

BK921PG304

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
KERRY GREENS SUBDIVISION

Filed for record  
Date 11-20-96  
Time 8:00 o'clock P.M.  
JUDY G. PRICE, Register of Deeds  
Union County, Monroe, North Carolina

This DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made November 19 1996 by FIRST COLONY GROUP, LTD., a North Carolina corporation with its principal office in Mecklenburg County, North Carolina ("DECLARANT").

STATEMENT OF PURPOSE

DECLARANT is the owner of the real property comprising the real estate development known as the "Kerry Greens" subdivision in Stallings, North Carolina more particularly described on Exhibit A which is attached hereto and incorporated herein by reference. A (hereafter called "the Property" or "Kerry Greens"). DECLARANT desires to impose upon the Property certain covenants, conditions and restrictions with regard to the use of the Property and with regard to use of certain segments of the Property.

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DECLARATION

DECLARANT hereby declares that the Property, and any additional property subjected to this Declaration by Supplemental Declaration, shall be held, sold, used and conveyed subject to the following covenants, conditions, restrictions and easements, each and all of which shall run with the land comprising the Property, and each and all of which shall be binding upon, and inure to the benefit of, all parties having any right, title or interest in the Property or any part thereof, and their respective heirs, personal representatives, successors and assigns.

ARTICLE I: DEFINITIONS

The terms in this Declaration and the exhibits to this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

1.1 Articles of Incorporation or Articles: The Articles of Incorporation of Kerry Greens Homeowners Association, Inc., as attached hereto as Exhibit B, to be filed with the Secretary of State of the State of North Carolina.

1.2 Association: Kerry Greens Homeowners Association, Inc.

1.3 Base Assessment: Assessments levied on all Members pursuant to Article IX to fund Common Expenses for the general benefit of all property in Kerry Greens as more particularly described in Section 9.1.

1.4 Board: The Board of Directors of the Association.

1.5 Builder: Any Person which purchases one or more lots for the purpose of constructing improvements for later sale to consumers or purchases one or more parcels of land within the Property for further subdivision, development and/or resale in the ordinary course of such Person's business.

1.6 By-Laws: The By-Laws of the Association, attached as Exhibit C and incorporated by reference, as they may be amended.

1.7 Class "B" Control Period: The period of time during which the Class "B" Member is entitled to appoint a majority of the members of the Board as provided in Section 3.3 of the By-Laws.

1.8 Common Area: Those areas of the Property designated as Common Area on maps recorded in the Union County Registry or in this Declaration, and those areas, if any, for which the Association assumes responsibility pursuant to the terms of this

Drawn By & Noted To: J. Michael Mulvaney, JNES, MEIER & DIER, P.A., 600 S. College St., Charlotte, NC 28202

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Declaration, any Supplemental Declaration or other applicable covenants, contract or agreement or by its own volition.

1.9 Common Expenses: The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to this Declaration, the By-Laws, and the Articles of Incorporation.

1.10 Damage: Damage to or destruction of all or any portion of the Property.

1.11 Declarant: First Colony Group, Ltd. and its successors, heirs and assigns; also, any person who takes title to the Property or any portion of the Property, or any interest therein, and who is designated as Declarant in a recorded instrument executed by Declarant. If Declarant or any of their successors, heirs or assigns, shall transfer their interest in the Property or assigns their rights under this Declaration, the successor shall be substituted for such party and shall be entitled to exercise the rights of Declarant under this declaration of the By-Laws.

1.12 Easement: Any easement reserved to Declarant or utility companies or shown on recorded maps or plats or described within this document.

1.13 FHA and VA: The Federal Housing Administration of the U.S. Department of Housing and Urban Development, and the Veteran's Administration, respectively. If either or both of these federal agencies shall hereafter cease to exist or perform the same or similar functions they now serve, references hereto to FHA or VA shall be deemed to mean and refer to such agency or agencies as may succeed to the duties and services now performed by either or both of these departments.

1.14 Governing Documents: The this Declaration, the Articles of Incorporation, the Bylaws, any Rules promulgated under the Bylaws, and any amendments and supplements thereto, including any additional recorded covenants.

1.15 Lot: Any single-family residential lot which is a numbered plot of land to be used for single-family residential purposes shown upon any subdivision plat of the Property, or any portion of the Property, subject to this Declaration, and recorded in the Union County Registry.

1.16 Member: A Person which is subject and entitled to membership in the Association pursuant to Section 3.2, and Declarant, as long as the Class "B" membership exists under Section 3.2.

1.17 Mortgage: A deed of trust, mortgage, deed to secure debt or any other form of security conveyance of real property.

1.18 Mortgagee: A beneficiary or holder of a Mortgage.

1.19 Mortgagor: Any Person who gives a Mortgage.

1.20 Owner: One or more Persons who hold the record title to any lot, but excluding in all cases any party holding an interest merely as security for the performance of an obligation.

1.21 Person: A natural person, a corporation, a partnership, a trustee, or any other legal entity.

1.22 Property: The real property described on Exhibit A, together with such additional property as may be subjected to this Declaration in accordance with Section 14(e).

1.23 Recorded: Recorded in the Office of the Register of

Deeds of Union County, North Carolina.

1.24 Repair: Repair to or reconstruction of property to substantially the condition in which it existed prior to the Damage, allowing for changes or improvements necessitated by changes in the applicable building codes.

1.25 Special Assessment: Assessments levied in accordance with Section 9.5.

1.26 Specific Assessment: Assessments levied in accordance with Section 9.6.

1.27 Supplemental Declaration: An instrument filed in the Office of the Register of Deeds of Union County, North Carolina, pursuant to Section 14(e) which subjects additional property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described in such instrument.

#### ARTICLE II: PROPERTY RIGHTS

II.1 Every Owner shall have a right and nonexclusive easement of use, access and enjoyment in and to the Common Area, subject to:

- (a) This Declaration and any other applicable covenants;
- (b) Any restrictions or limitations contained in any deed conveying such property to the Association;
- (c) The right of the Board to adopt rules regulating the use and enjoyment of the Common Area;
- (d) The right of the Association to dedicate or transfer all or any part of the Common Area pursuant to Section 4.7; and
- (e) The right of the Association to mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

Any Owner may extend such Owner's right of use and enjoyment to guests and invitees, subject to reasonable regulation by the Board.

#### ARTICLE III: MEMBERSHIP AND VOTING RIGHTS

III.1 Function of Association: The Association shall be the entity responsible for management, maintenance and control of the Common Area, and for enforcement of this Declaration and such reasonable rules regulating use of the Property as the Board may adopt. The Association shall also be responsible for administering and enforcing the architectural standards and controls for Kerry Greens set forth in this Declaration.

III.2 Membership: The Association shall have two classes of membership, Class A and Class B.

(a) Class A. The Class A Members of the Association shall be the Owners.

(b) Class B. The sole Class B Member shall be Declarant. The Class B membership shall terminate and become converted to Class A membership upon the earlier of:

- (i) conveyance of seventy-five percent (75%) of the Lots to homeowners; or
- (ii) the expiration of five (5) years from the date of this declaration.

III.3 Voting.

- (a) Class A. Class A Members shall be entitled to one vote per lot;
- (b) Class B. The Class B Member shall be entitled to four (4) votes for each Lot owned by Declarant.
- (c) Exercise of Voting Rights. A Member's voting rights may be exercised by the Member, if a natural person, or if not a natural person, by any duly authorized officer or director of a corporation, partner of a general partnership, limited partner of a limited partnership or manager of a limited liability company. No vote shall be exercised for any property which is exempt from assessment under Section 9.10.

ARTICLE IV: RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

IV.1 Common Area. The Association shall manage and control the Common Area and all improvements thereon, and shall keep it in good, clean and attractive condition, pursuant to the Governing Documents.

IV.2 Personal Property and Real Property for Common Use. The Association, through action of its Board, may acquire, hold, and dispose of tangible and intangible personal property and real property. Declarant may convey to the Association improved or unimproved real estate located on the Property, personal property and leasehold and other property interests. Such property shall be accepted by the Association and thereafter maintained by the Association at its expense for the benefit of the Owners and occupants of the Property, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association.

IV.3 Enforcement. The Association may impose sanctions for violations of the Governing Documents, in accordance with procedures set forth in the By-Laws, including reasonable monetary fines. The Association, through the Board and in accordance with Section 3.19 of the By-Laws, may exercise self-help to cure violations, and may suspend any services it provides to any Member (or to such Member's property) who is more than 30 days delinquent in paying any charge due to the Association. All remedies set forth in the Governing Documents shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of the Governing Documents, if the Association is awarded any damages or relief, it shall be entitled to recover from the opposing party all reasonable costs and attorney's fees incurred in such action. Any judgment awarding the Association monetary relief shall bear interest at the rate of sixteen percent (16%) or the maximum rate allowed on contracts by law, whichever is greater.

IV.4 Board Authority. Except as otherwise specifically provided in the Governing Documents or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

IV.5 Governmental Interests. As long as Declarant owns any portion of the Property, Declarant may designate sites within the Property for fire, police, water, and other utility facilities, parks, and other public or quasi-public facilities. If the sites include the Common Area the Association shall take any action ordered by Declarant and necessary to permit such use, including conveyance of the site. The sites may include property not owned by Declarant if the owner of such site consents.

IV.6 Indemnification. The Association shall indemnify every officer, director, and committee member against all damages and expenses, including counsel fees, reasonably incurred in

connection with any suit or other proceeding (including settlement if approved by the then Board) to which he or she may be a party by reason of being or having been an officer, director, or committee member, except that such obligation to indemnify shall be limited to those actions as to which the liability of officers and directors is limited under the Articles of Incorporation and North Carolina law. This right to indemnification shall not be exclusive of any other rights such person may be entitled. The Association may, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance if reasonably available.

IV.7 Dedication of Common Area. The Association may not dedicate, mortgage or convey portions of the Common Area to the State of North Carolina, to Union County, to any other local, state, or federal governmental entity and to other entities without the approval of seventy-five percent (75%) of the Members (excluding the Declarant). Any dedication of the Common Area during the Class B Control Period shall require the prior approval of the HUD/VA.

If ingress or egress to any lot or residence thereupon is through any common area, any conveyance or encumbrance of such common area pursuant to Section 4.7 shall be made subject to the easement of the owner of said lot for ingress and egress.

IV.8 Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Property designed to make the Property safer than it otherwise might be. Neither the Association, the Declarant, nor any successor Declarant shall be considered insurers or guarantors of security within the Property, nor shall any of them be held liable for any loss or damage by reason of failure to provide security or of ineffectiveness of security measures undertaken. No representation or warranty is made that any fire protection system, burglar alarm system or other security measures cannot be compromised or circumvented, nor that any such security measures undertaken will in all cases prevent loss or provide the service for which it is intended. Each Owner understands and covenants to inform its tenants that the Association, its Board and committees, the Declarant, and any successor Declarant are not insurers and that each Person using the Property assumes all risks of personal injury and loss or damage to property resulting from acts of third parties. Nothing in this paragraph, however, shall be construed as an intent to waive or as a waiver of any rights, causes of action or demands of any kind on behalf of any Owner against any firm, person or corporation whose acts or omissions directly or indirectly result in bodily injury, personal injury or damage to property.

#### ARTICLE V: MAINTENANCE

V.1 Association's Responsibility. The Association shall maintain and keep in good repair the following:

- (a) all landscaping and other flora, lakes and ponds, structures and improvements situated upon the Common Area;
- (b) all primary entry features and signage for Kerry Greens to the extent that such rights-of-way lie within or adjacent to the Property;

(c) such additional property as may be included as Common Area by this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Association;

Except as provided above, the responsibilities of the Association under Article V shall not be reduced by any means except with the prior written approval of Declarant, as long as Declarant owns any portion of the Property. The Declarant,

however, may unilaterally reduce the obligations of the Association, provided that such reduction does not materially alter any property rights of any Owner.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement necessary under this Article V shall be a Common Expense to be allocated among all Members as part of the Base Assessment, without prejudice to the right of the Association to seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Area of Common Responsibility pursuant to this Declaration, any Supplemental Declaration, other recorded covenants, or agreements with the owner(s) of such property.

V.2 Individual Responsibility. Each Owner shall maintain that Owner's Lot, and all structures, parking areas, and other improvements on that Property in a manner consistent with the standards accepted by the Association and all applicable covenants.

V.3 Standard of Performance. Unless specifically provided herein or in other instruments, maintenance shall include necessary repair and replacement. All maintenance shall be performed consistent with the standards adopted by the Association, the Kerry Greens Architectural Control Committee (if any) and the covenants. The Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities.

# ARTICLE VI: INSURANCE AND CASUALTY LOSSES

## VI.1 Association Insurance.

(a) The Association shall maintain in full force and effect fidelity insurance coverage protecting against dishonest acts by Association officers, directors, trustees, and employees and all others who are responsible for handling funds of the Association in the amount of one year's operating budget, plus projected reserve balances during the budget year. If professional management is obtained by the Association and it has this coverage and it handles the funds, then this requirement will be satisfied.

(b) If the Board of Directors so elects, officers and directors liability insurance covering the officers and directors of the Association may be obtained in such amount as the Board of Directors shall determine.

(c) The Association shall have the right to purchase and maintain comprehensive general liability insurance coverage and such other insurance coverage as the Board of Directors may deem necessary and appropriate.

(d) Premiums upon insurance policies purchased by the Association shall be paid by the Association as common expenses to be assessed and collected from all of the Owners.

(e) All insurance policies purchased by the Association shall be for the benefit of the Association.

## ARTICLE VII: NO PARTITION

Except as permitted in this Declaration, there shall be no judicial partition of the Common Area. This Article shall not prohibit the Board from acquiring and disposing of real property which may or may not be subject to this Declaration, or tangible personal property.

ARTICLE VIII: CONDEMNATION OF COMMON AREA

[Reserved]

ARTICLE IX: ASSESSMENTS

9.1 Creation of Assessments. The Association is hereby authorized to levy assessments for all expenses incurred or expected to be incurred by the Association in performing its duties and exercising its rights under the Governing Documents, including but not limited to:

- (a) expenses of maintaining, repairing, replacing, operating and insuring Common Area and other areas under the Association's responsibility;
- (b) the cost of insurance and fidelity bond coverage obtained pursuant to Article VI;
- (c) expenses of monitoring and enforcing compliance with the provisions of this the Governing Documents;
- (d) expenses arising out of the Association's indemnification obligations under Section 4.6;
- (e) expenses arising out of any measures undertaken to enhance the safety of the Property pursuant to Section 4.8;
- (f) expenses arising out of its exercise of architectural control under Article X;
- (g) all reasonable expenses of managing the Association (provided, during the Class B Control Period the directors appointed by the Class B Member shall receive no compensation for their management of the Association);
- (h) legal, accounting and other professional fees; and

(i) such other expenses as the Board deems necessary or desirable to keep the Property in good, clean and attractive condition.

There shall be three types of assessments: (a) Base Assessment to fund Common Expenses based on the annual budget prepared in accordance with Section 9.3; (b) Special Assessments as described in Section 9.5; and (c) Specific Assessments as described in Section 9.6. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Property, is deemed to covenant and agree to pay these assessments.

All assessments, together with interest (at a rate of sixteen percent [16%] or the highest rate permitted by law or contracts, whichever is higher) from the date of delinquency, late charges, costs, and reasonable attorney's fees (collectively, "Fees"), shall be a charge and continuing lien upon the Property of the defaulting owner each lot until paid, as more particularly provided in Section 9.7. Such assessments and Fees shall be the personal obligation of the Person who was the Owner of the lot at the time the assessment arose. Upon transfer of title to the lot, the grantee shall be jointly and severally liable for all any assessments and Fees due at the time of the conveyance. However, no first Mortgagee or other Person who obtains title to the lot upon exercise of the remedies provided in such Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title, the lien of any assessment shall be subordinate to any first mortgage.

The Association shall, upon request, furnish to any Member or Owner a certificate signed by the Association stating whether such assessment has been paid, which shall be conclusive evidence of

payment. The Association may require advance payment of a reasonable processing fee for the issuance of such certificate.

All Base Assessments for each calendar year shall be due on January 1 of that year (except during the first year that Base Assessments are due, in which event the Base Assessments shall be due, on a pro rated basis, on the first day of the month subsequent to the person taking title to the property in the subdivision), but shall be payable quarterly, with one-fourth of the annual Base Assessment payable the first day of each calendar quarter. Special Assessments and Specific Assessments shall be due and payable as determined by Declarant or by the Association. If any person is, or becomes, delinquent on any assessment, the Board may accelerate all assessments due for that calendar year and may require that all assessments be paid in full immediately.

No Owner may exempt himself from liability for assessments by any means. The obligation to pay assessments is a separate covenant on the part of each Member and Owner. No diminution of assessments shall be allowed for any alleged failure of the Association or Board to take some action required of it, or for inconvenience arising from the making of repairs or from any other action.

The Association is specifically authorized to enter into subsidy or "in kind" contracts with any Member or Owner for payment of Common Expenses.

9.2 Declarant's Obligation for Assessments. During the Class B Control Period, Declarant may elect either to pay one-third of the regular assessments on that portion of the property which it owns or to pay the difference between the amount of assessments levied on all other assessed property and actual expenditures by the Association during the fiscal year. Unless Declarant notifies the Board in writing 60 days before the beginning of each fiscal year, Declarant shall continue paying on the same basis as during the preceding year. Declarant's obligations hereunder may be satisfied in the form of cash or by termination of the Class B Control Period, Declarant shall be obligated for assessments on that portion of the Property which it owns at a rate of one-third the rate charged to other Owners.

9.3 Computation of Base Assessments. At least 60 days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated Common Expenses for the coming year, including a capital contribution to establish a reserve fund in accordance with a budget separately prepared as provided in Section 9.4. Such budget may, in the Board's discretion, take into account any income anticipated from sources other than Base Assessments.

The total dollar amount to be raised through the levy of Base Assessments shall be assessed against each Lot pro rata.

The Board shall establish a cutoff date for determining what property is part of the Property for purposes of allocating the assessment.

The Board shall send a copy of the budget and notice of the amount of the Base Assessments due for the following year to each Member at least 30 days prior to the beginning of the fiscal year for which it is to be effective. The budget shall become effective unless disapproved by at least 75% of the total Class A votes and by the Class B Member, if existing. The Board need not call a meeting to consider the budget except on petition of the Members as provided in the Bylaws, presented to the Board within 10 days after notice.

If the proposed budget is disapproved or the Board fails to determine the budget for any year, then until such time as a budget is determined, the budget in effect for the immediately



preceding year shall continue for the current year.

9.4 Reserve Budget and Capital Contribution. The Board shall annually prepare a reserve budget, setting the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect to both amount and timing by annual Base Assessments over the budget period.

9.5 Special Assessments. In addition to other authorized assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Except as otherwise provided in the Declaration, any Special Assessment shall require the vote of at least 51% of the total Class A votes, and of the Class B Member, if the Class B Member still owns any of the Property. Special Assessments shall be payable in a manner and at such times as determined by the Board.

9.6 Specific Assessments. The Board shall have the power to specifically assess against individual lots liens authorized by the Governing Documents and expenses incurred as a consequence of the conduct of less than all Owners. The Association may also levy a Specific Assessment against any lot for costs incurred in bringing any lot into compliance with the provisions of the Governing Documents, provided the Board gives prior notice to the Owner and an opportunity for a hearing.

9.7 Lien for Assessments. The Association shall have a lien against each lot to secure payment of delinquent assessments, and Costs. Such lien shall be superior to all other liens, except (a) liens superior by law, and (b) the lien of any first Mortgage of record made in good faith and for value. Such lien, when delinquent, may be enforced in the same manner as mechanics' liens under North Carolina law.

The sale or transfer of any lot shall not affect the assessment lien or any subsequent assessments, except that the sale or transfer of a lot pursuant to foreclosure of the first Mortgage shall extinguish the lien as to any installments of such assessments due prior to such sale or transfer. A purchaser of a lot who obtains title pursuant to foreclosure shall not be personally liable for assessments on such lot due prior to such acquisition of title. Such unpaid assessments shall be reallocated among all lots, and may be added to and collected as part of the following year's Base Assessment against such lots.

9.8 Date of Commencement of Assessments. **Reserved.**

Failure to Assess. Failure of the Board to fix assessment amounts or to deliver notice to each Member shall not be a waiver of any Owner from the obligation to pay assessments. In such event, each Member or Owner shall pay Base Assessments on the same basis as for the last year for which an assessment was made, if any, until a new assessment is made, at which time the Association may retroactively assess any shortfalls in collections.

9.10 Exempt Property. The following property shall be exempt from payment of Base Assessments and Special Assessments: common areas and property dedicated to and accepted by any governmental authority or public utility.

9.11 Initial Base Assessment. Until modified in accordance with the procedures set out herein, the Base Assessment for each lot shall be \$220.00 per year.

#### ARTICLE X: ARCHITECTURAL STANDARDS

No building, fence, signs, wall or other structure shall be commenced, erected, or maintained upon the Properties, nor shall

any exterior addition to or change or alteration therein (including but not limited to, color or painting or the exterior and type of exterior finish) be made, except in exceptional cases, when in such cases, three copies of the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board (said committee being hereinafter referred to as the "Architectural Control Committee"). Absent such approval, the proposed improvement may not be commenced.

In the event an Owner of any Lot in the Properties shall make unauthorized changes to the premises and the improvements situated thereon in a manner unsatisfactory to the said Board of Directors or the Architectural Control Committee, said Board of Directors or the Architectural Control Committee shall have the right, through its agents and employees, to enter upon said parcel and to repair, maintain and restore the Lot and the exterior of the Buildings and any other improvements erected thereon. In addition, or in the alternative, the Board, the Architectural Control Committee, or any Member shall have the right to undertake legal action to redress the unapproved modification or improvement. The cost of such exterior maintenance and any other costs or attorney's fees incurred in the enforcement of the rights under these provisions shall be considered a Specific Special Assessment against that owner(s) and his/her Lot(s). Any approval by the said Board of Directors or the Architectural Control Committee shall be in accordance with the requirements set forth hereafter.

The Declarant shall serve as the Architectural Control Committee until Declarant conveys all lots which comprise the Property.

#### ARTICLE XI: RESTRICTIONS ON USE

11.1 Residential Use. All lots shall be used for single family residential purposes only and subject to the restrictions of this Article XI. No structure erected, altered, placed or permitted to remain on any Lot shall exceed three and one-half stories in height. A private garage for each Lot for not more than three cars and other accessory structures customarily incidental to the use of the Lot may be erected.

11.2 Setbacks. No building shall be located nearer to the front property line or any side street line than the building setback line as shown on the recorded maps of Lots. No building shall be located nearer any side Lot line than the applicable zoning ordinance shall allow. Deviations from building line requirements not in excess of ten percent (10%) thereof shall not be construed as a violation of the building line requirements as long as such deviation does not violate any local ordinance or zoning.

11.3 Animals and Pets. No animals of any kind shall be kept on any Lot except generally accepted household pets, which may be kept thereon for the sole pleasure and use of the occupants but not for commercial use and no more than three pets over the age of six months shall be permitted at any time. Birds shall be confined in cages. In no instance shall household pets become a nuisance to other Owners, or infringe upon the property rights of other Owners.

11.4 Signs. No advertising signs of any type or kind shall be erected, placed or permitted to remain upon or above any Lot or Common Area with the exception of a single sign "For Rent" or "For Sale," which sign shall not exceed two feet by three feet in dimension and shall refer only to the premises on which displayed, there being only one sign to a Lot. Notwithstanding the above,

Declarant may erect and place signs of any size or shape on any unsold lot or the Common Area. Declarant shall also have the right of ingress, egress and regress over the aforesaid lots and Common Area in order to maintain and replace any such signs until 100% of the lots have been conveyed by Declarant.

11.5 Nuisances. No activity may be carried on which shall or may be offensive, illegal, or an annoyance or nuisance, as determined by Declarant. No lot or right-of-way shall be used or for rubbish disposal, or for storage if such storage may cause such lot or right-of-way to appear unclean or unsightly; nor shall any thing be kept upon any lot or right-of-way that will emit a foul odor or will cause noise that might disturb the peace. However, the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish and other such debris for pick up by trash removal service units, but such deposits shall only be permitted upon the specific day of pick up. In the event any Owner fails or refuses to keep his lot free from unsightly objects, weeds, or underbrush or to maintain the main the structures on each lot in a manner satisfactory to the Board of Directors, the Board of Directors may, five days after delivering notice to the Owner requesting the Owner comply with the requirements of this paragraph, enter and remove all such unsightly objects or vegetation at Owner's expense and Owner agrees to pay such costs incurred by The Association in the enforcement of this paragraph. No such entry as provided herein shall be deemed a trespass. The foregoing provisions shall not apply to Declarant or to a Builder while constructing residences upon any lots.

11.6 Clotheslines, Garbage Cans, Etc. All clothes lines, garbage cans, lawn mowers, stored materials, wrecked unlicensed or inoperable vehicles, and similar equipment shall be kept in an enclosed structure or adequately screened by planting or fencing, as determined by the Board of Directors. Incinerators for garbage, trash or other refuse shall not be permitted on any lot.

11.7 Antennas. No freestanding radio or television transmission or reception towers, antennas, dishes or discs shall be erected on a lot. Radio and television antennas not exceeding seven and one-half (7 1/2) feet in height above the roofline of the residence and dishes or disks not exceeding three (3) feet in diameter and not visible from the street in front of the residence may be attached to the structure of the residence only.

11.8 Walls, Fences and Hedges. Walls and fences are permitted as long as both sides of such structures are constructed of identical materials and identical designs. For masonry walls, no exposed concrete block will be permitted. Hedges shall be maintained in a neat condition on both sides. All walls, fences, and hedges shall not be located within setbacks or sight triangles as described herein or shown on record maps of the property.

11.9 Pools. Pools shall be permitted upon lots but such pools must be located directly behind the residence of each lot, screened from view by a six-foot privacy fence, and be at least twenty feet from both side lot lines and the rear lot line.

11.10 Driveways and Parking Areas. Only driveways and parking areas constructed of concrete or brick shall be permitted.

11.11 Vehicles, Boats and Trailers. No vehicles, boats, trailers, recreational vehicles or similar items shall be allowed to remain upon any lot unless parked upon driveways and screened from view by fencing or landscaping approved by the Board of Directors.

11.12 Use of Outbuildings and Similar Structures. There shall be no structure of a temporary nature on any lot. No trailer, shed, tent, garage or any other similar structure shall be used as a residence. Provided, however, this paragraph shall not be construed to prevent Declarant from using sheds or other

temporary structures during construction. Provided, further, this paragraph shall not be construed to prevent Owners from constructing a permanent detached garage, carport, or utility shed (such shed not to exceed 12 feet by 16 feet in area) if constructed of materials similar to those used in the residence upon such lot, if located behind the rear wall of the residence, if constructed in conformity to existing structures within the immediate area, and if not located within any Easements.

11.13Basketball Goals and Mailboxes. Basketball goals shall be permitted on a lot if placed a minimum of twelve (12) feet behind the concrete curb into such lot and placed outside of the public right-of-way. All goals and surrounding areas are to be maintained in a neat and orderly condition so as not to create a nuisance, as described in Section 11.5. No stone or masonry mailbox structures are permitted. All mailboxes are to be constructed of break-away materials as approved by the North Carolina Department of Transportation, such as 4" x 4" wooden posts or small diameter metal posts.

11.14Minimum Square Footage. Single family dwellings shall contain not less than a minimum of 850 square feet of heated floor area, exclusive of garage, carport, unheated storage areas and non-living space for dwellings.

11.15Side Setbacks. (See Section 11.2)

11.16Waiver. Declarant may, but need not, waive in writing any violation of the designated and approved building location lines on either side lot line, horizontal measurement only, provided that such violation does not exceed 10% of the applicable requirements and provided such violation does not violate any local ordinance or zoning.

11.17Subdivision of Lots. No lot shall be subdivided by sale or otherwise, except by and with the written consent of Declarant and in compliance with local ordinances.

11.18Fire. In the event any home or structure is destroyed or partially destroyed, said damage must be repaired and the improvement reconstructed within twelve months.

11.19General. Each lot now or hereafter subjected to this Declaration shall be subject to all Easements. No structure of any type shall be erected upon a lot which will interfere with rights and use any Easement.

11.20Utility and Drainage. An easement on each lot is hereby reserved by Declarant for itself and its successors and assigns along, over, under and upon a strip of land ten (10) feet in width along the rear lot lines of all lots shown on recorded plats, and easements five (5) feet in width along the front and side lot lines of all lots shown on recorded plats, in addition to any other Easements. The purpose of these easements shall be to provide, maintain, and operate drainage facilities and utility service lines to, over or for each of the lots. Within these easements, no structure, planting or other material shall be placed which may interfere with the installation or maintenance of utilities, or which may change the direction or flow of drainage channels in the easements except for party walls located on a portion of the side line or lines of a lot. The easement area of and all improvements in it shall be maintained by Owner, except for those improvements for which a public authority or utility company is responsible. With ten (10) days prior written notice to Owner, Declarant may exercise the right to remove obstructions in such easements upon Owner's failure to do so, at Owner's expense, and Owner agrees to pay costs incurred by Declarant in doing so. For the purpose of this covenant, Declarant reserves the right to modify or extinguish the easements herein along any lot lines in its sole discretion. For the duration of these restrictions, no such utilities shall be permitted to occupy or otherwise encroach upon any of the easement areas reserved without

first obtaining the prior written consent of Declarant, provided, however, local service from utilities within easement areas to residences constructed upon any such lots may be established without first obtaining separate consents therefor from Declarant.

11.21Emergency. There is hereby reserved a general easement to all firemen, ambulance personnel, police and security guards and all similar persons to enter upon the Property or any portion thereof, in the performance of their respective duties.

11.22Declarant's Consent to Sales Material. Until all of the lots have been conveyed by Declarant, all sales and advertising materials, and all forms of deeds, contracts for sale, and other closing documents for the sale of lots by any Builder shall be subject to the prior approval of Declarant, which approval shall not be unreasonably withheld. If Declarant fails to notify a Builder of approval or disapproval within thirty days, Declarant shall be deemed to have approved the foregoing. Upon disapproval, Declarant shall provide Builder a list of required changes, and the above procedure shall be repeated until approval is obtained.

11.23Declarant's Consent to Amendments. This Article XI may not be amended without the express written consent of Declarant until all lots which are a part of the Property have been conveyed by Declarant; provided, however, the rights of Declarant contained in this Article shall terminate upon the earlier of (a) 20 years from the date this Declaration is Recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

11.24Duration. The restrictions, conditions and covenants of this Article shall be binding for a term of twenty years from the date this Declaration is Recorded, after which time they shall be automatically extended for successive periods of ten years each unless terminated as provided in Section 11.26.

11.25Amendments and Termination. Article XI of this Declaration may be terminated during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Owners and signed by Declarant if Declarant shall own any lots, and thereafter may be terminated by an instrument signed by not less than seventy-five percent (75%) of the Owners of lots. Article XI of this Declaration may be amended upon the affirmative vote or written consent of a majority of the Owners of lots and the written consent of Declarant; provided, however, that Declarant may amend this Article XI to correct minor and clerical errors, as determined by Declarant, without approval of Owners, and should the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation subsequently delete or relax any of their requirements which necessitate provisions of this Declaration, Declarant, without approval of Owners, may amend this Declaration to reflect such changes. Any such amendment or termination shall not be effective until an instrument evidencing such change has been filed of record in the Union County Registry.

11.26Enforcement. If any Owner shall violate or attempt to violate any of these restrictions, it shall be grounds for an action to recover sums due, damages or injunctive relief, or both, maintainable by Declarant, or, in proper case, by an aggrieved Owner. Failure by Declarant, the Association, or any Owner to enforce any of the foregoing restrictions or other provisions shall not be deemed a waiver of their right to do so.

11.27Unintentional Violation. In the event of an unintentional violation of any of the foregoing restrictions with respect to any lot, Declarant reserves the right (with the mutual written consent of the then Owner of such lot) to change, amend, or release any portion of the foregoing restrictions as the same may apply to that particular lot.

11.28Association as Successor to Declarant. For purposes of

this Article, the Association shall be deemed to be vested with all rights and authority that is reserved to Declarant in this Article, upon the termination of the Class B Control Period.

#### ARTICLE XII: EASEMENTS

12.1 Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each lot and any adjacent Common Area or adjacent Lot due to the unintentional placement or settling of the improvements thereon to a distance of not more than three feet, as measured from any point on the common boundary along a line perpendicular to such boundary. No such easement shall exist if such encroachment occurred due with the willful and knowing consent of an Owner, occupant, or the Association.

12.2 Easements for Utilities, Etc. There are hereby reserved unto Declarant, so long as Declarant owns any portion of the Property, the Association, and the assigns of each, access and maintenance easements upon, across, over and under all of the Property to the extent reasonably necessary for the purpose of replacing, repairing and maintaining television reception systems, security and similar systems, roads, walkways, bicycle pathways, lakes, ponds, wetlands, drainage systems, street lights, signage, and all utilities, and for the purpose of installing any of the foregoing on property owned by the Person exercising the easement or within the Easements. These easements shall not entitle the holders to construct or install any of the foregoing systems, facilities or utilities over, under or through any existing structure on a Lot, and such installation shall occur only within 50 feet of the Lot boundary line unless otherwise consented to in writing by the Owner of the affected Lot, whose consent shall not unreasonably be withheld. Any damage to a Lot resulting from the exercise of these easements shall promptly be repaired from the expense of the Person exercising the easement. The exercise of these easements shall not unreasonably interfere with the use of any Lot and, except in an emergency, entry onto any Lot shall be made only after reasonable notice to the Owner or occupant. Nothing herein shall be deemed to obligate the Declarant or the Association to undertake any duties not explicitly set out in this Declaration.

Declarant specifically grants to the local water supplier, electric company, cable television provider, telephone utility, and natural gas supplier easements across the Property for ingress, egress, installation, reading, replacing, repairing and maintaining utility meters and boxes. However, the exercise of this easement shall not extend to permitting entry into the structures on any Lot, nor shall any utilities be installed or relocated on the Property, except as approved by the Board or Declarant.

ARTICLE XIII. MORTGAGE PROVISIONS

The other provisions of this Declaration notwithstanding:

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

- (a) Any condemnation loss or any casualty loss which affects a material portion of the Property or which affects any lot on which there is a first Mortgage held, insured or guaranteed by such Eligible Holder (hereinafter "Mortgaged Lot");
- (b) Any violation of the Governing Documents affecting the Mortgaged Lot, where such violation has not been cured within 60 days;
- (c) Any lapse, cancellation or material modification of any insurance policy maintained by the Association; or
- (d) Any proposed action which would require the consent of a specified percentage of Eligible Holders.

ARTICLE XIV. DECLARANT'S RIGHTS

The other provisions of this Declaration notwithstanding:

(a) Any or all of the special rights and obligations of Declarant set forth in this Declaration or the By-Laws may be transferred, in whole or in part, to other Persons if the transfer does not reduce an obligation nor enlarge a right beyond that contained in the Governing Documents. No transfer shall be effective unless in a writing signed by Declarant and Recorded.

(b) Declarant and Builders authorized by Declarant may maintain and carry on upon portions of the Common Area such facilities and activities as in the sole opinion of Declarant may be reasonably required or convenient to the construction on or sale of such lots. Declarant and authorized Builders shall have easements for access to and use of such facilities.

(c) Declarant and its employees, agents and common shall have a right and easement over and upon all of the Common Area for the purpose of constructing and installing such improvements to the Common Area as Declarant deems appropriate in its sole discretion.

(d) No Person shall record any declaration of covenants, conditions and restrictions, or declaration of condominium or similar instrument affecting any portion of the Property without Declarant's written consent. Any attempted recordation without such consent shall be void unless subsequently approved by a writing signed by Declarant and Recorded.

(e) Declarant shall have the unilateral right at anytime to make additional property subject to the terms of this Declaration, provided that such additional property is contiguous to the Property described herein. Such addition shall be accomplished by the identification of such additional property, and the execution and recordation of an instrument ("Supplemental Declaration") expressly making such property subject to the terms of this Declaration. The foregoing notwithstanding, as annexation of additional property during the Class B Control Period shall require the prior written approval of the HUD/VA.

(f) This Article may not be amended without the written consent of Declarant. The rights contained in this Article shall terminate upon the earlier of (a) 20 years from the date this



Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

(g) Declarant shall have, at all times during the Class B Control Period, the right to modify the Governing Documents in order to (1) correct clerical or other patent errors (2) bring the Declarations into compliance with HUD, VA, FNMA, FHLC, or any other government agency or entity, (3) reduce the obligations of the Association and/or the Members or Owners and (4) for any other reason which does not materially affect the rights or interests of any Member or Owner.

#### ARTICLE XV: GENERAL PROVISIONS

15.1 Term. Unless earlier terminated by an instrument signed by Members holding seventy-five percent (75%) of the Class A votes and by the Class B Member, if any, and Recorded, this Declaration shall run with and bind the Property, and shall inure to the benefit of and shall be enforceable by the Association, any Owner, or their respective legal representatives, heirs, successors and assigns for a term of 40 years from the date this Declaration is Recorded. After such time, this Declaration shall be automatically extended for successive periods of ten years, unless an instrument signed by Members holding a majority of the Class A votes and the Class B Member, if the Class B membership has not been terminated, has been Recorded within the year preceding any such extension, agreeing to amend or terminate this Declaration. Provided, nothing in this Section shall be construed to permit the termination of any easement without the consent of the holder of such easement.

#### 15.2 Amendment.

(a) By Declarant. Until termination of the Class B membership, Declarant may unilaterally amend all articles of the Governing Documents for any purpose identified in Section 14(g) above; thereafter, Declarant may unilaterally amend such articles if such amendment is necessary: (i) to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (ii) to enable any reputable title insurance company to issue title insurance coverage on the Lots; (iii) to enable any institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to make or purchase mortgage loans on the Lots; (iv) to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Lots; or (v) to satisfy the requirements of any governmental agency.

Declarant may also unilaterally amend the Governing Documents at any time to correct minor or clerical errors provided that such amendments do not adversely affect any right of any Owner.

So long as Declarant still owns any portion of the Property, it may unilaterally amend the Governing Documents for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

The foregoing notwithstanding, any amendment made during the Class B Control Period shall require HUD/VA approval, if any right of any Owner is materially and adversely affected.

Any amendment made pursuant to this section that does materially and adversely affect the right of any owner shall not be effective until approved in accordance with Section 15.2(b).

(b) By Members. Except as otherwise specifically provided above and elsewhere in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Members representing 75% of the total



Class A votes in the Association and the consent of the Class B Member, if the Class B membership has not been terminated. In addition, the approval requirements set forth in Article XIV(f) shall be met if applicable.

No amendment may remove, revoke or modify any right or privilege of Declarant without the written consent of Declarant or the assignee of such right or privilege.

(c) Effective Date and Validity. To be effective, any amendment must be Recorded.

If an Owner consents to any amendment to this Declaration or the By-Laws, it will be conclusively presumed that such Owner has the authority so to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

15.3 Severability. Invalidity of any provision of this Declaration, in whole or in part, or any application of a provision of this Declaration by judgment or court order shall in no way affect other provisions or applications.

15.4 Perpetuities. If any of the provisions of this Declaration shall be unlawful, void or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one years after the death of the last survivor of the now living descendants of Patricia Jenkins of Charlotte, North Carolina.

15.5 Reserved

15.6 Use of the Words "Kerry Greens". No Person shall use the words "Kerry Greens" or any derivative in any material without Declarant's prior written consent, except that Builders may use the term where it is used solely to specify that particular property is located within Kerry Greens, and the Association shall be entitled to use the word "Kerry Greens" in its name.

15.7 Compliance. Every Owner of any lot shall comply with the Governing Documents. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity.

15.8 Notice of Sale or Transfer of Title. Any Owner desiring to sell or transfer title to his or her lot, shall give the Board at least seven days' prior written notice of the name and address of the purchaser or transferee, the date of such transfer of title, and such other information as the Board may reasonably require. The transferor shall be jointly and severally responsible with the transferee for all obligations of the Owner of the lot, until the date upon which such notice is received by the Board.

15.9 Enforcement by Individual Owners. In addition to the enforcement rights granted to the Association in Section 4.3, each Owner shall also have the right to enforce the terms of this Declaration, including the right to seek injunctive relief to prevent or discontinue any violation hereof.

#### ARTICLE XVI: JOINDER OF NATIONSBANK

NationsBank, N.A., a national banking association ("NationsBank"), has an interest in the Property by virtue of a deed of trust granted to TIM, Inc., as Trustee for NationsBank, by First Colony. Such deed of trust is a first lien on the Property.

NationsBank joins in the execution of these Covenants, Conditions and Restrictions in order to memorialize its approval of said restrictions. In no way does NationsBank's assent hereto

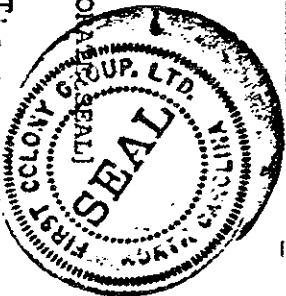
BK921PG321

give rise to any rights, duties, or obligations as a Declarant,  
and NationsBank affirmatively acknowledges that it is not the  
Declarant hereunder.

[Signatures Appear on Following Page]

BK 921 PG 322

FIRST COLONY GROUP, LTD.



By: [Signature] President

ATTEST:

[Signature] Secretary

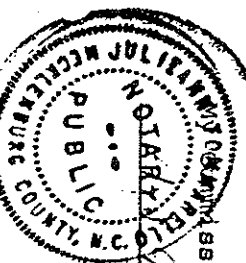
STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 14th day of November, 1996 personally came before me, Julie Ann Tommelle, Jr., who being by me duly sworn, says that he is Vice President of FIRST COLONY GROUP, LTD., a corporation, and that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, and that said writing was signed and sealed by him on behalf of said corporation by its authority duly given. And the said ~~instrument~~ acknowledged the said writing to be the act and deed of said corporation.

Notary Public

[Signature] Julie Ann Tommelle



My Commission Expires:

NATIONSBANK, N.A.

By: [Signature] vice President

ATTEST:

[Signature] Secretary

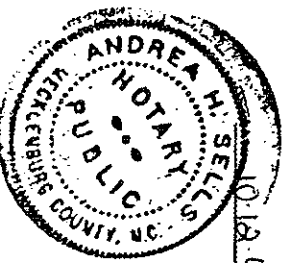
STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 14th day of November, 1996 personally came before me, Sharon Jackson, who being by me duly sworn, says that she is Vice President of NATIONSBANK, N.A., a national banking association, and that the seal affixed to the foregoing instrument in writing is the corporate seal of said corporation, and that said writing was signed and sealed by her on behalf of said corporation by its authority duly given. And the said VP acknowledged the said writing to be the act and deed of said corporation.

My Commission Expires:

[Signature] Notary Public



(The foregoing certificate(s) of Julie Ann Tommelle, Jr. & Sharon Jackson are 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: Deena Cocco,  
Register of Deeds Assistant/Deputy  
Union County, NC

**Exhibit A**  
**Covenants, Conditions, and Restrictions**

Kerry Greens

**Tract 1:**

LYING AND BEING in Stallings Township, Union County, North Carolina, and beginning at an iron pin on the northerly boundary of the sixty foot public right-of-way for the Old Charlotte Highway, S.R. #1009, such point also being in the northerly boundary of the sixty foot public right-of-way for Catawba Circle South, such point being the point and place of BEGINNING and running thence North 86 degrees 39 minutes 30 seconds West 37.43 feet to a point on the Centerline of the 60-foot public right-of-way for the Old Charlotte Highway, S.R. #1009, and running with the Centerline of said right-of-way two calls and distances as follows: (1) with the arc of a circular curve to the right, such curve having a radius of 8,594.37 feet, a chord bearing North 32 degrees, 59 minutes, 2 seconds West, an arc distance of 95.04 feet and a chord distance of 95.04 feet to a point; (2) North 32 degrees 40 minutes 01 second West 331.21 feet to a point; thence North 42 degrees 19 minutes 55 seconds West 31.06 feet to an iron pin on the northerly boundary of said right-of-way, such point also lying in the southeasterly boundary of the property owned, now or formerly, by Carolyn N. Funderburk recorded in Deed Book 63 at page 574 of the Union County Registry, and running with said boundary two calls and distances as follows: (1) North 42 degrees, 19 minutes, 55 seconds East 1,275.31 feet to an iron pin; (2) North 5 degrees, 43 minutes, 30 seconds East 309.68 feet to an iron pin, such pin also lying in the southerly boundary of the property owned, now or formerly, by Vera H. Smith recorded in Deed Book 239 at page 113 of the Union County Registry; thence with said boundary North 00 degrees, 32 minutes, 80 seconds East 298.61 feet to an iron pipe, such pipe also lying on the southwesterly corner of the property owned, now or formerly, by S.A. Flowe, Jr. recorded in Deed Book 232 at page 600 of the Union County Registry, and running with said boundary North 83 degrees, 34 minutes, 35 seconds East 1,704.42 feet to an iron pin, such pin also lying on the southwesterly corner of the property owned, now or formerly, by C.J. Squires recorded in Deed Book 185 at page 128 of the Union County Registry and on the northwesterly corner of Lot 46 of Cherokee Woods Subdivision, Section 3, Plat Cab A File 170-A; thence South 4 degrees, 41 minutes, 0 seconds West 1,261.27 feet (passing a concrete monument at 200.05 feet) to a concrete monument, such monument also lying in the northeasterly corner of Lot 32 of Cherokee Woods Subdivision, Section II recorded at Plat Cab A File 51-A; thence South 73 degrees, 43 minutes, 22 seconds West 2,179.47 feet, (passing a concrete monument at 1,072.68 feet), to a concrete monument; thence South 33 degrees, 54 minutes, 30 seconds East 40.03 feet to an iron pin, such pin lying on the northerly boundary of the sixty foot public right-of-way for Catawba Circle South; and thence with said boundary North 86 degrees, 39 minutes, 30 seconds West 496.46 feet to an iron pin, such pin being the point and place of BEGINNING.

Said parcel of land contains 79.73 acres and is shown on the plat of survey entitled "boundary survey for Vivian F. Sheckler" by Edward Killough, North Carolina Registered Land Surveyor dated January 29, 1993.

**Tract 2:**

BEGINNING at an iron in the common property line of Charles L. Sheckler and Carolyn M. Funderburk, said iron also being located North 43 degrees 36 minutes 25 seconds East 1515.90 feet from a nail in center of Old N.C. 20 and 1306.55 feet from a nail in the center line of S.R. 1009 (Alonzo Road); thence with a line of Carolyn M. Funderburk property, North 7 degrees 00 minutes East 309.69 feet to an iron in the Vera H. Smith property; thence with a line of said Smith property, North 81 degrees 48 minutes 30 seconds East 298.61 feet to an iron, common corner of the property of S.A. Flowe and Charles L. Sheckler; thence with a line of the Sheckler property, South 43 degrees 36 minutes 25 seconds West 483.26 feet to the point of BEGINNING and containing 1.02 acres, more or less, as surveyed by William J. Alexander, R.L.S., April 14, 1983.

BK 921 PG 324

**Tract 3:**

**BEGINNING** at an iron, the easternmost corner of the above described 1.02 acre tract, a corner of the Vera H. Smith (now or formerly) property (Book 239, page 113); and running thence five new lines as follows: 1st, South 63 degrees 48 minutes 31 seconds East 183.71 feet; 2nd, South 79 degrees 56 minutes 23 seconds West 150.54 feet; 3rd, South 56 degrees 45 minutes 16 seconds West 162.95 feet; 4th, South 14 degrees 24 minutes 30 seconds West 116.31 feet; 5th, South 74 degrees 50 minutes 55 seconds West 183.21 feet to an iron, a corner of the above described 1.02 acre tract; thence with a line of said tract North 42 degrees 19 minutes 55 seconds East 483.25 feet to the point of **BEGINNING**, containing .83 acre, more or less, as shown on plat entitled "Revised Boundary Survey for First Colony Group, Ltd.," by Edward L. Kilbough, NCRLS, dated June 5, 1996.

ARTICLES OF INCORPORATION  
OF  
KERRY GREENS HOMEOWNERS' ASSOCIATION, INC.

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a nonprofit corporation under and by virtue of the laws of the State of North Carolina.

1. The name of the corporation is Kerry Greens Homeowners' Association, Inc.
  2. The corporation shall be perpetual in duration.
  3. The purpose for which the corporation is organized is to promote and develop the common good and social welfare of residents of the community known as Kerry Greens.
  4. Every person who is a record owner of any lot is entitled to membership and voting rights in the corporation. Membership is appurtenant to, and inseparable from, the ownership of the lot. Multiple owners of one lot shall be considered one member.
  5. The directors of the corporation shall be elected by the members in the manner and for the terms provided in the Bylaws.
  6. No part of the net earnings of the corporation shall inure to the benefit of any officer, director, or member of the corporation, and upon dissolution of the corporation the assets thereof shall, after all of its liabilities and obligations have been discharged or adequate provision made therefor, be distributed to any association or associations organized for purposes similar to those set forth in Paragraph 3 hereinabove, all as more particularly provided in the Bylaws of the corporation.
  7. Notwithstanding any other provision of these Articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation.
  8. Amendment of these Articles of Incorporation shall require the affirmative vote of at least two-thirds of the members.
  9. Annexation of additional properties, merger and consolidation, mortgaging of the Common Area, or dissolution or amendment of these Articles shall require prior approval of HUD/V/A for so long as there is a Class B Member (as that term is defined in the Covenants Conditions and Restrictions for Kerry Greens Subdivision).
  10. The address of the principal office and of the initial registered office of the corporation in the State of North Carolina is 1229 Greenwood Cliff, Charlotte, Mecklenburg County, North Carolina 28204, and the name of its initial registered agent at such address is Patricia J. Jenkins.
  11. The name and address of the incorporator is J. Michael Mulvaney, James, McElroy & Diehl, P.A., 600 South College Street, Suite 3000, Charlotte, North Carolina 28202.
- This the \_\_\_\_\_ day of \_\_\_\_\_, 1996.

J. Michael Mulvaney

STATE OF NORTH CAROLINA  
COUNTY OF MECKLENBURG

I, \_\_\_\_\_, a notary public, do hereby certify that J. Michael Mulvaney personally appeared before me this the \_\_\_\_\_ day of \_\_\_\_\_, 1996, and acknowledged the due execution of the foregoing Articles of Incorporation.

[Notary Seal]

Notary Public

My Commission Expires: \_\_\_\_\_

BY-LAWS

OF

KERRY GREENS HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

Name, Principal Office and Definitions.

1.1 Name. The name of the Corporation shall be Kerry Greens Homeowners' Association, Inc. (for convenience sometimes referred to as the "Association").

1.2 Principal Office. The principal office of the Association shall be located in Mecklenburg County, North Carolina. The Association may have such other offices, either within or outside the State of North Carolina, as the Board of Directors may determine or as the officers of the Association may require.

1.3 Definitions. The words used in these By-Laws shall generally be given their normal, commonly understood definitions unless otherwise specified. Capitalized terms shall have the same meaning set forth in the Declaration of Covenants, Conditions and Restrictions for Kerry Greens Subdivision, recorded or to be recorded in the Office of the Register of Deeds for Union County, North Carolina, as amended or supplemented from time to time (the "Declaration").

ARTICLE II

Membership, Meetings, Voting

2.1 Membership. The Association initially shall have two classes of membership, Class A and Class B, as more fully set forth in the Declaration, and the terms in the Declaration pertaining to membership are incorporated herein by reference.

2.2 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors either within the Property or as convenient thereto as possible and practical.

2.3 Annual Meetings. The first meeting of the Members of the Association, whether a regular or special meeting, shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings shall be set by the Board so as to occur on or within 60 days after the close of the Association's fiscal year on a date and at a time set by the Board of Directors.

2.4 Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting if so directed by resolution of the Board or upon a petition signed by Members representing at least 25 percent of the total Class A votes of the Association.

2.5 Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than ten nor more than 50 days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when otherwise required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at its address as it appears on the records of the Association, with postage prepaid.

2.6 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any

meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

2.7 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business may be transacted which might have been transacted at the meeting originally called. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by at least a majority of the votes required to constitute a quorum.

2.8 Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein by reference. In the case of any action requiring the written consent of a Member, such consent, if given, shall be executed by the Member or on behalf of the Member by its duly authorized partner, officer or Manager, as the case may be.

2.9 Proxies. At all meetings of Members, each Member may vote in person (if a partnership, limited liability company or corporation, through any duly authorized general partner, manager, or officer or director, respectively) or by proxy. All proxies shall be in writing, signed by the Member, dated and filed with the Secretary of the Association prior to any meeting for which it is to be effective. Every proxy shall be revocable and shall automatically cease upon receipt by the Secretary of written revocation, or upon the expiration of 11 months from the date of the proxy.

2.10 Majority. As used in these By-laws, the term "majority" shall mean more than 50 percent of the total number of persons or votes, as the context may indicate.

2.11 Quorum. Except as otherwise provided in these By-laws or in the Declaration, the presence, in person or by proxy, of Members representing a majority of the total votes in the Association shall constitute a quorum at all meetings of the Association.

2.12 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meetings and record in a minute book all resolutions adopted such meetings, as well as a record of all transactions occurring at meetings.

2.13 Action Without a Meeting. Any action required or permitted by law to be taken at a meeting of the Members may be taken without a meeting, without prior notice and without a vote, if written consent specifically authorizing the proposed action is signed by or on behalf of all Members entitled to vote on such matter. Such consents shall be filed with the minutes of the Association, and shall have the same force and effect as a unanimous vote of the Member at a meeting.

### ARTICLE III Board of Directors

#### A. Composition and Selection.

3.1 Governing Body Composition. The affairs of the Association shall be governed by a Board of Directors. Each director shall have one equal vote. Any officer



or director of a Member, or any other individual specifically authorized by the Member to act on its behalf in a written instrument filed with the Secretary of the Association, shall be eligible to serve as a director, provided such officer, director or individual is 18 years of age or older. Upon termination of any such individual's relationship with the Member, such individual shall be deemed to have resigned from the Board and a successor shall be appointed in the manner provided in Section 3.4.3.

3.2 Number of Directors. The Board shall consist of from three to seven directors, as specified in Section 3.3. The initial Board shall consist of the three individuals identified in the Articles of Incorporation.

3.3 Selection of Directors.

(a) Initially, all members of the Board shall be appointed by the Class B Member acting in its sole discretion and shall serve at the pleasure of the Class B Member.

(b) At such time as there is no longer a Class B Member, all appointees of the Class B Member shall resign. At such time, the directors shall be elected by vote of the Members at a special meeting called for such purpose and thereafter shall be elected by the members at the annual meeting.

(c) Directors may be appointed or elected to serve any number of consecutive terms.

B. Meetings.

3.4 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one such meeting shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated in writing to directors not less than four days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

3.5 Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by any two directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (d) by telegram, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph shall be delivered, telephoned, or given to the telegraph company at least 72 hours before the time set for the meeting.

3.6 Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without objecting before or at its commencement as to the lack of adequate notice.

3.7 Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business. The votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board; provided, so long as the Board consists of only three directors, any decision of the Board shall require the vote of two directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because

a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five nor more than 30 days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.8 Compensation. No director shall receive any compensation from the Association for acting as such unless consented to in writing by all Members. No director appointed by the Class B Member shall be entitled to compensation for serving as such during the Class B Control Period. A director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

3.9 Conduct of Meetings. The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of Board meetings, recording all Board resolutions and all transactions and proceedings occurring at such meetings.

3.10 Open Meetings. Subject to the provisions below, all meetings of the Board shall be open to all Members, and the officers, directors and authorized representatives of the Members. The Board shall be given written notice ten days prior to the meeting of the desire of a non-member to attend the meeting. Such non-member shall only be allowed to attend such meeting with the approval of the Board. In the event the Board does not respond to the notice of the non-member's intent within five days of receipt of such notice, this approval shall be deemed to have been given. Attendees other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any such individual may speak to no more than two minutes. Notwithstanding the above, the President may adjourn any meeting of the Board and reconvene in executive session, excluding persons other than directors, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

3.11 Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

3.12 Powers. The Board of Directors shall have all the powers necessary for the administration of the Association's affairs and for performing all responsibilities and exercising all rights of the Association as set forth in the Declarations, the Articles and these By-Laws and as provided by law. The Board may do or cause to be done all acts and things as are not by the Declarations, Articles, or these By-Laws directed to be done and exercised exclusively by the membership.

3.13 Duties. The duties of the Board shall include, without limitation:

- (a) preparation and adoption of annual budgets for the Common Expenses and establishing each Owner's share of such Common Expenses;
- (b) establishing and levying assessments on each Lot for its share of the Common Expenses and fines for failure to abide by the terms of the Declaration;
- (c) establishing the means and methods of collecting all assessments, and establishing the period of installment payments of the Base Assessment, if permitted to be paid in installments;
- (d) opening bank accounts on behalf of the Association and designating the authorized signatories;
- (e) collecting the assessments, depositing the proceeds in depositories of which it shall approve, and using the funds collected as assessments for Common Expenses to operate the Association;



No action, policy or program subject to the right of disapproval set forth herein shall become effective or be implemented until and unless the requirements of subsections (a) and (b) above have been met.

The Class B Member, its representatives or agents shall make its concerns, thoughts, and suggestions known to the Board and/or the members of the subject committee. The Class B Member, acting through any officer, director, agent or authorized representative, may exercise its right to disapprove at any time within ten days following the meeting at which such action was proposed or, in the case of any action taken by written consent in lieu of a meeting, within ten days following receipt of written notice of the proposed action. This right to disapprove shall not include a right to require any action or counteraction on behalf of the Association, the Board or any committee, except to the extent necessary to reverse the disapproved action.

**3.15 Management.** The Board may employ for the Association a professional management agent or agents, to perform such duties and services as the Board shall authorize, at such compensation as the Board may establish; provided, such compensation shall be competitive with fees generally charged for the provision of similar services to comparable developments or to entities with comparable responsibilities in the southeastern United States. The Board may delegate to the managing agent or manager, subject to the Board's supervision, such powers as are necessary to perform the manager's assigned duties but shall not delegate policymaking authority or those duties set forth in subsections (a), (b), (k) and (p) of Section 3.13. Declarant, or an affiliate of Declarant, may be employed as managing agent or manager.

The Association shall not be bound, either directly or indirectly, by any management contract executed during the Class B Control Period unless such contract contains a right of termination exercisable by the Association, with our without cause and without penalty, at any time after termination of the Class B Control Period upon not more than 90 days' written notice.

The Board may delegate to one of its members the authority to act on its behalf on all matters relating to the duties of any managing agent which might arise between meetings of the Board.

**3.16 Accounts and Reports.** The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (a) cash basis accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association;
- (e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;
- (f) commencing at the end of the month in which the first Unit is sold and closed to a Person other than a Builder, financial reports shall be prepared for the Association at least quarterly containing:
  - (i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Members and Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (Any assessment or installment thereof shall be considered to be delinquent on the 15th day following the due date unless otherwise specified by Board resolution).

(g) an annual report consisting of at least the following shall be distributed to all Members within 120 days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. Such report shall be prepared on an compiled basis, as the Board determines. Upon written request of any holder, guarantor or insurer of any first Mortgage on a Unit, the Association shall likewise provide an audited compiled financial statement.

3.17 Borrowing. The Association shall have the power to borrow money for any purpose; provided, the Board shall obtain the written consent of Members entitled to cast a majority of the Class A votes in the event that the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing exceeds or would exceed 25 percent of the budgeted Common Expenses of the Association for that fiscal year. No Mortgage shall be placed on any portion of the Common Area without the written consent of the Members.

3.18 Right to Contract. The Association shall have the right to contract with any Person for the performance of various duties and functions. This right shall include, without limitation, the right to enter into common management, operational or other agreements with any Member, trust, or condominium, cooperative, or other owners' or residents' association, within or outside the Property; provided, any common management agreement shall require the consent of a majority of the total number of the Board.

3.19 Enforcement. In addition to such other rights as are specifically granted under the Declaration, the Board shall have the power to impose reasonable fines for violation of any duty imposed under the Declaration or these By-Laws, which shall be assessed as a Specific Assessment against the violating Owner or, in the case of a violating Member, shall be added to the total Base Assessments payable by such Member. In the event that any occupant, guest or invitee of an Owner violates the Declaration or these By-Laws and a fine is imposed, the fine shall first be assessed against the occupant. If the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration or these By-Laws shall not be deemed a waiver of the right of the Board to do so thereafter.

3.20 Notice. Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than ten days within which the alleged violator may present a written request for a hearing; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten days of the notice. If a timely challenge is not made, the sanction stated in the notice shall be imposed.

3.21 Hearing. If a hearing is requested within the allotted ten day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and

the sanction, if any, imposed. The Board may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

3.22 Appeal. If a hearing is conducted before any body other than the Board, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the Board within 30 days after the hearing date.

3.23 Additional Enforcement Rights. The Board may elect to enforce any provision of the Declarations or the By-Laws by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above, and entry upon property for the purpose of exercising this right shall not be deemed a trespass. In any such action, to the maximum extent permissible, the Person responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred.

#### ARTICLE IV Officers

4.1 Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer. The President and Secretary shall be appointed from among the members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and on or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties the Board prescribes. Any two or more offices may be held by the same person, except the offices of President and Secretary.

4.2 Election and Term of Office. The Board shall elect the officers of the Association at its annual meeting.

4.3 Removal and Vacancies. Whenever in its judgment the best interests of the Association will be served, the Board may remove any officer, and may fill any vacancy in any office arising because of death, resignation, removal or otherwise for the unexpired portion of the term.

4.4 Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the day of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6 Agreements, Contracts, Deeds, Leases, Checks, Etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two officers or by such other person or persons as may be designated by Board resolution.

4.7 Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Section 3.8.

ARTICLE V  
Committees

5.1 General. The Board may appoint such committees as it deems appropriate to perform such tasks and to serve for such periods as the Board may designate by resolution. Each committee shall operate in accordance with the terms of such resolution.

5.2 Covenants Committee. In addition to any other committees which the Board may establish pursuant to Section 5.1, the Board may appoint a Covenants Committee consisting of at least three and no more than seven Owners. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.21.

ARTICLE VI  
Miscellaneous

6.1 Fiscal Year. The fiscal year of the Association shall be set by Board resolution. In the absence of a resolution, the fiscal year shall be the calendar year.

6.2 Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with North Carolina law, the Articles of Incorporation, or these By-Laws.

6.3 Conflicts. If there are conflicts between the provisions of North Carolina law, the Articles of Incorporation, and these By-Laws, the provisions of North Carolina law, the Articles of Incorporation, and the By-Laws (in that order) shall prevail. In the event of a conflict between the Declaration and these By-Laws or the Articles, the Declaration shall control, provided it is not inconsistent with North Carolina law.

6.4 Books and Records.

(a) Inspection by Members and Mortgagees. The Board shall make the following available for inspection and copying by any holder, insurer or guarantor of a first Mortgage on a t, any Member, or the duly authorized representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Lot: the Articles of Incorporation and By-Laws, including any amendments, rules of the Association, the Owner register, books of account, and the minutes of meetings of the Members, the Board and committees. The Association shall provide for such inspection to take place at the office of the Association or at such other place within the Property as the Board may designate.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records;
- (ii) hours and days of the week when such an inspection may be made;
- (iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

6.5 Notices. Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

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(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the registered office of such Member;

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section; and

(c) if to an Owner, at the mailing address of such Owner as designated by such Owner in writing to the Association or, if no address has been designated, at the address of such Owner's Lot.

#### 6.6 Amendment.

(a) By Class B Member. Prior to the conveyance of the first Unit by Declarant to a Person other than a Builder, the Class B Member may unilaterally amend these By-Laws. After such conveyance, the Class B Member may unilaterally amend these By-Laws at any time if such amendment is necessary (a) to bring any provision into compliance with any applicable governmental statutes, rule or regulation, or judicial determination; (b) to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) to enable an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to purchase mortgage loans on the Units; (d) to enable any governmental agency or reputable private insurance company to guarantee or insure mortgage loans on the Units or (e) for any other reason identified in the Declaration. So long as the Class B Membership exists, the Class B Member may unilaterally amend these By-Laws for any other purpose, provided the amendment has no material adverse effect upon any right of any Member.

(b) By Members Generally. Except as otherwise specifically provided herein, these By-Laws may be amended only upon resolution of the Board and the written consent of all Members.

(c) HUDVA Veto Power. Notwithstanding anything in Section 6.6(a) or 6.6(b) above to the contrary, for so long as there is Class B Membership, the United States Department of Housing and Urban Development and the United States Veterans Administration have the right to veto any amendment to these Bylaws.

(d) No amendment may remove, revoke or modify any right or privilege of Declarant or the Class B Member without the written consent of Declarant or the assignee of such right or privilege.



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**CERTIFICATION**

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of Kerry Greens Homeowners' Association, Inc. a North Carolina corporation; and

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the \_\_\_\_ day of \_\_\_\_, 199\_\_.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this \_\_\_\_ day of \_\_\_\_, 19\_\_.

\_\_\_\_ (SEAL)

State of North Carolina, County of Mecklenburg  
The foregoing certificate(s) of Julianne Spennard and Andrew H. Sullivan

Notary(ies) Public is/are certified to be correct. This 14th day of November 1994.

JUDITH A. GIBSON, REGISTER OF DEEDS By: Debra J. White Deputy Register of Deeds