation of the Association's rules and regulations. Any monetary fine shall be deemed an individual special assessment against the Lot of the Owner against whom such fine is assessed.

**ARTICLE VI  
MAINTENANCE OF LOTS AND COMMON AREA**

Section 1. Owner's Responsibility; Remedy for Owner's Failure to Maintain. Each Owner shall keep his Lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair, except for those improvements which the Association is responsible for maintaining as provided in this Declaration. If an Owner does not make any repair or perform any maintenance required of such Owner, the Association shall have the right (but not the obligation), through its agents and employees, by the affirmative vote of a majority of the Board of Directors, to enter upon such Lot and to repair, maintain and restore the Lot or exterior of the Unit erected thereon, and the cost of such maintenance, plus a surcharge of 15% for administration, shall be assessed in accordance with Section 3 of this Article. Prior to such entry, the Association shall give written notice to the Owner stating: (i) the specific item(s) needing maintenance; (ii) the corrective action to be taken; (iii) a time, not less than 15 calendar days from the date of the notice, in which the Owner is to perform the necessary maintenance; and (iv) a statement that, if the Owner fails to perform the maintenance within such period, the Association will exercise its right to perform the maintenance and that the Owner will be assessed with the costs thereof as provided in this Article VI.

Section 2. Maintenance by the Association. The Association shall have the right and obligation to ensure that the Common Area is preserved to the perpetual benefit of the Owners and, to that end, shall: (i) maintain the Common Area and Common Area Easement in its natural or improved state, as appropriate, and keep it free of impediments to its use by the Owners; (ii) procure and maintain adequate liability insurance covering the Association and its Members against any loss or damage suffered by any Person, including the Owner of the Lot upon which a Common Area Easement lies, resulting from use of the Common Area Easement; and (iii) pay all property taxes and other assessments levied against all Common Area owned in fee by the Association.

Section 3. Assessment of Cost. In the event that the Association performs maintenance on any Lot as provided in Section 1 of this Article VI, the cost of any such maintenance, replace or repairs (including the administration fee) shall be assessed against the Lot upon which such maintenance is done and shall be added to and become an individual special assessment against such Lot.

**ARTICLE VII  
RIGHTS OF LENDERS**

Section 1. Books and Records. Any holder of a first deed of trust on any Lot, or its agent(s), shall have the right, during normal business hours, to examine copies of this Declaration, the Articles of Incorporation, the Bylaws, and the books and records of the Association and, upon written request to the Association, to receive a copy of the financial statement for the immediately preceding Fiscal Year.

Section 2. Notice to Lenders. Upon written request to the Association, the holder of a first deed of trust on any Lot shall be entitled to timely written notice of:

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

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

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

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

Section 3. Approval of Holders of First Deeds of Trust. Unless at least seventy-five percent (75%) of the holders of first deeds of trust who have requested notice as provided in Section 2 above have given their prior written approval, the Association shall not:

(a) By act or omission seek to abandon, partition, subdivide, encumber, sell, or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Association. Neither the granting of easements for utilities or other purposes as provided in Section 1(c) of Article IV hereof, nor the exchange of real property as provided in Section 1(d) of said Article IV hereof, shall be deemed a transfer within the meaning of this subsection (a). Notwithstanding anything herein to the contrary, the property owned by the Association, whether in fee, by easement, or otherwise, shall be preserved to the perpetual benefit of the Owners or of the public in general and shall not be conveyed except to the County, Town, or other governmental entity or to a nonprofit entity organized for purposes similar to those of the Association;

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

(c) Fail to maintain hazard insurance on insurable improvements on the Common Property on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value; or

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

Section 4. Payment of Taxes and Insurance Premiums. The holders of first deeds of trust on Lots, jointly or singly, may pay taxes or other charges which are in default and which have or may become a charge or lien against any of the Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy covering property owned by the Association. The Person(s) making such payments shall be owed immediate reimbursement therefore by the Association.

Section 5. Collection of Assessments. No mortgagee shall have any obligation to collect any assessment under this Declaration.

## **ARTICLE VIII EASEMENTS**

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

Section 1. Access and Utility Easements. Easements for the installation and maintenance of roads, driveway, walkway, water lines, sewer lines, natural gas lines, telephone, cable television, electric power transmission lines, storm water drainage facilities, and other public or quasi-public utility installations are reserved as shown on the recorded maps or in recorded documents of the Properties. The Association may reserve and grant easements over the Common Area as provided in Article IV, Section 1(c), of this Declaration. Within any such easement herein provided, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements. Declarant reserves the right to create and impose additional easements or rights-of-way over any unsold Lot by the recording of appropriate instruments in the Iredell County Registry, and such instruments shall not be construed to invalidate any of these covenants.

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

An easement is also reserved for the benefit of the Declarant and the Association, and their respective successors and assigns, over, across and under those portions of Properties shown and designated as "sign easement", "landscape easement", or "drainage easement", or any similar designation, and any combination of the foregoing on any recorded map or plat of the any portion of the Properties for the purpose of installing, operating, repairing and maintaining, as appropriate, landscaping, irrigation system, entrance signage, fencing and Stormwater Control Measures in the easement area. No building, structure, fill, embankment, fence, driveway, planting, swing, or other obstruction shall be permitted in such area, other than those installed by the Declarant or the Association unless approved as provided in Article IX of this Declaration and, if required, by the County or Town.

Declarant grants to and reserves for the Declarant, the Association, the County, the Town, and their respective successors and assigns, an easement and right of

ingress, egress and regress on, over and under the Properties to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Except in recorded tree conservation areas and in recorded permanently undisturbed open space areas, or similar areas, such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, the Person taking such action shall grade and seed the affected property and restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. The Person taking such action shall give reasonable notice of its intent to take such action to all affected Owners.

Section 2. Easement for Support. Every Lot which contributes to the lateral and/or vertical support of any adjoining Lot shall be burdened with an easement of support for the benefit of such adjoining Lot.

Section 3. Easement Over Common Area. A perpetual, nonexclusive easement over, under and through the Common Area is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants, for the purpose of providing access, ingress and egress to, from and over the Common Area and for utilities serving such Lot. Any conveyance or encumbrance of such Common Area is subject to the easements granted herein.

Section 4. Association's Easement Upon Lots. The Association shall have a right, license and easement to go upon any Lot for the purpose of fulfilling its obligations under this Declaration, the restrictive covenants applicable to the Community, and any other laws, ordinances, rules and regulations, public or private, which the Association is obligated or permitted to enforce. Such easement shall include, without limitation, the right to go on any Lot to correct, repair or alleviate any condition which, in the opinion of the Board of Directors or of the manager employed by the Association, creates or may create an imminent danger to the Common Area or improvements thereon.

Section 5. Easements for Development. For so long as Declarant owns any real property within the Properties, Declarant reserves an easement over the Properties for the purpose of allowing Declarant, its successors and assigns, to develop the Properties and construct improvements thereon.

## **ARTICLE IX ARCHITECTURAL CONTROL**

At all times prior to issuance of a Certificate of Occupancy for the Dwelling constructed thereon, Declarant shall have the sole and absolute right to determine the style and appearance of the initial construction of the Dwelling, storage sheds, accessory buildings, garages, fences, walls, mailboxes, lawn decorations, structures of any type,

grading, landscaping and any other improvements to be built or constructed on any Lot (hereinafter individually and collectively referred to as "Lot Improvements").

After occupancy of a Dwelling as a residence pursuant to a Certificate of Occupancy, no Lot Improvements (including, without limitation, replacement of any previously existing Lot Improvements) shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change or alteration thereof be made (including, without limitation, changing materials or color of any exterior portion of any such Lot Improvements), nor shall a building permit for such Improvements or change be applied for or obtained, nor shall any landscaping (other than installation of grass, plants or trees) or re-landscaping of any Lot be commenced or made until plans and specifications showing the nature, kind, shape, heights, materials, color and location of same shall have been submitted to and approved in writing by an Architectural Review Board ("ARB") composed of three or more persons (who may, but need not be, Members of the Association) appointed by the Board. If the ARB disapproves such proposed Lot Improvements within thirty (30) days after complete plans and specifications have been received by it, the Owner may appeal said decision to the Board. If the ARB, or the Board on appeal, fails to approve or disapprove such proposed Lot Improvements within thirty (30) days after complete plans and specifications have been received by it, approval will not be required, and this Article shall be deemed to have been complied with. The ARB shall have the right to charge a reasonable fee for receiving and processing each application.

Declarant and, after the Declarant no longer owns any Lot within the Properties, the Association, shall have the right to promulgate and from time to time amend written architectural standards and construction specifications (hereinafter the "Architectural Guidelines") which may establish, define and expressly limit the standards and specifications which will be approved, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design, fencing height and materials, and construction technique. Neither the Association nor the ARB shall approve any Lot Improvements which it determines, in its discretion, not to be in harmony of external design, construction and/or location in relation to the surrounding structures, topography or the general plan of development of the Community or to be in violation of applicable Architectural Guidelines.

Neither the Declarant, the Association, the Board of Directors, the ARB, nor any member or employee of any of them, shall have any liability to any Person by reason of any acts taken or omitted by them, or any of them, in good faith pursuant to this Article.

## **ARTICLE X USE RESTRICTIONS**

Section 1. Land Use and Building Type. Except as specifically provided herein, Lots shall be used for residential purposes only. An Owner may maintain an office or home

business in such Owner's Dwelling if: (i) such office or home business is operated by the Owner or a member of the Owner's household residing in the Dwelling; (ii) there are no displays or signs indicating that the Dwelling is being used other than as a residence; (iii) such office or business does not generate significant traffic or parking usage (as determined by the Board or ARB) by clients, customers or other Persons; (iv) no equipment, vehicles or other items related to the office or business is stored, parked or otherwise kept outside of an approved enclosure; (v) such Owner has obtained from the appropriate government entity and maintains in effect, all required approvals for such use; (vi) the activity is consistent with and complies with all Legal Requirements; (vii) the Owner has obtained prior written approval from the Board or ARB and thereafter registers annually with the Board or ARB as long as the operation of the home business continues. As a condition to such use, the Board or ARB may require the Owner to pay any increase in the rate of insurance, utilities or other costs for the Association or other Owners which may result from such use.

Notwithstanding the foregoing, the Declarant shall have the right to and may, in writing, permit another Person to: (i) use Lots and improvements erected thereon for sales offices, field construction offices, storage facilities, and other uses consistent with the development of the Community and the sale and construction of homes therein; (ii) maintain spot-lighted model homes which may be open to the public for inspection seven days per week for such hours as the Declarant deems appropriate or necessary; and (iii) conduct any other activities on Lots to benefit development, sales and construction efforts. Additionally the Declarant, Owners, real estate brokers and their agents may show Lots and homes for sale or lease.

Section 2. Building Setbacks; House Location. No Dwelling shall be erected or maintained on any Lot outside of the building envelope required by the zoning ordinance of the County or Town (the "Zoning Ordinance"). For purposes of these building setback requirements, decks, porches, patios, stoops, eaves, overhangs, bay windows, chimneys, carports and other similar projections shall be deemed to be part of the Dwelling only to the extent that the same are deemed to be part of the Dwelling under the Zoning Ordinance as it exists as of the date of issuance of a certificate of occupancy for such Dwelling. Any Dwelling erected on a Lot other than a corner lot shall face the street on which the Lot abuts. On corner lots, a Dwelling may be erected so as to face either street or the intersection of the two streets on which the Lot abuts.

Section 3. Fences. Any fence or wall installed within the Community must meet all requirements of the Zoning Ordinance and must be approved as provided in Article IX of this Declaration. Chain-link fences will not be permitted. Nothing in this paragraph shall be deemed to apply to or regulate retaining walls made necessary by the slope or grade of any Lot or Lots or to any fence installed by the Declarant at any entrance to or along any street within the Community.

Section 4. Temporary Structures. No residence of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, shack, tent, garage, barn, or any other

building of a similar nature shall be used as a residence on any Lot, either temporarily or permanently.

Section 5. Parking; Driveways and Parking Pads; Abandoned Vehicles. Vehicles may be parked or stored only on portions of a Lot improved for that purpose, i.e., garage, driveway or parking pad. No unenclosed parking shall be constructed or maintained on any Lot except a paved driveway and an attached paved parking pad. Any driveway or parking pad constructed upon any Lot shall be approved as provided in Article IX hereof.

No mobile house trailer (whether on or off wheels), recreational vehicle, trailer or enclosed body of the type which may be placed on or attached to a vehicle (known generally as "campers"), tractor trailer trucks or cabs, or commercial vehicle of any kind shall be parked on any street or any Lot within the Community. No boat, boat trailer, or any other trailer shall be parked on any street within the Community. A boat, boat trailer, or other trailer may be parked or kept on a Lot if it is parked or kept in the garage or approved out-building (and the door of the garage or out-building can close completely) or otherwise in such a manner that the boat and trailer are screened from the street, the Common Property, and other Lots. Screening may include an approved fence and plantings, but, in any case, the screening must comply with the Zoning Ordinance and be approved pursuant to Article IX of this Declaration.

No vehicle of any type which is abandoned or inoperative shall be stored or kept on any Lot in such manner as to be seen from any other Lot, any street within the Community or the Common Property, and no automobiles or mechanical equipment may be dismantled or allowed to accumulate on any Lot. Vehicles without current registration and inspection stickers are considered abandoned or inoperative.

Section 6. Animals. No animals, livestock or poultry of any kind shall be kept on any Lot, except that up to three ordinary household pets may be kept provided they are not kept, bred, or maintained for any commercial purpose and that they do not become a nuisance to the neighborhood. The Board has the right, in its sole and absolute discretion, to determine whether or not a particular animal is a nuisance and to require removal. No Person owning or having custody of a permitted animal shall allow the animal to stray or go upon another Owner's Lot without the consent of such other Owner. No animals shall be permitted on the Common Property at any time except as permitted by the rules and regulations of the Association or by applicable law. All animals shall be on a leash when outside the Owner's Lot. The owner of a permitted animal shall be responsible for removing and cleaning up any excrement deposited by such animal on any Lot, street right of way, or the Common Property.

Section 7. Nuisances. No noxious or offensive trade or activity shall be carried on upon any Lot or the Common Property, nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No vehicle repairs or maintenance shall be conducted within the Properties other than in a garage and concealed from public view. Outside clothes hanging devices are not permitted.

Section 8. Signs. Except as otherwise required by the County or Town, no sign of any kind shall be displayed to the public view on any Lot except signs used to advertise Lots for sale during the construction and sales period, not more than two (2) signs of not more than six (6) square feet advertising the property for sale or rent, and not more than two signs of not more than six (6) square feet expressing support of or opposition to political candidates or other issues which will appear on the ballot of a primary, general or special election, provided that such political signs shall not be placed on a Lot earlier than forty-five (45) days before such election and shall be removed within two (2) days after such election. No sign of any kind shall be displayed on the Common Property without the prior written consent of the Declarant or, after the end of the Declarant Control Period, by the Association. Notwithstanding the foregoing, Declarant shall have the right to erect and maintain signs of any type and size on any Lot or Parcel which it owns and on the Common Area in connection with the development and sale of the Properties.

Section 9. Antennas; Satellite Dishes. No television, radio or other electrical towers, aeriels, antennae, satellite dishes, or other devices of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon unless approved in accordance with Article IX hereof, except that this prohibition shall not apply to those antennae specifically covered by 37 C.F.R. Part 1, Subpart S, §1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time. The Association shall be empowered to adopt rules governing the types of antennae that are permissible hereunder and establishing reasonable, non-discriminatory restrictions relating to safety, location and maintenance of antennae.

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

Section 10. Swimming Pools. No above-ground swimming pools are permitted in the Community, except that small, inflatable wading pools shall be permitted in the back yard of a Dwelling, as seasonally appropriate.

Section 11. Mailboxes. Declarant shall construct one or more cluster mailboxes which shall serve the Community as legally required by the United States Postal Service ("USPS"). The cluster mailbox requirement was implemented to allow the USPS to make less stops when delivering mail. The Association shall maintain cluster mailboxes within the Community.

Section 12. Maintenance of Lot and Improvements; Legal Requirements; Construction. As more fully provided in this Declaration, each Owner shall keep his Lot, including, but not limited to, plantings, landscaping and lawns, in compliance with all Legal Requirements, in a neat and attractive condition with all improvements thereon in a suitable

state of repair. If an Owner fails to comply with this provision, the Declarant or the Association may remedy such non-compliance and the Owner of such Lot shall be responsible for all costs of bringing the Lot into compliance with this provision. Any such costs shall be deemed a special assessment against the Lot.

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

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

Section 13. Garbage; Unsightly Storage. All trash and rubbish shall be kept in garbage cans stored on the side of or behind the principal building in such a manner as not to be visible from the street upon which the principal building fronts. No trash, rubbish, stored materials, wrecked or inoperable vehicles, or similar unsightly items shall be allowed to remain on any Lot; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, and other debris for collection by governmental or other similar garbage and trash removal units. In the event of curbside trash and/or garbage pickup, trash and/or garbage cans may be moved to the street on the night before the scheduled pickup, but all garbage cans must be returned to an approved enclosure the night of the scheduled pickup. Trash containers used by the Declarant during construction are exempt from this provision.

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

Section 14. Restrictions on Rental of Dwellings. It is the intent of the Declarant that all Dwellings within the Community are intended for use and occupancy by the Owner of the Dwelling. Accordingly, and notwithstanding anything to the contrary herein, the term "residential" as used in Section 1 of this Article specifically excludes the leasing of a

Dwelling by an Owner who has not regularly occupied the Dwelling as the Owner's primary residence and who enters into a lease with a tenant for a term of less than one (1) year. In addition, any proposed lease of a Dwelling must be submitted to and approved by the Board at least seven (7) days prior to execution of such lease, and all leases submitted for approval must contain a provision requiring the tenant to comply with all provisions of this Declaration. Notwithstanding, the Owner of any Dwelling subject to an approved lease or otherwise occupied by someone other than the Owner, shall at all times remain responsible for compliance of such Dwelling and Lot with all of the terms of this Declaration.

Notwithstanding the foregoing restrictions on leasing of Dwellings, any model home may be leased to or by Declarant or a Builder, provided that such model home is not used as a residence.

Section 15. Waiver of Violations. Declarant, or the persons or firms to whom the architectural review and approval authority has been delegated pursuant to Article IX of this Declaration, may, but shall not be obligated to, waive any violation of the designated and approved building setback lines on any Lot, provided that, no waiver may be granted for a violation in excess of 25% of the applicable requirements. No such waiver shall be effective unless the Lot and all structures thereon are in full compliance with the applicable provisions of the Zoning Ordinance or a variance has been obtained for such violation. Waivers shall be effective upon recording of same in the Registry.

Section 16. Street Lighting. Declarant reserves the right to subject the Community to a contract with Duke Power or other public utility or entity providing for installation and operation of street lighting, which requires a continuing monthly payment to Duke Power by each residential customer or by the Association.

Section 17. Impervious Surface. Each Lot in the Community is subject to restrictions on the amount of total square footage of the Lot that may be covered by impervious surfaces, as established by the County or Town and more specifically shown on those plats of the Community recorded at the Iredell County Registry. Such impervious requirement may limit an Owner from building new or expanding existing (i) Dwellings, (ii) porches, patios and decks, and (iii) parking pads and garages.

Section 18. Wetlands. Portions of the Properties may have been determined to meet the requirements for designation as a regulatory wetland or riparian area. Notwithstanding anything to the contrary that may appear herein or in any amendment hereto, Annexation Declaration or any subsequent fill or alteration of any portion of the Properties that has been determined to be a regulatory wetland or riparian area under applicable laws of the United States or the State of North Carolina shall conform to the requirements of applicable wetland or riparian area rules adopted by the United States or the State of North Carolina and in force at the time of the proposed alteration. The intent of this paragraph is to prevent additional wetland or riparian area fill or degradation as defined by the Army Corp of Engineers or other applicable governmental authority.

Section 19. Architectural Guidelines. All Lots, Lot Improvements and Dwellings shall at all times remain in compliance with the Architectural Guidelines established pursuant to Article IX of this Declaration.

## **ARTICLE XI GENERAL PROVISIONS**

Section 1. Enforcement. The Association and each Owner shall have the right to enforce, by proceeding at law or in equity, all restrictions, conditions, covenants, rules, regulations, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Act, the Bylaws or rules and regulations adopted by the Association. Failure by the Association or an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

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

Section 2. Term; Amendment. The covenants and restrictions of this Declaration shall run and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or amended by a vote of eighty percent of the Members.

This Declaration may be amended only in strict compliance with this Section and the Act, including, without limitation, §47F-2-117 of the Act, except that no Amendment altering or impairing Special Declarant Rights may be made without the written consent of the Declarant. This Declaration may also be amended by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots and, during the Declarant Control Period by the Declarant; provided, however, that in no event may Declarant's rights hereunder may be amended or altered without Declarant's prior written consent. For the purpose of this section, additions to existing property as provided in Section 2 of Article II hereof shall not constitute an "amendment".

Notwithstanding the foregoing, Declarant, without the consent or joinder of the Owners or other Person, may amend this Declaration during the Declarant Control Period, provided such amendment is not expressly prohibited by the Act, and further provided that such amendment does not adversely affect the title to any Lot nor materially alter or change any Owner's right to the use and enjoyment of his Lot or the Common Property.

Amendments to this Declaration are valid from the later of the time of recording in the Registry or such later date specified in the amendment.

Section 3. Subdivision of Lots. No Lot within the Community may be subdivided by sale or otherwise so as to increase the total number of Lots in the Community, except with the consent of the Declarant during the Declarant Control Period, and thereafter of the Association, and, if required, by the County or Town.

Section 4. Rules and Regulations. The Board of Directors shall have the authority to adopt additional rules and regulations governing the use of the Common Property and Lots and shall furnish a written copy of said rules and regulations to the Owner(s) of each Lot at least fifteen (15) days before such rules and regulations become effective.

In addition to any other rights and remedies that the Association may have under this Declaration, the Association may impose sanctions for violations of this Declaration, the Bylaws of the Association, the rules and regulations adopted by the Association, or other restrictions applicable to the Properties, in accordance with procedures set forth in the Bylaws, which sanctions may include, but are not limited to, reasonable monetary fines, which fines shall be deemed a special assessment and a lien upon the Lot of the violator, and suspension of the right to vote and the right to use any recreational facilities within the Common Property; provided, however, that the right of access and support, the right to drain stormwater and the right to use Stormwater Control Measures, private streets, private utility services provided to the Lot through easements in Common Area, and any assigned parking areas shall not be suspended for violation of the Association's rules and regulations.

In addition, pursuant to procedures provided in the Bylaws, the Association may exercise self-help to cure violations (specifically including, but not limited to, the towing of Owner and tenant vehicles that are in violation of parking rules) and may suspend the right of an Owner to use any Common Property if the Owner is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association, provided, however, that the right of access and support, the right to drain stormwater and the right to use Stormwater Control Measures, private streets, private utility services provided to the Lot through easements in Common Area, and any assigned parking areas shall not be suspended for violation of the Association's rules and regulations.

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

Section 5. Condemnation/Casualty. If all or any part of the Common Property and improvements thereon are taken by power of eminent domain or are damaged or destroyed by fire or other casualty, the proceeds of the condemnation award or any insurance policies covering such improvements shall be payable to the Association. The Board of Directors shall propose to the Members, at an annual or special meeting held within sixty (60) days after the date of the condemnation or casualty, whether or not to reconstruct the improvements. The insurance proceeds shall be used to reconstruct the improvements except as provided in §47F-3-113(g) of the Act, in which event the proceeds shall be retained by the Association for operation expenses or reserves, as determined by the Board or the Members. Nothing in this Section shall prevent the Board from proposing and the Members from approving the use of such proceeds for construction of different improvements, e.g., playground on Common Property in lieu of a destroyed club house.

Section 6. Association Contracts and Leases During Declarant Control Period. All Association contracts and leases made during the Declarant Control Period which extend beyond the Declarant Control Period must: (i) be for a term of two years or less; (ii) be terminable without penalty by the Association upon no more than ninety (90) days written notice; and (iii) be commercially reasonable and made with an entity not affiliated with the Declarant.

Section 7. Evidence of Member Approval. In the event that any action requires evidence of consent of the Members or a specified percentage of the Members, such approval shall be conclusively presumed if supported by a Certification signed by the President or Secretary of the Association in substantially the following form:

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CERTIFICATE OF THE STAFFORD AT LANGTREE HOMEOWNER'S  
ASSOCIATION, INC.

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

At such meeting, at which a quorum was present, in person or by proxy, a total of \_\_\_ votes were cast. \_\_\_ votes were cast in favor of such action, and \_\_\_ votes were cast against such action. Accordingly, the motion to approve [describe the action approved] was approved by at least \_\_\_% of the Members as required by this Declaration and Bylaws of the Association.

\_\_\_\_\_  
[President/Secretary]

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Section 8.     Number and Gender. Whenever the context requires, the singular shall include the plural, and vice versa, and one gender shall include all.

Section 9.     Captions. Captions are for the purpose of reference only and shall not be deemed to be in any manner interpretive of any provision of this Declaration.

Section 10.    Severability. If any provision of this Declaration is held by a court of competent jurisdiction to be invalid or void, such provision shall be deemed severable from the remaining provisions of this Declaration and shall not be deemed to nullify or affect any other provision hereof. If any such provision is deemed invalid due to its scope or breadth, such provision shall be deemed valid to the extent of the scope or breadth permitted by law.

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

Section 11.    Conflicts.

(a) Some or all of the Properties may be subject to the provisions of the Act. To the extent that Properties are subject to the Act, the provisions of the Act control over any inconsistent provisions of this Declaration, any Annexation Declaration, any other Governing Documents, or the Code.

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

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

(d) Specific provisions shall control general provisions. Notwithstanding the foregoing, a construction consistent with the Act, the North Carolina Nonprofit Corporation Act (N.C.G.S. §55A), and the ordinances of the County or Town shall in all cases control any construction inconsistent therewith.

**Section 12. Rule Against Perpetuities.** As provided in §47F-2-103(b) of the Act, the rule against perpetuities may not be applied to defeat any provision of this Declaration, Bylaws, or rules and regulations adopted pursuant to thereto and §47-F-2-102(1) of the Act.

**Section 13. Declarant.** Nothing contained in these Covenants shall be construed to permit interference with the development of the Lots by Declarant and construction of homes by Declarant so long as said development and construction follow the general plan of development previously approved by the County or Town. The restrictions contained herein shall not be deemed to apply to any sales office, signs, landscaping construction trailer, model home, or other temporary or permanent improvement installed by or with the approval of Declarant.

**Section 14. Non-Discrimination.** Neither the Association, the Board, committee of the Board, officer of the Association, nor any member of the Board or committee, in exercising its/his/her rights and obligations under this Declaration or the Articles of Incorporation or Bylaws or Articles of Incorporation, shall discriminate against any person on the basis of the race, color, gender, religion, national origin or handicap of such person.

**Section 15. Security Measures.** Neither the Association nor the Board shall have any responsibility for establishing or maintaining any security measures within the Property, such measures being the sole responsibility of each Owner, as to his Lot and property, and to the appropriate public officials including, without limitation, the Iredell County Sheriff's Department.

**Section 16. Properties Are Subject to Code.** The Properties, this Declaration and the other Governing Documents are subject to the ordinances, regulations, and rules of the County and Town, and shall be construed in accordance with all of the applicable provisions of the Code, whether or not such Code provisions are specifically referenced in this Declaration. There may be certain provisions of the Code that apply to all of the Properties and certain provisions of the Code that apply only to certain portions of the Properties (for example, provisions of the Code relating to private streets apply only to those portions of the Properties that contain private streets). It shall be the responsibility of the Association and each Owner of each portion of the Properties to comply with all provisions of the Code applicable to such portion of the Properties, whether or not any approval, disapproval, waiver or variance of the terms of this Declaration with respect to such portion of the Properties has been given by the Declarant or its authorized agent, the Board, any committee of the Board, or any other Person who has the authority to give such approval, disapproval, waiver or variance.

**Section 17. Declarant's Repurchase Right.** In the event that an Owner purchases a vacant Lot and does not commence construction of a residential dwelling on said Lot on or before the date that is sixty (60) months following the applicable settlement date for said Lot, Declarant shall have the right to require the Owner to convey the Lot to Declarant, or to any third party designated by Declarant, for a total consideration equal to the original amount paid by the applicable Owner for the Lot ("Declarant's Repurchase Right"). Declarant's

Repurchase Right shall commence upon the fifth (5<sup>th</sup>) anniversary of the applicable settlement date and continue for a period of sixty (60) months (the “Declarant Repurchase Period”). Declarant’s Repurchase Right shall be exercisable during the Declarant Repurchase Period, by delivery of written notice from Declarant to the applicable Owner, and once exercised, Declarant shall close on the applicable Lot within three (3) months.

Section 17. Obligations and Liabilities of Beneficiary. To the extent permitted by law, the beneficiary (“Beneficiary”) of that certain Deed of Trust, Assignment of Rents and Security Agreement (the “Deed of Trust”) recorded in the Office of the Iredell County Register of Deeds Office in Book 2378 Page 2043 encumbering the Existing Property and securing an obligation of Declarant shall not be liable for any obligations or liabilities of Declarant arising under this Declaration or the Act. The foregoing is intended to supplement and be in addition to any and all obligations and liabilities from which Beneficiary is expressly excluded under the Act, including, without limitation, such obligations and liabilities set forth in Section 47F-3-104(e)(2)(b) of the Act. Neither this Declaration, any action or omission on the part of the Beneficiary (including the Beneficiary’s consent to this Declaration) nor the assignment of Special Declarant Rights by Declarant to the Beneficiary pursuant to the Deed of Trust and Section 47F-3-104(c) of the Act shall constitute an assumption by the Beneficiary of any of the obligations or liabilities of Declarant under this Declaration or the Act.

## **ARTICLE XII ALTERNATIVE DISPUTE RESOLUTION**

### Section 1. Agreement to Encourage Resolution of Disputes Without Litigation.

(a) Declarant, the Association and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agree to submit to this Article (collectively, “Bound Parties”), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in this Article in a good faith effort to resolve such Claim.

(b) As used in this Article, the term “Claim” shall only refer to any claim, grievance, or dispute arising out of or relating to any of the following:

- (1) the interpretation, application, or enforcement of the Governing Documents;
- (2) the rights, obligations, and duties of any Bound Party under the Governing Documents; or
- (3) the design or construction of any improvements within the Community.

(c) Provided, however, that the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in this Article (the word "action" includes any legal action or procedure filed in any court, as well as any other procedure):

(1) any action by the Association to collect assessments or other amounts due from any Owner;

(2) any action by the Association to obtain a temporary restraining order or other emergency equitable relief and such ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of the Declaration relating to creation and maintenance of the Community;

(3) any action between Owners, which does not include Declarant or the Association as a party, if such action or matter asserts a Claim which would constitute a cause of action independent of the Governing Documents;

(4) any action in which any indispensable party is not a Bound Party; and

(5) any action as to which any applicable statute of limitations or statute of repose would expire within 180 days of date of the filing of the action, 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.

(6) any action of matter which would constitute a cause of action independent of the Governing Documents.

Section 2. Dispute Resolution Procedures.

(a) Notice. The Bound Party asserting a Claim ("Claimant") against another Bound Party ("Respondent") shall give written notice (the "Notice") to each Respondent and to the Board stating plainly and concisely:

(1) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

(2) the legal basis of the Claim (*i.e.*, the specific authority out of which the Claim arises);

(3) the Claimant's proposed resolution or remedy; and

(4) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

Within 30 days of receipt of the Notice, the Respondent, subject to all of the foregoing requirements for the giving of the Notice, shall give the Claimant a Notice of any Claim the Respondent has against the Claimant.

(b) **Negotiation.** The Claimant and Respondent 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 by either the Claimant or the Respondent, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

(c) **Mediation.** If the Bound Parties have not resolved the Claim through negotiation within 30 days of the date of the Notice, or within such other period as the Bound Parties may agree upon, either of the Bound Parties shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Iredell County, North Carolina area.

If the Claim is not submitted to mediation within such time, or if the Bound Party who submitted the Claim to mediation does not appear for the mediation when scheduled, that Bound Party shall be deemed to have waived the Claim, and the other Bound Party shall be relieved of any and all liability to the Bound Party who submitted the Claim to mediation (but not third parties) on account of such Claim.

If the Bound Parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. Either the Claimant or Respondent thereafter shall be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate.

Each Bound Party shall bear its own costs of the mediation, including attorneys' fees, and each Bound Party shall share equally all fees charged by the mediator.

(d) **Settlement.** Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the Claimant and Respondent. If either of such Bound Parties thereafter fails to abide by the terms of such agreement, then the other Bound Party may file suit or initiate administrative proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section. In such event, the Bound Party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying Bound Party (or if more than one non-complying Bound Party, from all such Bound Parties in equal proportions) all costs incurred in enforcing such agreement or award, including, without limitation, attorneys' fees and court costs.

### **ARTICLE XIII INSURANCE REQUIREMENTS**

Section 1. Property Manager/Management Company's Insurance/Fidelity Bonds.

(a) The Association's Property Manager shall maintain professional liability insurance in an amount not less than \$1,000,000 per occurrence and \$2,000,000 in aggregate, with Association named as an additional insured, and with requirement by Property Manager's insurance provider for not less than 30 days' notice of termination or expiration of such coverage. Property Manager's professional liability insurance will provide for indemnification to Association for costs and damages related to any willful misconduct or negligence, including misappropriation of any Association assets.

(b) Property Manager shall maintain fidelity bonds for its officers, employees, and property manager/management companies who handle or who are responsible for handling funds of, or funds administered by the Association. All such fidelity bonds shall name the Association as an obligee and shall be not less than three months' aggregate Assessments. The bonds shall contain waivers of any defense based upon the exclusion of Persons who serve without compensation from any definition of "employee" or similar expression.

Section 2. Association's Insurance.

(a) Association shall maintain, at Association's expense, a policy of comprehensive general public liability insurance, including bodily injury, property damage, personal injury and non-owned automobile in an amount not less than Two Million Dollars (\$2,000,000.00) per person and Two Million Dollars (\$2,000,000.00) per occurrence.

(b) Association shall carry property damage insurance on all Common Areas in accordance with the terms of Association's governing documents for fire and extended coverage, burglary and theft, flood and earthquake as appropriate.

(c) Association shall maintain a bond or insurance policy for Director's and Officer's Errors and Omissions coverage in minimum face amount of Two Million Dollars (\$2,000,000.00).

(d) Association shall maintain, at Association's expense, a policy of workers compensation insurance to the extent required by applicable laws.

(e) Association expressly agrees that the Property Manager shall be covered by and named as an additional co-insured under the policies of General Comprehensive Liability insurance, Property Damage Insurance, Directors and Officers Errors and Omissions coverage and fidelity bonding, if any; and Association further agrees to furnish Property Manager with certified copies of these policies or certificates of insurance. The provisions of this subparagraph shall survive the termination of this Agreement.

Section 3. Placement of Association's Insurance. All of the various types of insurance coverage required for the benefit of the Association shall be placed, at Association's expense, with such companies, in such amounts, and with such beneficial interest appearing therein as shall be acceptable to the Association, in accordance with the provisions of the Declarations. Property Manager shall assist Association in procuring proposals for such coverage, but the decision and authority as to the type, scope and source of coverage shall be solely that of the Association's Board of Directors.

Section 4. Additional Requirements. All insurance shall be obtained from insurance carriers with a minimum A VIII Best's financial rating and authorized to do business in the State of North Carolina, and, if required, meet the specific requirements of any Federal Mortgage Agency regarding the qualifications of insurance carriers. Notwithstanding any other provisions herein, the Association shall continuously maintain in effect liability insurance and fidelity bonds that meet any applicable requirements established by any Federal Mortgage Agency so long as any of them is a Mortgagee or Owner of a Lot, except to the extent such coverage is not available or has been waived in writing by them. All such insurance policies and fidelity bonds shall provide that coverage may not be canceled or substantially modified without at least 30 days' (10 days' cancellation for nonpayment of premium) prior written notice to any and all insureds named therein, including Owners, Mortgagees, and designated servicers of Mortgages. In addition, the insurance obtained shall contain the following provisions and limitations:

(a) Such policies shall not provide for contribution by (or assessment against) Mortgagees or become a lien on the Property superior to the lien of a First Mortgage. If, at the time of the loss under the policy, there is other insurance in the name of the Owner covering the same risk covered by the policy, the Association's policy provides primary insurance.

(b) Coverage shall not be prejudiced by: (a) any act, omission or neglect of the Owners when such act or neglect is not within the scope of the Owner's authority on behalf of the Association, or (b) failure of the Association to comply with any warranty or condition with regard to any property over which the Association has no control.

(c) A waiver of subrogation by the insurer as to any and all claims against the Association, the Owner, and/or their respective property manager/management companies, members of the Owner's household, employees, or lessees, and of any defenses based upon co-insurance or upon invalidity arising from the acts of the insured.

(d) A standard mortgagee clause which shall:

(i) Provide that any reference to a mortgagee in the policy shall mean and include all holders of mortgages of any Lot in their respective order of preference, whether or not named therein;

(ii) Provide that such insurance as to the interest of any mortgagee shall not be invalidated by any act or neglect of the Board or Owners or any Persons under any of them;

(iii) Waive any provision invalidating such mortgagee clause by reason of the failure of any Mortgagee to notify the insurer of any hazardous use or vacancy, any requirement that the mortgagee pay any premium thereon, and any contribution clause; and

(iv) Provide that, without affecting any protection afforded by such mortgagee clause, any proceeds payable under such policy shall be payable to the Association or the insurance trustee.

Section 5. Fidelity Bond/Directors and Officers Insurances. The required fidelity bonds shall afford coverage to protect against dishonest acts on the part of officers, directors, trustees, and employees of the Association and all other Persons who handle or are responsible for handling funds of, or funds administered by the Association. The Association shall obtain directors and officers liability insurance which shall at a minimum insure each director and officer of the Association against any loss arising from any claim for any alleged wrongful act made by such person while acting in his/her capacity as director or officer of the Association.

Section 6. Owners' Insurance. It shall be the responsibility of each Owner, at his own expense, to obtain hazard insurance in an amount sufficient to cover the full replacement cost of any repair or reconstruction work in the event of damage or destruction to his Dwelling from any hazard. The hazard insurance shall be with a company, in an amount, and in a form which is acceptable to the Association's Board and shall include a loss payable clause listing the Association as an additional insured. Each Owner shall satisfy the Association's Board that at all times his property is covered by the required hazard insurance.

In the event of damage to an Owner's property, the Owner shall contract to rebuild or repair such damaged portions of the property in as good condition as formerly. In the event the Owner fails to commence, and thereafter diligently pursue, the repair or rebuilding of its property to the same condition as formerly within one hundred eighty days, the Association's Board, upon obtaining the required Member approval, shall have the power to purchase the Owner's property, to repair and rebuild the same and the adjoining party wall(s), and to levy a Special Assessment, as set forth herein, against all Members to pay the purchase price and the costs of repairing and/or rebuilding. In the event the Association exercises its repair/rebuild rights under this Section, the Association shall be entitled to receive and use any and all insurance proceeds payable under the policy to the extent necessary to repair/rebuild the damaged property.

In addition to any insurance policy issued to the Association, each Owner shall have the right to acquire and maintain insurance on any Common Property for such Owner's benefit, at such Owner's expense. Provided, however, no Owner shall acquire or maintain insurance coverage on the Common Area so as to: (i) decrease the amount which the Association may realize under any insurance policy maintained by the Association; or (ii) cause any insurance coverage maintained by the Association to be brought into contribution with insurance coverage acquired or maintained by an Owner.

In the event of damage to any property covered by insurance written in the name of the Association, the Association's Board shall, with concurrence of the mortgagee, if any, upon receipt of the insurance proceeds, contract to rebuild or repair the damage to as good condition as formerly. In the event the insurance proceeds are insufficient to pay all of the costs of repairing and/or rebuilding to the same condition as formerly, the Association's Board shall, upon obtaining the required Member approval, levy a special assessment against all Members to make up any deficiency.

## **ARTICLE XIV ASSOCIATION**

**Section 1. Board Acts for Association.** All obligations required or allowed to be performed by the Association shall be performed in accordance with Legal Requirements and applicable provisions of the Governing Documents. Unless reserved by or for the Declarant in the Declaration, other Governing Documents or Legal Requirements, or unless otherwise required by Legal Requirements, all rights, powers, easements, functions, services, obligations and duties of the Association may be exercised, directed, or contracted for by the Board on behalf of the Association. There is no distinction intended in the Declaration between items that may be adopted, enforced, acted upon, or waived by the Board and items that may be adopted, enforced, acted upon, or waived by the Association, except where a vote of the Members of the Association is required therefore. The officers of the Association may act on behalf of the Association as authorized in the Bylaws and/or as directed by the Board.

**Section 2. Powers and Obligations.** Subject to Legal Requirements and the Governing Documents, the Association has the following powers and obligations (the matters addressed in this Section do not necessarily constitute a complete list of the powers and obligations of the Association, as other powers and obligations may be addressed in other Sections of the Declaration, other provisions of Governing Documents, and in Legal Requirements):

(a) The Association may acquire, hold, lease (as lessor or lessee), operate and dispose of tangible and intangible personal property and real property.

(b) The Association has the sole and exclusive power and authority to regulate use of the Common Property by Owners and other Persons, including establishment of rules and regulations for use and user fees or charges.

(c) The Association has the power and authority to enter into such Stormwater Agreements, encroachment agreements and other agreements with the Town as are reasonably necessary to enable the Association to maintain Common Property and to perform its obligations under the Declaration. During the Declarant Control Period, the Declarant has the power and authority to enter into Stormwater Agreements, encroachment and other agreements with the Town, utility providers, and other Persons as Declarant, in its sole discretion, determines, each of which agreements may be binding on the Association and all

Owners.

(d) The Association shall accept transfer of ownership from Declarant of any and all Common Property, including any and all associated rights and obligations.

(e) The Association shall accept from Declarant any and all assignments of Declarant rights and obligations under any part or all of the Declaration, any sub-association Declaration, any Annexation Declaration, any Stormwater Agreement, any encroachment agreement with the Town, or any other agreement with the Town, a utility provider, or any other Person, including assumption of all Declarant or Association obligations which are contained in such documents and agreements or which are incident to such assignments, as they relate to any Common Property, architectural approvals or other functions or services performed or provided by the Association.

(f) The Association shall accept from Declarant any and all appointments of the Association as the agent of Declarant for administration and enforcement of any of the provisions of the Declaration or any sub-association Declaration or Annexation Declaration, and shall assume all obligations which are incident to such appointments as they relate to any Common Property, architectural approvals or other functions or services performed or provided by the Association.

(g) All rights and powers granted to, or reserved for, or established for the benefit of, the Association may be exercised by the Association (or, as the case may be, on behalf of the Association by the Board or a Committee of the Board), at any time and from time to time, whether or not the right to do so is stated specifically in connection with such right or power.

Section 3. Functions and Services. The Association shall or may, as indicated, do, provide, perform, accept, or be responsible for the following, the expenses for which are Common Expenses, and in carrying out these and other functions and providing services as required or allowed by the Governing Documents, the Association has all of the following described or referenced rights and powers.

(a) The Association shall carry out the Association's obligations and business under the terms of Legal Requirements and the Governing Documents, including legal, financial, accounting and communications services, and shall provide or procure the administrative services necessary in connection therewith.

(b) The Association shall maintain the Common Property and any other property owned or leased by the Association in such manner and to such extent as reasonably determined from time to time by the Board, giving due consideration to the level of maintenance, if any, that may be performed by the Town or other Person.

(c) The Association shall operate the Architectural Review Committee(s) as and when provided in the Declaration, any sub-association Declaration, or any Annexation Declaration.

(d) The Association shall keep records of all its acts and corporate business, and, in particular, the Association shall keep financial records sufficiently detailed to enable the Association to comply with the Act.

(e) The Association shall provide an annual financial report to each Member

(f) The Association shall make available for inspection by the Members and Mortgagees, upon reasonable request, during normal business hours and upon payment of reasonable copying and administrative costs, current copies of the Governing Documents, and the books, records and financial statements of the Association.

(g) As required by the Governing Documents and Legal Requirements, the Association shall establish a proposed annual operating budget, shall establish the amount of and collect assessments, and shall establish reserve funds.

(h) The Association shall hold meetings and give proper notice thereof, as required by the Governing Documents and Legal Requirements.

(i) The Association shall pay all applicable *ad valorem* property taxes and Town assessments, if any, on the Common Property owned by the Association and on other property or assets owned by the Association.

(j) The Association shall obtain and maintain insurance and fidelity bonds as required in the Governing Documents.

(k) The Association shall be responsible for stormwater management and maintenance of Stormwater Control Measures as provided in the Declaration and in any applicable Stormwater Agreement.

(l) The Association shall be responsible for all financial and other obligations of the Association pursuant to any encroachment agreement or other agreement with the Town.

(m) The Association may take all actions and do all things its deems necessary or desirable to enforce and implement the provisions of Legal Requirements and the Governing Documents, and to exercise the rights, satisfy the obligations, and perform the functions or services the Association is required or allowed to do by the Governing Documents, and in connection therewith, except as specifically limited by the Declaration the Association shall have all of the rights and powers under the Act.

(n) Subject to applicable voting requirements of the Act, if any, the Association may grant easements, leases, licenses and concessions through or over the Common Property, as the Board determines from time to time to be in the best interests of the Association.

(o) The Association may enter into contractual agreements or covenants to share costs with any neighboring property or its owners or association of property owners to contribute

funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Area maintenance.

(p) The Association may maintain grass, landscaping, decorative paving or other decorative features, and all equipment and facilities associated therewith, within public street rights of way and on sidewalks in or adjacent to the Properties subject to Town approval, with such frequency and in such manner as determined by the Board. In determining the level of maintenance to be performed by the Association, the Board may give due consideration to the extent to which the Town or any other Person is responsible for and performs such maintenance and to the terms of any encroachment agreement between the Declarant or the Association and the Town. The Association may enter into encroachment and other agreements with the Town with respect to such maintenance.

(q) To the extent that such services are not, in the opinion of the Board, provided adequately by the Town, the Association may provide services of a governmental nature for maintenance of portions of the Properties not owned by the Association.

(r) As provided in the Governing Documents, the Association may adopt, amend, and enforce rules and regulations.

(s) The Association may enter into agreements or contracts with utility companies with respect to utility installation, consumption and service matters relating to the Common Property.

(t) The Association may provide, or provide for, services and facilities for Owners and their Lots and Dwellings (as distinguished from services and facilities relating to Common Property), and shall be authorized to enter into and terminate contracts or agreements with other entities, including Declarant, to provide such services and facilities. The Board may charge use or service fees for any such services and facilities provided to or for an Owner, or may include the costs thereof in the Association's budget as a Common Expense and assess it as part of the annual assessment if provided to all Owners. By way of example, such services and facilities might include landscape maintenance not otherwise provided pursuant to Article XIII, insect and pest control service, cable television service, security, caretaker, transportation, fire protection, utilities, and similar services and facilities. Provided, however, prior to providing any such service to all Owners that will be paid for as part of the annual assessment, the Association (i) first shall obtain a vote or consent of the Members that is equal to or greater than sixty-seven percent (67%) of the total number of votes in the Association (such vote is not required in connection with services that the Association is required to provide by the Governing Documents or Legal Requirements), and (ii) prior to the end of the Declarant Control Period upon obtaining the written consent of Declarant. In addition, the Association shall accept assignment of all such contracts entered into by the Declarant when the Declarant is the owner of all of the Properties, or entered into at any time by all of the Owners (the execution of the contract by any one of multiple owners of a Lot being sufficient with respect to that Lot).

Nothing in this subsection shall be construed as a representation, promise, warranty, or guaranty by Declarant or the Association as to what, if any, of such services will be provided.

(u) The Association may borrow funds to pay costs of operation of the Association, which borrowing may be secured by assignment or pledge of Association rights to receive and collect assessments or by liens on other Association assets, as determined by the Board, subject to the Governing Documents and Legal Requirements.

(v) The Association may enter into contracts to maintain one or more bank accounts.

(w) The Association may sue or defend in any court of law on behalf of the Association, and may employ attorneys and other necessary professionals in connection therewith.

(x) The Association may adjust the amount, collect, and use insurance proceeds to repair damage to or replace Common Property, and if proceeds are insufficient to repair damage to or replace same, levy special assessments (in the manner provided herein) to cover the deficiency.

(y) The Association may employ a Property Manager and may employ or contract with independent contractors or other Persons as the Board deems necessary.

(z) The Association may retain the services of legal and accounting firms and such other professionals and/or tradesmen as it deems necessary and appropriate.

(aa) The Association may contract with Declarant or any other Person for performance of services provided by the Association, such contracts to be at competitive rates and upon such terms and for such consideration as the Board deems proper, advisable and in the best interests of the Association.

(bb) The Association may establish from time to time the nonprofit corporation tax status of the Association for federal and State of North Carolina income tax purposes, as determined by the Board to be in the best interests of the Association.

(cc) The Association may contract with other nonprofit corporations or associations which exist for purposes substantially similar to those for which the Association exists, with respect to the maintenance of property owned by such corporation or association.

(dd) The Association may impose reasonable charges for late payment of assessments and, subject to any applicable notice and hearing requirements of the Act, may suspend privileges or services provided by the Association (except rights of access to Lots and rights of access to easements in Common Property that provide stormwater drainage or public utility services to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer.

(ee) Subject to any applicable notice and hearing requirements of the Act, the Association may impose reasonable fines or suspend privileges or services provided by the Association (except rights of access to Lots and rights of access to easements in Common Property that provide stormwater drainage or public utility services to Lots) for reasonable periods for violations of the Declaration or other Governing Documents.

(ff) In addition to the insurance coverages required by the Declaration, the Association may obtain and maintain such other insurance coverage as the Board determines to be in the best interests of the Association, and may adjust the amount, collect, and use the proceeds of such insurance as the Board determines from time to time.

(gg) As a Common Expense, the Association may provide educational and training opportunities within the Community, including providing funding and permitting facilities use for such purposes. As examples, the Association may provide education and training activities as a tool for fostering Owner and resident awareness of the Community and the facilities and services provided by the Association, as well as governance and operation of the Association. Other appropriate educational topics include dispute or conflict resolution, issues involving the Governing Documents, and benefiting from and contributing to the Community. The Association also is authorized to fund and support the education and training required for officers, directors, and committee members.

Section 4. Stormwater Management. The Association shall maintain the Stormwater Control Measures as part of the Common Expenses. As used in the immediately preceding sentence, the word "maintain" includes provision for maintenance of, which may include financial contributions toward maintenance of Stormwater Control Measures located on and/or shared with other properties not subject to the Declaration. Provided, however, such maintenance obligations shall cease and terminate, or be reduced proportionally, temporarily or permanently as applicable, at such time as the Town, through a department of public works or some other agency or division, accepts responsibility to maintain, in whole or in part, the Stormwater Control Measures for the Properties or some other Person is providing the necessary maintenance therefore (for example, pursuant to an agreement which requires monetary payments by the Association to the Person who is performing the maintenance). Following any such assumption of maintenance by the Town or other Person, the Association may, without obligation, continue to provide maintenance to the extent that the Town or other Person fails to provide adequate maintenance, in the opinion of the Board, and shall continue to provide maintenance for those portions of the Stormwater Control Measures with respect to which the Town or such other Person has not assumed maintenance responsibility, or following termination of the Town's or such Person's maintenance responsibility. The Owner of any Lot on, over or through which any Stormwater Control Measures or portion thereof is located shall be responsible for the following with respect thereto: (i) mowing of grass with reasonable frequency, where applicable, unless the Association assumes such responsibility; and (ii) removal of debris and other materials to the best of the Owner's ability, where such debris or materials has impeded or threatens to impede the free flow of stormwater on, over or through the Stormwater Control Measures

located on the Lot. Such Owner's responsibility shall include notification of the Association of any defects in any fencing surrounding or within any such Stormwater Control Measures, any debris or other matter which the Owner reasonably believes is beyond the Owner's ability to remove, and any excessive erosion within any such Stormwater Control Measures. The Owner of a Lot on which a Stormwater Control Measure is located shall not obstruct it or interfere with its normal and intended operation.

With respect to its obligations under this Section, the Association shall pay, post, provide for or comply with all bonds and other financial obligations under Legal Requirements and the Stormwater Agreement. The Stormwater Agreement shall be binding on all Owners, and may require payments from the Association or the Owners whose Lots are served by the applicable Stormwater Control Measures for the services provided by the Town, such other association or such other Person in inspecting, monitoring, measuring, testing, collecting, controlling, transporting, conveying, handling, storing, discharging, operating or managing any part or all of such stormwater and/or Stormwater Control Measures. In connection with the foregoing purposes expressed in this paragraph, the Association (and, during the Declarant Control Period, the Declarant on behalf of the Association) may grant rights over, in, under, upon and through any and all stormwater drainage easements in the Properties, and may grant rights over, in, under, upon and through all easements in the Properties that provide pedestrian and/or vehicular access from a publicly dedicated Street right of way to and from stormwater drainage easements and/or Stormwater Control Measures. Provided, however, during the Declarant Control Period no such Stormwater Agreement or other agreement shall be valid unless the same shall have been consented to in writing by the Declarant.

Declarant hereby informs all Owners and other Persons who may from time to time deal with or come in contact with the Properties, that as stormwater drains from the Properties or other properties into any of the Stormwater Control Measures for the Properties, it is possible that substances or materials that may be classified or regulated as "hazardous substances" or "toxic substances" or other regulated substances or materials under Legal Requirements relating to the environment, may flow through and/or accumulate in such Stormwater Control Measures. Accordingly, each Owner and other Person assumes the risk that such flowing through and/or accumulation may occur. In addition, each Owner further acknowledges that if it becomes necessary (as determined by Legal Requirements or by the Board) for such substances to be removed from the Stormwater Control Measures or otherwise handled in accordance with Legal Requirements, and for such Stormwater Control Measures to be cleaned-up following such removal or other handling, that the costs associated with such removal, handling and/or clean-up are Common Expenses, and that an additional stormwater assessment may be required to pay for such removal and/or resultant clean-up of the Stormwater Control Measures.

Section 5. Dedication, Conveyance or Exchange of Common Property. The Association, (i) upon obtaining the minimum required voting percentage under applicable provisions of the Act for conveyance of Common Property (at the time of recording of the Declaration Section 47F-3-112 of the Act requires the affirmative vote of eighty percent

(80%) or more of the total number of votes in the Association), and (ii) prior to the end of the Declarant Control Period, upon obtaining the written consent of Declarant, may dedicate portions of the Common Property to public use and/or convey or exchange portions of the Common Property with the Declarant or any other Person, for any purpose approved by such Members, including any one or more of the following purposes: (i) to eliminate unintentional encroachments of improvements or easements; (ii) to correct any building or other setback violations; (iii) to adjust boundary lines of portions of the Properties; (iv) to facilitate the orderly subdivision and development of the Properties; or (v) to conform the configuration of the Properties to any applicable subdivision plan. All conveyances and exchanges of Common Property are subject to the following: (i) no such conveyance or exchange (either alone, or in conjunction with other conveyances or exchanges) shall result in a reduction of the portion of the Common Property that constitutes "open space" below the minimum amount of "open space", if any, required by the Town; (ii) if required by Legal Requirements, the Town must approve any exchange or boundary line adjustment; (iii) any boundary line adjustment must be approved by the Owners of all portions of the Properties affected by the adjustment; (iv) properties received by the Association in an exchange must be of like value and utility to the Common Property of the Association that was part of the exchange transaction; (v) each Lot contiguous to Common Property prior to the conveyance shall remain contiguous to Common Property after the conveyance, unless otherwise approved by the Owner of the Lot that no longer will be contiguous; (vi) the conveyance shall not materially conflict with any applicable subdivision plan; (vii) no conveyance of Common Property shall deprive any Lot of its rights of access and support; and (viii) any conveyance of real property to the Association must be free and clear of all encumbrances except for the Declaration and any applicable Annexation Declaration, Stormwater Agreements and other agreements executed as allowed by the Declaration, Legal Requirements, street rights of way or access easements, greenway easements, easements for utilities, and stormwater drainage easements.

All real property acquired by the Association is part of the Common Property and, without further act of the Association or its Members, is released from all provisions of the Declaration (and any applicable Annexation Declaration) except those applicable to the Common Property, but it remains subject to the easements and other matters set forth in the Declaration. Any Common Property dedicated to public use, conveyed or exchanged by the Association, without further act of the Association or its Members, ceases to be Common Property and shall be subject to those provisions of the Declaration (and any applicable Annexation Declaration) that would have been applicable to such real property had it not been Common Property except that if required by the Town or a utility provider, such portion of the Common Property may be conveyed by the Association to the Town or utility provider, as the case may be, free and clear of all of the terms of the Declaration and any applicable Annexation Declaration. Further provided, with respect to any Common Property conveyed by the Association, including any Common Property exchanged by the Association for other real property, that is not going to be part of the Community following such conveyance or exchange (for example, Common Property conveyed to an owner of real property adjoining, but not part of, the Community to settle a boundary issue), it shall be released from the provisions of the Declaration upon the recording in the Registry of the deed

or other instrument used for the conveyance or exchange.

Section 6. Mortgage and Pledge of Common Property. The Association, (i) upon complying with the minimum required voting percentage under applicable provisions of the Act for conveyance or dedication of Common Property (at the time of recording of the Declaration Section 47F-3-112 of the Act requires the affirmative vote of eighty percent (80%) or more of the total number of votes in the Association), and (ii) prior to the end of the Declarant Control Period upon obtaining the written consent of Declarant, shall have the power and authority to mortgage the Common Property and to pledge its assets as security for loans made to the Association, which loans shall be used by the Association in performing its functions and providing services under the Declaration. Declarant may, but shall not be required to, make loans to the Association, subject to the foregoing and further subject to approval by the Declarant of the use of such loan proceeds and the terms pursuant to which such loans will be repaid. Notwithstanding anything in the Declaration to the contrary, at any time that there is any unpaid amount owed to Declarant under any loan made by it to the Association, without Declarant's written consent the annual assessments shall not be reduced below the amounts in effect at the time such loan first was made.

Section 7. Liability Limitations. Except as required by Legal Requirements or the Declaration, or agreed to by any of the following Persons otherwise excluded from liability by the provisions of this sentence, neither Declarant, nor any Builder, nor any current or former Member of the Association, nor the Board, nor any director on the Board, nor any officer of the Association, nor any member of the Architectural Review Committee or any other committee appointed by the Board, nor any shareholder, director, officer, partner, member, manager, agent or employee of any of the foregoing, shall be personally liable for debts contracted or incurred by the Association or for a tort of another current or former Member whether or not such other current or former Member was acting on behalf of the Association, unless such Person specifically agrees in writing to be obligated for any such debt of the Association (but the foregoing shall not relieve such Person from that Person's obligation, if any, under the Declaration, to pay assessments to the Association). Neither Declarant, nor the Association, nor the Board, nor any director on the Board, nor any officer of the Association, nor any member of the Architectural Review Committee or any other committee appointed by the Board, nor any shareholder, director, officer, partner, member, manager, agent or employee of any of the foregoing, acting in those official capacities, shall be liable for any incidental or consequential damages for failure to inspect any Owner's Lot or improvements thereon, or for failure to maintain the same (provided, however, and notwithstanding the foregoing, as required herein Declarant and Builders shall maintain all portions of the Properties it owns, and, except as otherwise specifically provided herein, directors on the Board and officers of the Association and members of the Architectural Review Committee shall have all of the other obligations and liabilities of an Owner under the Declaration with respect to portions of the Properties owned by such Persons). The Association shall indemnify all Association directors and officers, and members of the Architectural Review Committee and other committees of the Board, as required by the Articles and Bylaws.

Neither the Board or any director of the Board, the Association or any of its officers, the Declarant or any of its shareholders, directors, officers, partners, members, managers, agents or employees, nor any current or former Member of the Association, shall be considered as a bailee of any personal property stored or placed on the Common Property (including vehicles parked on the Common Property), whether or not exclusive possession of the particular area is given to the Person who owns such personal property, nor shall any of the foregoing Persons (other than the Person who owns the personal property) be responsible for the security of such personal property or for any loss or damage thereto. With the exception of liability for gross negligence, the Association shall not be liable for any personal injury or damage to property arising out of or resulting from any of the following; (i) failure of or interruption to any service to be obtained by the Association or paid for as a Common Expense; (ii) weather or other natural events or events of Force Majeure; (iii) the acts or omissions of any Owner or any other Person; or (iv) electricity, water, snow or ice which may leak or flow from or over any portion of the Properties or from any pipe, drain, conduit, appliance or equipment, or any secondary or consequential damages of any type resulting from the foregoing. No diminution, offset or abatement of any assessment or other charge shall be claimed or allowed for inconvenience or discomfort arising from maintenance of the Common Property or from any action taken by the Association to comply with any Legal Requirement. This Section is not intended, nor shall it be construed, to relieve any insurer of its contractual obligations under any policy benefiting the Association or any Owner.

The Association shall indemnify directors, officers, and committee members as provided in the Articles or other Governing Documents.

Section 8. Merger or Consolidation. Upon a merger or consolidation of the Association with another association in accordance with all Legal Requirements, the properties, rights and obligations of the Association, by operation of law, may be transferred to another surviving or consolidated association or, alternatively, the properties, rights and obligations of another association, by operation of law, may be added to the properties, rights and obligations of the Association as the surviving corporation pursuant to a merger or consolidation. The surviving or consolidated Association shall be considered the Association under the Declaration and shall administer the terms and provisions of the Declaration and any applicable Annexation Declaration or sub-association Declaration or Stormwater Agreement, together with the terms and provisions of any declarations, covenants and restrictions applicable to other property under the jurisdiction of the surviving or consolidated Association, as a common plan. Other than as specifically stated in the plan of merger or consolidation approved pursuant to all Legal Requirements, no merger or consolidation shall effect any revocation of the provisions of the Declaration with respect to the Properties, including the limits on any assessment or any other matter substantially affecting the interests of the members of the Association. In addition to obtaining the minimum required voting percentage under applicable provisions of the Act for merger or consolidation with another association, during the Declarant Control Period such merger or consolidation must have the written consent of Declarant.

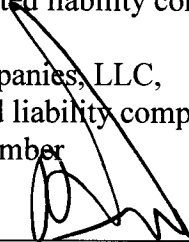
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IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed as of the latest date set forth in the notary acknowledgment below.

DECLARANT:

**TAC STAFFORD, LLC,**  
a North Carolina limited liability company

By: The Ardent Companies, LLC,  
a Georgia limited liability company,  
its Managing Member

By:   
Dror Bezalel, Manager

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STATE OF Georgia -- COUNTY OF Cobb :

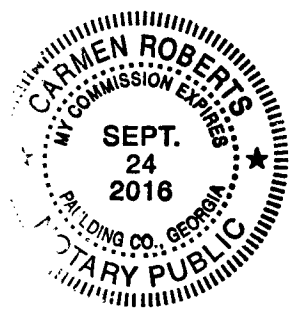
I certify that the following person appeared before me this day and acknowledged to me that he or she signed the foregoing document for the purposes stated therein and in the capacity indicated:

Dror Bezalel

Date: 3/7/2016

(Notary Stamp or Seal) 

Notary Public  
My commission expires:



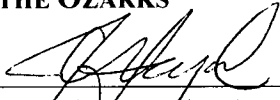
**CONSENT AND SUBORDINATION TO DECLARATION OF  
COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS,  
CHARGES AND LIENS FOR STAFFORD AT LANGTREE**

Bank of the Ozarks, an Arkansas state bank ("Beneficiary"), owner and holder of a note secured by that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement, and Fixture Filing dated September 3, 2015 from TAC Stafford, LLC, a North Carolina limited liability company ("Grantor") to Chicago Title Insurance Company ("Trustee"), for the benefit of Beneficiary, recorded in Book 2378, Page 2043 in the Office of the Register of Deeds of Iredell County, North Carolina ("Deed of Trust") hereby consents to the foregoing Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens for Stafford at Langtree (the "Declaration") made by Grantor as "Declarant" and owner of the Properties identified in the foregoing Declaration, and consent to the execution, delivery and recording of the Declaration, and agree that any subsequent foreclosure of the Deed of Trust shall not extinguish the Declaration and that the Deed of Trust, the lien created thereby, and Beneficiary's and Trustee's interest in the property described therein by virtue of the Deed of Trust are, and shall be, subject and subordinate to the Declaration and the provisions thereof, except and provided that the lien of assessments provided for in the Declaration shall be subordination to the lien of the Deed of Trust as provided in the Declaration.

IN WITNESS WHEREOF, the undersigned have duly executed these present under seal as of this the 16<sup>th</sup> day of March, 2016.

**BENEFICIARY:**

**BANK OF THE OZARKS**

By:   
Its: JAMES LOYD, SVP

\*\*\*\*\*

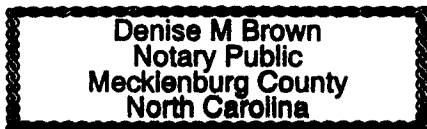
STATE OF North Carolina - COUNTY OF Mecklenburg :

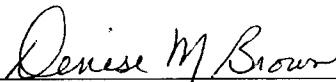
I certify that the following person personally appeared before me this day and acknowledged to me that he signed the foregoing document for the purposes stated therein:

James Loyd

Date: 3/16/16

(Stamp or Seal)



  
Signature of Notary

Printed Name: Denise M Brown

My commission expires: 12/14/19

**CONSENT AND SUBORDINATION TO DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS, EASEMENTS, CHARGES AND LIENS FOR STAFFORD AT LANGTREE**

NVR Inc., a Virginia corporation ("Beneficiary"), owner and holder of a note secured by that certain Deed of Trust dated September 11, 2015 from TAC Stafford, LLC, a North Carolina limited liability company ("Grantor") to Chris Kindbom and Michael Abrams (collectively, "Trustee"), for the benefit of Beneficiary, recorded in Book 2380, Page 2041, as well as Book 2380, Page 2051, in the Office of the Register of Deeds of Iredell County, North Carolina ("Deed of Trust") hereby consents to the foregoing Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens for Stafford at Langtree (the "Declaration") made by Grantor as "Declarant" and owner of the Properties identified in the foregoing Declaration, and consent to the execution, delivery and recording of the Declaration, and agree that any subsequent foreclosure of the Deed of Trust shall not extinguish the Declaration and that the Deed of Trust, the lien created thereby, and Beneficiary's and Trustee's interest in the property described therein by virtue of the Deed of Trust are, and shall be, subject and subordinate to the Declaration and the provisions thereof, except and provided that the lien of assessments provided for in the Declaration shall be subordination to the lien of the Deed of Trust as provided in the Declaration.

IN WITNESS WHEREOF, the undersigned have duly executed these present under seal as of this the 17th day of March, 2016.

**BENEFICIARY:**

**NVR, Inc.**

By: *MA Abrams*  
 Its: Vice President

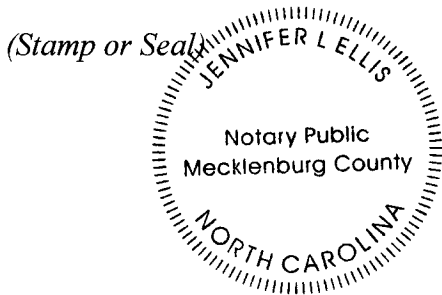
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STATE OF North Carolina - COUNTY OF Mecklenburg :

I certify that the following person personally appeared before me this day and acknowledged to me that he signed the foregoing document for the purposes stated therein:

Michael Abrams; Vice President

Date: 3.17.16



Jennifer L. Ellis  
 Signature of Notary  
 Printed Name: Jennifer L. Ellis  
 My commission expires: 4.2.19

## EXHIBIT A

### Tract 1 (23.873 Acres):

All that parcel of land lying and being in the Coddle Creek Township, Iredell County, North Carolina, and being recorded in Deed Book 2077, page 1592 (Tract 1) of the Iredell County Register of Deeds, and being more particularly described as follows:

To find the true point and place of beginning, commence from the North Carolina Geodetic Monument "OK", having (NAD83) 1986 grid coordinates of N=663,193.5095 feet & E=1,453,832.3546 feet. Thence with a grid bearing of S16°17'05"E and a horizontal ground distance of 5103.32', to a #4 rebar. Said rebar being the true point and place of beginning. Said rebar being the Southwest corner of Fred J. & Gloria S. Ervin, (Deed Book 1092 Page 1810). Said rebar being located S02°44'06"W 277.06' from a #4 rebar.

Thence with the line of Fred J. & Gloria S. Ervin, N85°04'58"E 2012.85' to an existing axle. Said axle being the Northwest corner of Benjamin F. & Milagros T. Oates, (Deed Book 2073 Page 1520). Said axle being located S09°34'29"E 670.58' from an existing 1 1/2" iron pipe, Thence with the line of Oates S00°30'50"W 405.29' to an existing 1 1/4" Iron Pipe. Thence with the line of Oates S01°30'41"W 245.90' (passing a #5 rebar at 37.01') to a #4 rebar. Said rebar being the Southwest corner Fred L. & Evelyn Oates, (Deed Book 728 Page 468), and also being the Northwest corner of Donald Hager, (Deed Book 725 page 938 & Deed Book 1520 Page 1809). Thence with the line of "The Hampshires Subdivision Phase 3, recorded in Plat Book 46 Page 62 in the Iredell County Register of Deeds, N87°17'56"W 2015.91' to an existing 1/2" iron pipe. Said iron pipe being the Northwest corner of lot 90 of "The Hampshires Phase 2 Map 2", recorded in Plat Book 37 Page 61. Thence with the line of William S. & Laura Sue Goodman, (Deed Book 692 Page 133), N02°44'06"E 384.00' to the point of beginning. Containing 23.873 acres, as shown on a map by Piedmont Design Associates, P.A., dated December 2<sup>nd</sup>, 2011, entitled "ALTA/ACSM Land Title Survey of 206.835 Acres located off of Mackwood Road & Faith Road, prepared for Davidson Day School & Faith Road Enterprises, LLC". Signed and sealed by Mark S. Pence, a North Carolina Professional Land Surveyor.

### Tract 2 (13.362 Acres):

All that parcel of land lying and being in the Coddle Creek Township, Iredell County, North Carolina, and being recorded in Deed Book 2077, page 1592 (Tract 2) of the Iredell County Register of Deeds, and being more particularly described as follows:

To find the true point and place of beginning, commence from the North Carolina Geodetic Monument "OK", having (NAD83) 1986 grid coordinates of N=663,193.5095 feet & E=1,453,832.3546 feet. Thence with a grid bearing of S05°45'41"E and a horizontal ground

distance of 1625.80', to an existing 1" iron pipe. Said 1" iron pipe being the true point and place of beginning.

Said existing 1" iron pipe being a common corner of David A. Miller (Deed Book 1354 Page 1521) and Fayola Moser Moffett (Deed Book 834 Page 606). Thence with the property line of Fayola Moser Moffett, N 50°25'21"E 663.17' to an existing #4 rebar in the line of Atlas NC 1 SPE, LLC, (Deed Book 2077 Page 1592 Tract 5). Thence with the line of Atlas NC 1 SPE, LLC S16°23'02"E 730.28' to an existing 1" iron pipe. Thence with the two lines of Atlas NC 1 SPE, LLC 1) S55°05'58"W 807.70' to a computed point and 2) N87°10'49"W 319.20' to an existing 2" Flat iron. Said iron being a common corner of William Trotter Development company, (Deed Book 995 Page 587) and David. A. Miller (Deed Book 1354 Page 1521). Thence with the line of Miller N24°07'45"E 577.06' to an existing 1" iron pipe. Thence N08°06'37"E 199.89' to the point and place of beginning. Containing 13.362 acres, as shown on a map by Piedmont Design Associates, P.A., dated December 2<sup>nd</sup>, 2011, entitled "ALTA/ACSM Land Title Survey of 206.835 Acres located off of Mackwood Road & Faith Road, prepared for Davidson Day School & Faith Road Enterprises, LLC". Signed and sealed by Mark S. Pence, a North Carolina Professional Land Surveyor.

Tract 3 (3.375 Acres):

All that parcel of land lying and being in the Coddle Creek Township, Iredell County, North Carolina, and being recorded in Deed Book 2077, page 1592 (Tract 3) of the Iredell County Register of Deeds, and being more particularly described as follows:

To find the true point and place of beginning, commence from the North Carolina Geodetic Monument "OK", having (NAD83) 1986 grid coordinates of N=663,193.5095 feet & E=1,453,832.3546 feet. Thence with a grid bearing of S06°03'57"W and a horizontal ground distance of 5,373.98', to an existing 3/4" iron pipe. Said 3/4" iron pipe being the true point and place of beginning.

Said existing 3/4" iron pipe being a common corner of Tract 4 & Tract 7 & Tract 3 as recorded in (Deed Book 2077, page 1592). Thence with the Southern line of Tract 4, S63°07'31"E 257.81' to a point. Said point being located S13°45'25"W 0.45' from an existing 3/4" Iron Pipe. Thence with the line of Richard A. Gibbs, (Deed Book 2076, page 2182) S13°45'25"W 407.01' to an existing #4 rebar within the Williams Gas Pipeline Right-Of-Way. Thence with two lines of Joseph A. Leszczynski, (Deed Book 1867, page 2039), 1) S47°52'38"W 365.25 to an existing #5 rebar. 2) S53°29'28"W 38.96' to an existing #5 rebar. Thence with the line of Tract 7, (Deed Book 2077, page 1592), N12°13'41"E 798.15' to the point and place of beginning, Containing 3.375 acres, as shown on a map by Piedmont Design Associates, P.A., dated December 2<sup>nd</sup>, 2011, entitled "ALTA/ACSM Land Title Survey of 206.835 Acres located off of Mackwood Road & Faith Road, prepared for Davidson Day School & Faith Road Enterprises, LLC". Signed and sealed by Mark S. Pence, a North Carolina Professional Land Surveyor.

Tract 4 (38.361 Acres):

All that parcel of land lying and being in the Coddle Creek Township, Iredell County, North Carolina, and being recorded in Deed Book 2077, page 1592 (Tract 4) of the Iredell County Register of Deeds, and being more particularly described as follows:

To find the true point and place of beginning, commence from the North Carolina Geodetic Monument "OK", having (NAD83) 1986 grid coordinates of N=663,193.5095 feet & E=1,453,832.3546 feet. Thence with a grid bearing of S06°03'57"W and a horizontal ground distance of 5,373.98', to an existing 3/4" iron pipe. Said 3/4" iron pipe being the true point and place of beginning.

Said existing 3/4" iron pipe being a common corner of Tract 4 & Tract 7 & Tract 3 as recorded in (Deed Book 2077, page 1592). Thence, with the common line of Tract 4 & Tract 7, the following two calls 1) N12°13'41"W 416.12' to an existing Axle, and 2) N38°21'23"E 1093.44' to an existing #4 rebar. Said rebar being the common corner with William Trotter Development Company, (Deed Book 959, page 2103), and Tract 5 (Deed Book 2077, page 1592). Thence, with the line of Tract 5, S56°30'04"E 1214.73' to an existing #4 rebar. Said rebar being a common corner of William J. & Laura Sue Goodman, (Deed Book 692, page 133). Thence with the Goodman line the following five calls: 1) S60°51'39"W 99.75' to an existing 5/8" Iron Rod. 2) S26°20'20"W 495.37' to an existing 1/2" Iron Pipe. 3) S83°32'01"W 263.34' to an existing 1/2" Iron Pipe. 4) S21°01'31"W 300.08' to an existing 5/8" Iron Rod. 5) S21°01'31"W 217.09' to an existing Axle. Said Axle, being located on the terminus of Jenny Marie Road, as recorded in Plat Book 17, page 81. Thence with the Northern line of Lot 6, Serene Lake Subdivision, Plat Book 17, page 81, S83°32'10"W 176.05' to an existing 1" Iron Pipe. Thence with the line of Gary W. & Nancy C. Karriker, (Deed Book 770, page 554), N63°07'31"W 953.56' to the point and place of beginning. Containing 38.361 acres, as shown on a map by Piedmont Design Associates, P.A., dated December 2<sup>nd</sup>, 2011, entitled "ALTA/ACSM Land Title Survey of 206.835 Acres located off of Mackwood Road & Faith Road, prepared for Davidson Day School & Faith Road Enterprises, LLC". Signed and sealed by Mark S. Pence, a North Carolina Professional Land Surveyor.

Tract 5 (101.229 Acres):

All that parcel of land lying and being in the Coddle Creek Township, Iredell County, North Carolina, and being recorded in Deed Book 2007, page 1592 (Tract 5) of the Iredell County Register of Deeds, and being more particularly described as follows:

To find the true point and place of beginning, commence from the North Carolina Geodetic Monument "OK", having (NAD83) grid coordinates of N=663,193.5095 feet & E=1,453,832.3546 feet. Thence with a grid bearing of S54°55'09"E and a horizontal ground distance of 3077.50' to an existing Railroad Spike in Mackwood Road, (S.R.#1128). Said Railroad Spike being located S30°54'50"E 401.34' from an existing Railroad Spike, and being the true point and place of beginning.

Thence with Mackwood Road S30°42'00"E 342.06' to a set M.A.G. nail. Thence with Saddle Road, (S.R.#1186), the following three calls 1) S35°52'03"W 161.77' to a computed point. 2) S29°46'58"W 247.38' to a computed point. 3) S24°54'05"W 103.61' to a set M.A.G. nail. Thence leaving Saddle Road and with the line of Tract 6, N85°32'17"W 1017.57', (passing an existing #4 rebar at 33.08'), to an existing #4 rebar. Thence S02°39'16"E 394.79' to an existing #5 rebar. Thence, N57°46'40"E 203.65' to an existing 3/4" Iron Pipe. Thence, S05°18'24"W 445.17' to an existing 1/2" Iron Pipe, (passing a #4 rebar at 92.40'). Thence S05°17'23"W 616.09' to an existing 1 1/4" iron pipe. Thence with the line of Fred J. & Gloria S. Ervin, S04°23'15"W 858.37' to an existing #4 rebar, (passing a marked 24" Oak Tree at 452.04'). Thence with the line of Goodman, (Deed Book 692, page 133) S61°05'36"W 265.58' to an existing #4 rebar. Thence with the common line between Tract 5 & Tract 4, N56°30'04"W 1214.73' to an existing #4 rebar. Thence with the William Trotter Development Company lines, (Deed Book 959, page 2103) the following sixteen calls:

- 1) N38°09'21"E 176.96' to a point.
- 2) N33°56'50"W 143.17' to a point.
- 3) N06°14'34"E 220.00' to a point.
- 4) N36°55'26"W 50.00' to a point.
- 5) N21°50'26"W 370.00' to a point.
- 6) N11°34'34"E 110.00' to a point.
- 7) N39°32'26"W 135.00' to a point.
- 8) N12°05'26"W 180.00' to a point.
- 9) N20°49'34"E 50.00' to a point.
- 10) N36°10'26"W 70.00' to a point.
- 11) N62°09'34"E 40.00' to a point.
- 12) N30°00'26"W 140.00' to a point.
- 13) N06°45'26"W 110.00' to a point.
- 14) N37°30'26"W 60.00' to a point.
- 15) N62°49'34"E 50.00' to a point.
- 16) N17°03'26"W 70.00' to a 2" wide flat iron.

Thence with the line of Tract 2 the following three calls: 1) S87°10'49"E 319.20' to a computed point. 2) N55°05'48"E 807.70' to an existing 1" Iron Pipe. 3) N16°23'02"W 795.75' to an existing 3/4" Iron Pipe. Said Iron Pipe being the Southern most corner of Georgia B. Miller (Deed Book 741, page 245). Thence with the Miller line N33°38'39"E 710.02' to a computed point on the East side of Mackwood Road, (passing an existing 3/4" Iron Pipe at 671.40'). Thence S58°48'05"E 249.55' to a computed point. Thence with the line of Ralph G. Diggs, (Deed Book 1826, page 1690, S33°36'58"W 313.69' to an existing #4 rebar. Thence with the line of Melvin K. Chase, (Deed Book 563, page 318), S13°48'03"E 706.74' to an existing #4 rebar. Thence with the line of Kenneth R. Cox, (Deed Book 1561, page 1819), the following six calls: 1) S53°26'07"W 424.26' to an existing 3/8" Iron Pipe. 2) S27°03'36"E 256.87' to an existing #4 rebar. 3) N78°35'22"E 520.29' to an existing 1" Iron Pipe. 4) N78°34'08"E 160.73' to an existing 1/2" Iron Pipe. 5) N11°22'15"W 100.00' to an existing 1/2" Iron Pipe. 6) N78°41'52"E 199.89' to an existing 1/2" Iron Pipe. Thence with the line of Drew A. Smous, (Deed Book 1675, page

140), the following four calls: 1) S34°14'01"E 64.49' to an existing #4 rebar. 2) N78°50'20"E 114.77' to an existing T-Post. 3) S09°27'01"E 40.09' to an existing 1/2" Iron Pipe, 4) N78°36'28"E 202.32' to an existing 3/4" Iron Pipe. Thence with the line of Frank N. Collatz, (Deed Book 1679, page 1377), N72°41'37"E 300.69' to the point and place of beginning. Containing 101.229 acres, as shown on a map by Piedmont Design Associates, P.A., dated December 2<sup>nd</sup>, 2011, entitled "ALTA/ACSM Land Title Survey of 206.835 Acres located off of Mackwood Road & Faith Road, prepared for Davidson Day School & Faith Road Enterprises, LLC". Signed and sealed by Mark S. Pence, a North Carolina Professional Land Surveyor.

Tract 6 (9.791 Acres):

All that parcel of land lying and being in the Coddle Creek Township, Iredell County, North Carolina, and being recorded in Deed Book 2007, page 1592 (Tract 6) of the Iredell County Register of Deeds, and being more particularly described as follows:

To find the true point and place of beginning, commence from the North Carolina Geodetic Monument "OK", having (NAD83) grid coordinates of N=663,193.5095 feet & E=1,453,832.3546 feet. Thence with a grid bearing of S30°19'12"E and a horizontal ground distance of 2807.48' to an existing #4 rebar. Said rebar being the true point and place of beginning.

Thence with the line of Tract 5, S85°32'17"E 1009.87' to a point within the Right-Of-Way of Saddle Road. Thence S17°37'06"W 239.05' to a point within the Right-Of-Way of Saddle Road. Thence S27°14'12"W 425.42' to a point near the center of Saddle Road. Thence leaving the Right-Of-Way and with the line of Thomas K. Bare, (Deed Book 594, page 360), N61°10'49"W 636.58' to an existing #4 rebar, (passing a 3/4" Iron Pipe at 30.10'). Thence with three lines of Tract 5, 1) N05°18'24"E 92.40' to an existing 3/4" Iron Pipe. 2) S57°46'40"W 203.65' to an existing #5 rebar. 3) N02°39'16"W 394.79' to the point and place of beginning. Containing 9.791 acres, as shown on a map by Piedmont Design Associates, P.A., dated December 2<sup>nd</sup>, 2011, entitled "ALTA/ACSM Land Title Survey of 206.835 Acres located off of Mackwood Road & Faith Road, prepared for Davidson Day School & Faith Road Enterprises, LLC". Signed and sealed by Mark S. Pence, a North Carolina Professional Land Surveyor.

Tract 7 (16.844 Acres):

All that parcel of land lying and being in the Coddle Creek Township, Iredell County, North Carolina, and being recorded in Deed Book 2077, page 1592 (Tract 7), of the Iredell County Register of Deeds, and being more particularly described as follows:

To find the true point and place of beginning, commence from the North Carolina Geodetic Monument "OK", having (NAD83) 1986 grid coordinates of N=663,193.5095 feet & E=1,453,832.3546 feet. Thence with a grid bearing of S06°03'57"W and a horizontal ground distance of 5,373.98', to an existing 3/4" iron pipe. Said 3/4" iron pipe being the true point and place of beginning. Said existing 3/4" iron pipe being a common corner of Tract 4 & Tract 7 & Tract 3 as recorded in (Deed Book 2077, page 1592). Thence with the line of Tract 3, (passing an

existing #5 rebar at 1048.81') S12°13'41"W 1082.06' to a computed point in the center of Faith Road (SR #1136, a 60' Public Right-of Way). Thence with the center of Faith Road, N55°40'42"W 278.43' to a computed point in the center of said road. Thence leaving said road, (passing a set #4 rebar at 30.30'), and with the East property lines of Colleen R. Davis (Deed Book 1527 Page 1386), the following three calls; 1) N26°16'24"E 302.35' to a set #4 rebar, 2) N06°04'41"E 1171.26' to a set #4 rebar, 3) N26°17'32"E 788.71' to a point. Thence with the lines of William Trotter Development Company, (Deed Book 959 Page 2103), the following fifteen calls:

- 1) S81°56'42"E 29.99' to a point.
- 2) N81°51'02"E 17.06' to a point
- 3) N86°32'23"E 30.05' to a point
- 4) S72°36'04"E 35.05' to a point
- 5) S81°15'54"E 36.19' to a point
- 6) N71°26'42"E 63.42' to a point
- 7) N62°28'45"E 42.65' to a point
- 8) N78°53'15"E 31.93' to a point
- 9) S74°56'44"E 48.07' to a point
- 10) S89°38'52"E 40.29' to a point
- 11) S17°14'02"E 38.63' to a point
- 12) N85°10'58"E 77.19' to a point
- 13) N79°47'47"E 52.81' to a point
- 14) N78°26'39"E 41.87' to a point
- 15) N77°16'31"E 77.36' to an existing #4 rebar.

Thence with the Western line of Tract 4, S38°21'23"W 1093.44' to an Axle. Thence S12°13'41"W 416.12' to the point and place of beginning. Containing 16.844 acres, as shown on a map by Piedmont Design Associates, P.A., dated December 2<sup>nd</sup>, 2011, entitled "ALTA/ACSM Land Title Survey of 206.835 Acres located off of Mackwood Road & Faith Road, prepared for Davidson Day School & Faith Road Enterprises, LLC". Signed and sealed by Mark S. Pence, a North Carolina Professional Land Surveyor.