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JOY G. PRICE, Register of Deeds
Union County, North Carolina

50014

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
GLENCREFT SUBDIVISION

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (the "Declaration"), is made on the date hereinafter set forth by Craft Homes USA, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described, on Exhibit A attached hereto (the "Property") on which Declarant intends to develop a planned unit development known as Glencroft Subdivision (the "Neighborhood"); and

WHEREAS, the Declarant desires to insure the attractiveness of the individual lots, community facilities, entrances and the common area and open spaces located in the Neighborhood, and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values of amenities of the said property and to provide for the continued maintenance of the common area, open spaces, greenway easements, entrances, walkways, private roadways, recreational facilities and other community facilities located in the Neighborhood, and, in order to accomplish these objectives, deems it advisable to subject the Property, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth; and

WHEREAS, Declarant deems it desirable in order to insure the efficient preservation, protection and enhancement of the values in the Neighborhood and the residents' enjoyment of the specific rights, privileges and easements in the community properties and facilities that an organization be created to which will be delegated and assigned the powers of owning and maintaining common areas and easements areas, and of administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter imposed; and

WHEREAS, Declarant has caused to be created for the purposes aforesaid, a North Carolina non-profit corporation under the name and style of Glencroft Homeowners Association, Inc. as a non-profit corporation.

NOW, THEREFORE, the Declarant declares that the Property is and shall be owned, held, transferred, sold, conveyed, and occupied subject to the following covenants, conditions, restrictions, easements, charges and liens which shall run the real property (except as provided in Article VI, Section 10 hereafter) and be binding upon and inure to the benefit of all owners thereof, their heirs, personal representatives, successors and assigns.

Drawn by and mail to:
Horack Talley Pharr & Lowndes, P.A. (RD Box #70)
4701 Hedgemore Drive, Suite 812
Charlotte, NC 28209

ARTICLE I

DEFINITIONS

SECTION 1: "Association" shall mean Glencroft Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

SECTION 2: "Builder" or "Builders" shall mean the record owner of a fee simple title to any Lot whose sole purpose in owning the Lot is to construct a residential dwelling to be sold to a third party.

SECTION 3: "Committee" shall mean the Architectural Review Committee established for the purpose of administering architectural review as provided in Article VIII of the Declaration.

SECTION 4: "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and designated as "Common Area," "Common Open Space" or "Private Road," including, but not limited to, parks, ponds, lakes, paths, private roadways, walkways, playground area, and subdivision entrances on any plat of any portion of the Property duly recorded in the Union County Public Registry in accordance with the provisions of the Declaration. The Common Area which Declarant intends to convey to the Association at the time of Declarant's conveyance to any third party of the first lot shall be that Common Area shown on that plat of the Property to be recorded in the Union County Public Registry by the Declarant; provided, however, that any land designated as open space which is dedicated to public use on such plat and which is accepted for maintenance purposes by a public authority shall not be part of the Common Area.

SECTION 5: "Declarant" shall mean Craft Homes USA, LLC, as well as its successors and assigns, if Declarant shall make an express conveyance of their rights hereunder to such successor or assign.

SECTION 6: "HUD/VVA/FNMA/FHLMC" shall refer to the U.S. Department of Housing and Urban Development, and/or the Veterans Administration, and/or the Federal National Mortgage Association, and/or the Federal Home Loan Mortgage Corporation, any governmental authority which succeeds said organizations, and/or any other governmental or quasi-governmental authority which governs, regulates or administers the selling of residential dwellings or the issuing of mortgages on such dwellings.

SECTION 7: "Landscape Easements" shall mean any easements designated "Landscape Easement" on any duly recorded plat of any portion of the property recorded in the Union County Public Registry. The Landscape Easement shall be in favor of the Association and shall be for the maintenance of any landscaping, fencing, signs or irrigation systems located thereon as provided in Article V hereof.

SECTION 8: "Lot" shall mean and refer to any lot of land, with delineated boundary lines, shown upon any plat of any portion of the Property duly recorded in the Union County Public Registry, with the exception of any streets or easements shown on any such recorded plat. In the event any lot is increased or decreased in size by recombinations or resubdivisions, through reclaration of new subdivision plats, any such newly platted lot shall thereafter constitute a Lot for the purposes of this Declaration.

SECTION 9: "Member" shall mean and refer to every person or entity who holds membership in the Association.

SECTION 10: "Owner" shall mean and refer to the record owners, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers and owners of an equity of redemption, but excluding those having such interest in a Lot solely as security for the performance of an obligation.

SECTION 11: "Property" shall mean that certain tract of land located in Union County, North Carolina, which is more particularly described in Exhibit A, attached hereto and incorporated herein by reference.

SECTION 12: "Sign Easement" and "Landscape Easement" shall mean and refer to any easement designated "Sign Easement" or "Landscape Easement," respectively, on any plat of any portion of the Property duly recorded in the Union County Public Registry and annexed into the Properties under the Declaration or Supplementary Declaration under Article II of the Declaration. Any Sign Easement or Landscape Easement shall be in favor of the Association and shall be for the maintenance of any subdivision signs, fences, irrigation systems, and landscaping located within the easement as provided in Article V hereof.

**ARTICLE II
PROPERTY SUBJECT TO THIS DECLARATION AND ADDITIONS THERETO**

SECTION 1: "Property" shall mean that certain portion of the Property which is, and shall be held, transferred, sold, conveyed, and occupied subject to this Declaration, is located in Union County, North Carolina and is shown in map book ~~0011~~ page ~~112~~ of the Union County Public Registry. Declarant shall have the right within seven (7) years from the date of this Declaration, exercisable from time to time, to subject other real property within a one-mile radius of the Property in order to extend the scheme of this Declaration to other property to be developed as part of Glencroft Subdivision and thereby bring such additional properties within the jurisdiction of the Association. Such additional property may be brought within the scheme of this Declaration and the jurisdiction of the Association by filing of record Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the additional Property. Said Supplementary Declarations may contain such complimentary additions and modifications of the Covenants, Conditions and Restrictions contained in this Declaration as may be necessary to reflect only the different character of the added properties and shall not be inconsistent with the other provisions of the Declaration. Provided, however, that so long as there is a Class B Member, such annexation of additional property shall require the approval of HUD/VAFNMA/FHLMC.

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS**

SECTION 1: Every Owner of a Lot which is subject to assessments shall be a member of the Association. The Membership of the Association shall consist of Class A Members and Class B Members defined below.

SECTION 2: The Association shall have two classes of voting membership:

(i) CLASS A: The Class A Members shall be every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which by covenants of record is subject to assessment by the Association, except Class B Members as defined below. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of any obligation. Such membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall a fraction of a vote be cast or more than one vote be cast with respect to any Lot.

(b) CLASS B: The Class B Members shall be the Declarant and any and all Builders who have purchased a Lot for construction of a dwelling for sale to others. The Class B members shall be entitled to three votes for each Lot that it owns or as to which it has a contract to sell. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (i) When the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership;
- (ii) Ten (10) years from the date this Declaration is recorded in the Office of the Register of Deeds, Union County, North Carolina;
- (iii) Upon written notice of consent to such conversion by all Class B Members.

When Class B membership ceases to exist and is converted to Class A membership, former Class B members shall have the same voting rights as other Class A members.

**ARTICLE IV
PROPERTY RIGHTS**

SECTION 1: OWNERS' EASEMENT OF ENJOYMENT: Except in the event of dedication to public use of certain "Common Open Space" as provided herein, every Owner shall have a right and easement of enjoyment in and to the Common Area, which right and easement shall be appurtenant to and shall pass with the title to every Lot, subject to the provisions of this Declaration, including, but not limited to, the following:

- (a) the right of the Board Directors on behalf of the Association (i) to dedicate or transfer all or any part of the Common Area to any municipality, or any public agency, authority, or utility for the installation and maintenance of sewerage, utilities, including CATV, and drainage facilities upon, over and across the Common Area without the assent of the membership when such easements, in the opinion of said Board of Directors, enhance the use and enjoyment of the Property; (ii) to dedicate or transfer all or any part of the Common Area to any municipality or any public agency, authority, or utility for such purposes and subject to such conditions as may be required under the zoning for the Property or by any agreement between Declarant and any municipality or governmental agency as a condition to approval of the zoning of the Property. In the latter event, the Association shall effectuate such dedication upon receipt of such written request, without the assent of the membership. No such dedication or transfer as provided in clause (ii) of the preceding sentence shall be effective unless the members entitled to cast at least two-thirds (2/3) of the votes of the Class A membership and at least two-thirds (2/3) of the votes of the Class B membership agree to such dedication or transfer and signify their agreement by a signed and recorded written document. Additionally, so long as there is a Class B Member, such dedication or transfer shall require the approval of HUDVA/FNMA/FHLMC.
- (b) The right of the Association, with the assent of Members entitled to cast at least two-thirds (2/3) of the votes of each class of membership (Class A and B), to mortgage, pledge, deed of trust, or otherwise hypothecate any or all of its real or personal property, including, but not limited to, the Common Area, as security for money borrowed or debts incurred.
- (c) The right of the Association to suspend the voting rights of an Owner and the Owner's right to use any recreational facilities for any period during which any assessment against his Lot remains unpaid, or for any infraction of its published rules and regulations, if any.
- (d) The right of the Association to impose regulations for the use and enjoyment of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area;
- (e) The right of the Association to permit the use of and to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Area;
- (f) The right of the Association, by and through its Board of Directors, to exchange portions of Common Area with the Declarant for substantially equal areas of the Property for the purpose of eliminating unintentional conveyances of Common Areas or unintentional encroachments of improvements onto portion of the Common Area or for the purpose of enhancing the utility of the Common Area to be retained by the Association.

Provided, however, if ingress or egress to any Lot is through or over any part of the Common Area, then any of the above-noted conveyances of said Common Area shall be made subject to an express easement in favor of that Owner and that Lot.

SECTION 2: DELEGATION OF USE:

- (a) **FAMILY.** The right of easement of enjoyment granted to every Owner in Section 1 of this Article IV may be exercised by members of the Owner's family who occupy the residence of the Owner within the Property as their principal residence in Union County, North Carolina.
- (b) **TENANTS.** The right and easement of enjoyment granted to every Owner in Section 1 of this Article IV may be delegated by the Owner to his tenants or contract purchasers who occupy a residence within the Property, or a portion of said residence, as their principal residence in Union County, North Carolina.

**ARTICLE V
LANDSCAPE EASEMENTS**

The Association, its successors and assigns, shall have easements over those portions of Lots designated "Sign Easement" or "Landscape Easement" on the recorded maps for the Neighborhood. Such

easements shall be for the purpose of installation, such as Declarant or the Association shall elect, of subdivision signs, fences or irrigation systems and for the purpose of maintaining any such structures erected by the Declarant or the Association and landscaping such easement areas. No fences, structures, driveways, plantings, swings or any other objects, temporary or permanent, shall be permitted in such areas, other than those installed by Declarant or the Association, without the Association's prior written consent. Declarant and the Association shall at all times have the right of access for its employees, agents and subcontractors over such easements for the purpose of installing, maintaining, repairing and replacing the Neighborhood's signs, fences and irrigation systems and for the purpose of landscaping, planting, mowing and maintaining the area within such easements. The designation of a portion of a Lot as a Sign Easement or a Landscape Easement shall not, in and of itself, give rise to any maintenance obligation. In the event Declarant or the Association elects to erect a sign, fence or irrigation system within any such easement, the Association shall maintain such structure and the cost of such maintenance shall be a Common Area expense, until such time as the Association, in its sole discretion, may elect to remove the structure, in which event, the Association shall have no further maintenance obligation.

**ARTICLE VI
COVENANT FOR MAINTENANCE ASSESSMENTS**

SECTION 1: CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS: The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any 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 the Association: (1) annual assessments or charges and (2) special assessments for capital improvements; such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs and reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Any payments made to the Association shall be first applied to costs and attorneys' fees related to collection efforts, then to late charges, then to interest, and only then to such assessments. Each such assessment, together with interest, costs and reasonable attorney fees, shall also be the personal or corporate obligation of the person(s), firm(s), or corporation(s) owning such property at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owners' successors in title unless expressly assumed by them. Although unpaid assessment charges are not the personal obligation upon such Owner's successors in title unless expressly assumed by the successors in title, the unpaid assessment charges continue to be a lien upon the property against which the assessment has been made.

SECTION 2: PURPOSES OF ASSESSMENTS: The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents of the Property, the enforcement of this Declaration and the rules of the Association, and in particular for the improvement, and maintenance of the Common Area and providing the services and facilities devoted to this purpose and related to the use and enjoyment of any Sign Easements and Landscape Easements, and other areas maintained by the Association, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed, the procurement and maintenance of insurance in accordance with the Bylaws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Without limiting the generality of the above-described purpose, the assessments levied by the Association may be used for the acquisition, construction, improvement (including landscaping and planning) and maintenance of dams, ponds or other bodies of water, parks, or other "Common Open Space", walking paths, playground area, entryways, roadways, and the maintenance of any Sign Easement and Landscaping Easement areas, Common Areas and other areas to be maintained by the Association under this Declaration. The assessments may also be used to pay the cost of street lighting within the neighborhood.

SECTION 3: MAXIMUM ANNUAL ASSESSMENT: The initial annual assessment shall be \$100.00 for each Lot.

(a) From and after January 1 of the year immediately following the activation of annual assessments by the Association, the maximum annual assessment may be increased by the Board of Directors each year, without a vote of the membership, but subject to the limitation that the percentage of any such increase shall not exceed 10% of the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1 of the year immediately following the activation of annual assessments by the Association, the maximum annual assessment may be increased without

limitation if such increase is approved by no less than two-thirds (2/3) of the votes cast by each class of members (Class A and Class B), cast in person or by proxy, at a meeting duly called for this purpose.

(c) Any annual assessment established by the Board of Directors shall continue thereafter from year to year as the annual assessment until changed by the Board.

SECTION 4: SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS: In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessment(s) for the purpose of defraying, in whole or in part, the cost of any construction, repair, replacement of and additions or improvements to capital improvement(s) upon Common Area and any Sign Easement or Landscape Easement areas.

SECTION 5: ASSESSMENT RATE: Except for the difference between assessments for Lots owned by Class A Members and Lots owned by the Declarant, both annual and special assessments must be fixed at a uniform rate for all Lots and shall be collected on a monthly, quarterly, semi-annual or annual basis as decided by the Board of Directors of the Association.

SECTION 6: NOTICE OF QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTION 3 AND 4: Written notice of any meeting called for any action authorized under Sections 3 and 4 above shall be given not less than ten (10) nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast ten percent (10%) of all the votes of each class of members (Class A and Class B) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice or requirement, and if the same 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 7: DATE OF COMMENCEMENT OF ANNUAL ASSESSMENTS; DUE DATE; CERTIFICATE OF PAYMENT: The annual assessment provided for herein shall commence as to all recorded Lots on the first day of **January, 2003**. Thereafter, annual assessments shall be due in full on January 1st of each following year, and shall be payable, as determined by the Association in its absolute discretion, on a monthly, quarterly, semi-annual or annual basis. From the date on which the annual assessments commence on a Lot until the date on which the Lot is sold by the Declarant, the Declarant shall be liable for annual assessments at a rate which in one-third of the rate otherwise payable except that Declarant shall not be liable for annual assessments on any Lots if the Association is operating without a deficit. Assessments shall not be collected on Lots owned by Builder(s) until such time as said Lots are transferred to third party purchasers. At least thirty (30) days before January 1st of each year, the Board of Directors shall fix the amount of the annual assessment against each Lot and shall send written notice of any increase in the amount of the assessment over the previous year's annual assessment to every Owner subject thereto. Failure by the board of Directors to send the written notice of any such increase shall not affect the obligation of the Owner to pay the assessment. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Notwithstanding Sections 1 and 7 herEOF, the Declarant may, at its election, postpone, in whole or in part, the date in which the assessment shall commence provided that the Declarant maintains any Sign Easements, Landscape Easements and Common Areas for which no assessment is being collected during the period of such postponement.

Failure by any Owner to pay any dues in a timely fashion shall give the Association the right to accelerate all dues for the year in which such deficiency occurs. Upon notice of such acceleration, the delinquent Owner shall immediately be obligated to pay all remaining dues for that year.

SECTION 8: EFFECT OF NONPAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION: Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a minimum rate of ten percent (10%) per annum or at the rate established by the Board of Directors at the beginning of the fiscal year of the Association, whichever is less, but in no event above the then maximum legal rate, and to the extent allowed by law. The Association, or its agent or representative, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney fees of such action or foreclosure shall be added to the amount of such assessment to the extent allowed by law. Neither non-use of the Common Area or

abandonment of his Lot by an Owner, nor damage to or destruction of any improvements on any Lot by fire or other casualty, shall result in any abatement or diminution of the assessments provided for herein.

An Owner's failure to pay any assessment shall not constitute a default under a mortgage given by that Owner, unless expressly agreed to by the Owner in writing.

SECTION 9: SUBORDINATION OF THE LIEN TO MORTGAGES: The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

SECTION 10: EXEMPT PROPERTY: All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

SECTION 11: APPLICATION OF PAYMENTS: In the event an Owner pays any funds after the imposition of any fines, or the incurrence of collection fees, the funds paid shall be applied first to any fines levied, then to any other late fees, if any then to any special assessment, if any, then to the Annual Assessments, if any.

ARTICLE VII RESTRICTION AGREEMENT

SECTION 1: USE OF LAND: All Lots in the tract shall be known and described as residential Lots. No structures shall be erected, altered, placed or permitted to remain on any residential building plot other than one detached single-family dwelling, not to exceed two and one-half stories in height and one other outbuilding incidental to residential use of the plot. All single-family dwellings shall have an attached garage for at least one but not more than two automobiles. No detached garages shall be allowed.

SECTION 2: MINIMUM SIZE OF RESIDENCE: No residence shall be constructed or permitted to remain on any Lot unless it shall have at least 1200 square feet of heated floor space.

SECTION 3: LOCATION OF BUILDINGS: No building shall be erected on any Lot nearer any front or side street line than the building setback line shown on the recorded map, which map is incorporated by reference herein.

SECTION 4: SIZE OF LOTS: No residential structure shall be placed or erected on any Lot which has an area less than the minimum square footage required by the applicable zoning ordinances in effect as of the date hereof or a width less than the minimum width at the front setback lines required by the applicable zoning ordinances in effect as of the date hereof. No Lot may be subdivided by sale or otherwise unless such subdivision is agreed to in writing by the Declarant, or by its successors or assigns, and the written agreement to such subdivision is recorded in Union County Public Registry.

SECTION 5: UNINTENTIONAL VIOLATIONS: In the event of the unintentional violation of any of the building line restrictions set forth herein, Declarant reserves the right by and with the mutual written consent of the Owner or Owners for the time being of such Lot to change the building line restrictions set forth in the instrument; provided, however, that such change shall not exceed ten percent (10%) of the marginal requirements of such building restriction.

SECTION 6: CONDITIONS:

A. MOTOR VEHICLES:

- i. No more than three motor vehicles may be parked at a house on a regular basis;
- ii. All vehicles must be in good working condition and well-maintained, must have all parts (including tires and hubcaps) and must be properly registered;

- iii. Driving or parking on the lawns is prohibited;
 - iv. Street parking is allowed up to eight hours per day.
- B. RECREATIONAL AND COMMERCIAL VEHICLES.** Recreational and commercial vehicles such as campers, boats, trucks, trailers, buses, RV's, etc. must be parked in a garage and must not be visible to neighbors.
- C. GARAGE DOORS.** All garages shall have doors and when not in use, garage doors are to be left in the closed position.
- D. RADIO, TELEVISION, SOLAR AND OTHER EQUIPMENT.**
- i. No equipment, antennae, panels, etc. may be on the front side of the house or yard;
 - ii. Equipment, antennae, panels, etc. must not be visible from the front street or to neighbors;
 - iii. Satellite dishes exceeding 20" in diameter large antennae are prohibited altogether.
- E. FENCING.**
- i. Fencing is allowed in the back and side yards, not in the front yards;
 - ii. All fencing by Owners must be consistent and is subject to architectural review and approval prior to installation;
 - iii. Standard fencing must not exceed a height of 4 feet except for posts which may be slightly taller; privacy fencing may be up to 7 feet tall;
 - iv. Homeowners must treat and maintain their wooden fences with CWF or comparable solution annually.
 - v. Chain link and barbed wire fencing are prohibited.
- F. DRIVEWAYS:** All driveways shall be of concrete construction. All driveways shall be at least 10 feet wide. In front of the garage there shall be a minimum of an 18 foot wide by 19 foot deep parking pad sufficient for two parking spaces.
- F. ADDITIONS AND EXTERIOR STRUCTURES:**
- i. Only one outbuilding shall be allowed per Lot. Such outbuilding shall not exceed 10 feet by 12 feet in size, with the doors not to exceed a total width of 6 feet, and must be built and painted to match the residence and must be constructed of the same materials (shingles, siding, cornice, etc.) as the residence.
 - ii. Such structures must have a roof pitch of 8/12 or steeper;
 - iii. All such structures are subject to architectural review and approval prior to construction.
- G. SIGNAGE:**
- i. One standard size real estate "For Sale" sign is permitted per Lot. Other "For Sale" signs are prohibited;
 - ii. "For Rent", "For Lease" signs, etc. are prohibited;
 - iii. Small political signs are permitted immediately preceding a political election;
 - iv. All other signage is prohibited except for the Declarant's entry monuments and temporary marketing signs erected by a Builder and/or the Builder's agent.

H. STORM DOORS: All storm doors and screen doors are subject to architectural approval. Six panel wooden and all-view white aluminum storm doors are allowable at the front door.

I. ANIMALS:

- i. No animals or fowl other than domesticated household pets shall be kept on a Lot;
- ii. No more than three such household pets are permitted in any given household;
- iii. Dogs must be kept on a leash or in a fenced yard at all times;

iv. In the event a pet is kept outdoors, suitable housing and restraints must be approved by the Association, as well as the Architectural Control Committee, in order to ensure the safety of the other Owners in the Subdivision.

J. CLOTHES DRYING: No temporary or permanent outside clothes lines are permitted.

K. HOUSE AND YARD MAINTENANCE: Each Owner must keep his/her house and yard attractive and well-maintained including any exterior structures and fencing.

L. ILLEGAL, NOXIOUS, AND/OR HARMFUL ACTIVITIES: These activities and any activity which interferes with a neighbor's "quiet enjoyment" are prohibited.

M. MAILBOXES: Mailboxes constructed of brick, stone or other similar masonry shall not be allowed.

ARTICLE VIII ARCHITECTURAL REVIEW

SECTION 1: No dwelling, building, fence, wall, outbuilding or any accessory feature to the dwelling or any other structure or improvement of any kind upon any Lot shall be commenced, erected, placed, maintained or altered on any Lot or combination of contiguous Lots, until the completed construction plans (the "Plans") are approved, in writing, by the Committee or its designated agent. The Plans include the complete construction plans, the Lot plan (showing proposed location and elevation of such building, fences, walks, drives, parking area, etc.), proposed building plans and specifications, exterior color, finish and materials and the proposed landscaping plan. The areas over which the approval shall be required shall include but shall not be limited to the size and plan of the principal residential structure, and all accessory buildings, the location of the principal residential structure and all accessory buildings, structures and improvements on the Lot, the size and plan of the garage, location and manner of construction of each driveway, swimming pool, utility building, patio, tennis court and other improvements for athletic, recreational or gymnastic purposes, and all other exterior improvements, the composition and color of raw and finished materials used on the exterior of all structures and the location and type of any shrubbery and other plantings. The Committee or its designated agent shall have 30 days after physical receipt of the Plans to accept or reject the same in whole or in part. If no response by the Committee shall be made in writing within said 30 days, the Lot Owner or his builder shall notify the Committee by certified mail at the address for such notices set forth in the current edition of the Architectural Guidelines for the Subdivision that no response has been made to the Plans submitted and that the Committee has 15 days left to make such response or the Plans will be automatically approved as submitted. Thereafter, if no approval is given within 15 days after such notice is given and provided the Plans and specification submitted are complete and do not violated the restrictions set forth in Article VII, hereof, the Plans shall be deemed approved and do not violated the restrictions set forth in Article VII, hereof, the Plans shall be deemed approved and after the Committee gives written permission for construction to begin, the actual construction shall be commenced and completed in accordance with the approved Plans, together with the requirements in the Declaration. The actual construction shall be the responsibility of the Owner of the Lot and his builder. Any permission granted for construction under this covenant shall not constitute or be construed as approval by Declarant or the Committee or its designated agent of the structural stability, design or quality of any building or other improvement. The architectural approval as provided herein shall remain in the architectural review committee, or its successors and assigns, after initial approval.

SECTION 2: The right of approval set forth herein shall be vested in a committee which shall initially be composed of the Declarant, alone, until all Class B Lots are converted to Class A Lots. Thereafter, the committee shall be composed of three persons who are elected by a majority vote at a meeting of the Association called for, among other things, such purpose. Any denial of requested approval by the

committee may be appealed to the Association's Board of Directors. In addition, the Board of Directors may promulgate guidelines and standards for review and approval of plans and specification submitted to the Committee and/or the Board. Nothing herein shall be construed to limit or interfere with Declarant's right to improve and develop the Property so long as said development follows the general plan of development for the Property previously approved, and Declarant need not seek approval of the Committee for improvements erected on the Property by or at the direction of the Declarant.

SECTION 3: The driveways, walkways, landscaping and the exterior of all houses and other structures must be completed within one year after the construction of same has commenced except where such completion is impossible or would result in great hardship to the Owner or builder due to causes beyond their reasonable control as determined by the Committee or its designated agent.

SECTION 4: Any Builder whose building plans for the construction of residences on a Lot or Lots has been pre-approved by the Declarant, shall be exempted from compliance with any architectural review or building requirements set forth in this Article VIII, so long as any construction undertaken by such Builder complies with any and all applicable zoning requirements.

ARTICLE IX EASEMENTS

Easements for installation and maintenance of driveway, walkway, parking area, water line, gas line, cable television, telephone, electric power line, sanitary sewer and storm drainage facilities and for other utility installations are reserved as shown on the recorded plats of the Neighborhood. Further, easements ten feet in width for such purposes are reserved over, under and through and along the rear Lot lines of all Lots shown on recorded plats, and easements five feet in width for such purposes are reserved over, under and through and along all side Lot lines of all Lots shown on recorded plats, as well as temporary easements five feet in width along the front Lot lines for construction, maintenance and repair purposes. The Association may reserve and grant easements for the installation and maintenance of sewerage utility including CATV, and drainage facilities over, under and through the Common Areas as provided in Article IV, Section 1. Within any such easements above provided for, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and sewerage disposal facilities and utilities, or which may change the direction of flow of water through drainage channels in the easements. Declarant also reserves such easements on, across and over the Common Area as shall be reasonably necessary for the exercise by Declarant of any right herein reserved, including without limitation, Declarant's right to annex additional land to the Property as described in Article II above.

ARTICLE X RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

SECTION 1: ENTITIES CONSTITUTING INSTITUTIONAL LENDERS: "Institutional Lender": as the term is used herein shall mean and refer to banks, savings and loan association, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

SECTION 2: OBLIGATIONS OF ASSOCIATION TO INSTITUTIONAL LENDERS: So long as any Institutional Lender shall hold any first lien upon any Lot, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights:

- (a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of any annual financial statement or report of the Association.
- (b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed material amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or By-Laws of the Association and assume self-management by the Association.
- (c) To receive notice of any condemnation or casualty loss affecting the Common Areas or any portion thereof.
- (d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

- (e) To have the right to approval of any alienation, release, transfer, hypothecation or other encumbrance of the Common Areas, other than those specific rights vested in the Association under Article IV hereof.

SECTION 3: REQUIREMENTS OF INSTITUTIONAL LENDERS: Whenever any Institutional Lender desires to avail itself of the provisions of the Article, it shall furnish written notice thereof to the Association by certified mail at the address of the registered agent for service of process with the office of the Secretary of State identifying the Lot or Lots upon which any such Institutional Lender holds any first line or identifying any Lot or Lots owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

SECTION 4: APPROVAL OF OWNERS AND HOLDERS OF FIRST DEEDS OF TRUST: Unless at least seventy-five percent (75%) of the owners and holders of the first deeds of trust on Lots located within the Property, 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. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause.
- (b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner.
- (c) Fail to maintain fire and extended coverage insurance on insurable improvements in the Common Area on a current replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value.
- (d) Use the proceeds of any hazard insurance policy covering losses to any part of the Common Area for other than the repair, replacement or reconstruction of the damaged improvements.

SECTION 5: PAYMENT OF TAXES AND INSURANCE PREMIUMS: The owners and holders of first deeds of trust on Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have 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 for property owned by the Association and the person, firms or corporations making such payments shall be owed immediate reimbursement therefore from the Association.

ARTICLE XI EXTERIOR MAINTENANCE

The Owner of each Lot shall maintain the grounds and improvements situated on his Lot, including, but not limited to, plantings, landscaping and lawns, at all times in a neat and attractive manner, promptly repairing any damage thereto by fire or other casualty. Upon the Owner's failure to do so, the Association may, at its option, after approval by a majority vote of the Board of Directors, and after giving the Owner ten (10) days written notice sent to his last known address, or to the address of the subject premises, have the grass, weeds, shrubs, and vegetation cut when and as often as the same is necessary in its judgment, and have the dead trees, shrubs and plants removed from such Lot, and replaced, and may have any portion of the Lot re-sodded or landscaped, and all expenses incurred by the Association for such work shall be a lien and charge against the Lot on which the work was done and the personal obligation of the then-Owner of such Lot.

Upon the Owner's failure to maintain the exterior of any structure, including the roof, in good repair and appearance, the Association may, at its option, after approval by a majority vote of the Board of Directors and after giving the Owner thirty (30) days written notice sent to his last known address, make repairs and improve the appearance of such structure in a reasonable and workmanlike manner. The cost of any such work performed by the Association upon the Owner's failure to do so shall be immediately due and owing from the then-Owner of the Lot on which the work was performed and shall constitute an assessment against the Lot and the personal obligation of such Owner, collectable in a lump sum, and secured by the lien against the Lot as herein provided.

The Owners of any Lots that are subject to the sign or landscaping easements described in Article V above shall maintain the area around such signs or landscaping that are not maintained or landscaped by the

Declarant or the Association pursuant to such easement. The reservation of such easements imposes no obligation on Declarant, its successors and assigns, to continue to maintain the landscaping and entrance signs for the Neighborhood.

**ARTICLE XII
GENERAL PROVISIONS**

SECTION 1: ENFORCEMENT: The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of the Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no way ever be deemed a waiver of the right to do so thereafter.

SECTION 2: SEVERABILITY: Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions which shall remain in full force and effect.

SECTION 3: 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. This Declaration may be amended by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots; provided, however, no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant. Any amendment must be properly recorded. For the purpose of this section, additions to existing property as provided in Article II hereof shall not constitute an "amendment."

The foregoing notwithstanding, any material change to this Declaration shall, so long as there is a Class B Member, require the approval of HUD/VVA/FNMA/FHLMC.

The foregoing notwithstanding, the Declarant may amend this Declaration at any time to correct scrivener's errors, patent or latent ambiguities, or to make any other modifications whatsoever that do not materially adversely affect the rights or responsibilities of any Owner.

SECTION 4: TERMINATION: This Declaration may be terminated only by agreement of Owners representing at least 80% of the votes entitled to vote. An agreement to terminate shall be evidenced by the execution of a termination agreement, or ratifications thereof, in the same manner as a deed, by the requisite number of Owners. The termination agreement shall specify a date after which the agreement will be void unless it is recorded before that date. A termination agreement and all ratifications thereof shall be recorded in Union County and is effective only upon recordation.

SECTION 5: AMENDMENT TO CONFORM TO REQUIREMENTS OF FHA/VV/FHMA/FHLMC. Declarant, without consent or joinder of the Association or any other Owner of Lot or Lots, may amend this Declaration to conform to the requirements of the FHA/VV/FHMA/FHLMC at any time during which Declarant owns any of the Property, in order to provide FHA/VV/FHMA/FHLMC financing to third party purchasers of Lots.

SECTION 6: ASSIGNMENT AND DELEGATION. Declarant reserves and shall have the right and option at any time and from time to time to assign and delegate any or all of its rights and its duties under this Declaration.

[Signatures appear on following page]

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed this 12th day of December, 2002.

CRAFT HOMES USA, LLC (SEAL)


By:  (SEAL)
Is: Mandy

STATE OF NORTH CAROLINA

COUNTY OF Wake

I Kristina J. Liles, a Notary Public of the aforesaid County, do hereby certify that David C. Robertson, a manager of Craft Homes USA, LLC personally appeared before me this day and acknowledged the due execution and sealing of the foregoing instrument as Manager on behalf of Craft Homes USA, LLC and as the act of the company referred to in this acknowledgment.

WITNESS my hand and notarial seal, this 12th day of December, 2002.


Notary Public

My commission Expires: 12-10-06



The foregoing certificate(s) of Kristina J. Liles, NP

I/ave certified to be correct. This instrument and certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

Judy G. Price BY: Bernard Ciccotelli
Register of Deeds Assistant/Deputy
In/on County, NC