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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
PLANTERS WALK

Prepared by and upon recording, please return to:

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DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR PLANTERS WALK

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made this 27th day of August, 1999, by Planters Walk, L.L.C., a North Carolina limited liability company ("Declarant").

By this Declaration, Declarant imposes upon the Properties (as defined in Article I below) mutually beneficial restrictions under a general plan of improvement for the benefit of the owners of each portion of the Properties, and establishes a flexible and reasonable procedure for the overall development, administration, maintenance, and preservation of the Properties. In furtherance thereof, Declarant has caused Planters Walk Homeowners Association, Inc., to be formed as a North Carolina nonprofit corporation to own, operate, and maintain Common Areas, as defined below, and to administer and enforce the provisions of this Declaration, the By-Laws, and use restrictions and rules promulgated pursuant to this Declaration.

Declarant, as the owner of the property described in Exhibit "A," hereby declares that all of the property described in Exhibit "A" and any additional property subjected to this Declaration by Supplemental Declaration (as defined in Article I below) shall be held, sold, used, and conveyed subject to the following easements, restrictions, covenants, and conditions, which shall run with the title to the real property subjected to this Declaration. This Declaration shall be binding upon all parties having any right, title, or interest in any portion of the Properties, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner of any portion of the Properties.

This document does not and is not intended to create a condominium within the meaning of the North Carolina Condominium Act, N.C. Gen. Stat. §47C-1-101, et seq.

Article I DEFINITIONS

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

1.1. "Area of Common Responsibility": The Common Area, together with such other areas for which the Association has or assumes responsibility pursuant to the terms of this Declaration, any Supplemental Declaration, or other applicable covenants, contract, or agreement.

1.2. "Articles of Incorporation" or "Articles": The Articles of Incorporation of Planter's Walk Homeowners Association, Inc., as filed with the Secretary of State of the State of North Carolina.

1.3. "Association": Planter's Walk Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors or assigns.

1.4. "Board of Directors" or "Board": The body responsible for administration of the Association, selected as provided in the By-Laws and generally serving the same role as the board of directors under North Carolina corporate law.

1.5. "Builder": Any Person who purchases one or more Units for the purpose of constructing improvements for later sale to consumers in the ordinary course of such Person's business.

1.6. "By-Laws": The By-Laws of Planter's Walk Homeowners Association, Inc., attached as Exhibit "D," 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 of Directors as provided in Section 3.3 of the By-Laws. The Class "B" Control Period shall commence of incorporation of the Association and shall terminate upon the first to occur of the following:

(a) when 75% of the total number of Units proposed by the Master Plan for the property described on Exhibits "A" and "B" of this Declaration have certificates of occupancy issued thereon and have been conveyed to Persons other than Builders;

(b) December 31, 2009; or

(c) such earlier date as the Class "B" Member, in its sole discretion, executes and records a written notice in the Public Records voluntarily terminating the Class "B" Control Period.

1.8. "Common Area": All real and personal property, including easements, which the Association owns, leases or otherwise holds possessory or use rights in for the common use and enjoyment of the Owners.

1.9. "Common Expenses": The actual and estimated expenses incurred, or anticipated to be incurred, by the Association, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to this Declaration, the By-Laws, and the Articles of Incorporation. Common Expenses shall not include any expenses incurred during the Class "B" Control Period for initial development, original construction, installation of infrastructure (other than any street lights to be leased from the utility supplier), original capital improvements, or other original construction costs unless approved by Members representing a majority of the total Class "A" vote of the Association.

1.10. "Community-Wide Standard": The standard of conduct, maintenance, or other activity generally prevailing throughout the Properties. Such standard may be more specifically determined by the Board of Directors and the New Construction Committee.

1.11. "Declarant": Planters Walk, L.L.C., a North Carolina limited liability company, or any successor, successor-in-title, or assign who takes title to any portion of the property described on Exhibits "A" or "B" for the purpose of development and/or sale and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant.

1.12. "Declarant Affiliate": The Crosland Group, Inc., a North Carolina corporation, its successors or assigns, and any other Person who is a member of, or under common control with, Planter's Walk, L.L.C.

1.13. "Design Guidelines": The design and construction guidelines and application and review procedures applicable to the Properties promulgated and administered pursuant to Article IX.

1.14. "General Assessment": Assessments levied on all Units subject to assessment under Article VIII to fund Common Expenses for the general benefit of all Units, as more particularly described in Sections 8.1 and 8.3.

1.15. "Governing Documents": A collective term referring to this Declaration and any applicable Supplemental Declaration, the By-Laws, the Articles, the Design Guidelines, and the Use Restrictions and Rules, as they may be amended.

1.16. "Master Plan": The plan for the development of Planters Walk prepared by ESP Associates, P.A. and approved by the Charlotte-Mecklenburg Planning Commission, as it may be amended from time to time, which plan includes the property described on Exhibit "A" and all or a portion of the property described on Exhibit "B" that Declarant may from time to time anticipate subjecting to this Declaration. Inclusion of property on the Master Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the exclusion of property described on Exhibit "B" from the Master Plan bar its later annexation in accordance with Article VII.

1.17. "Member": A Person subject to membership in the Association pursuant to Section 3.2.

1.18. "Mortgage": A mortgage, a deed of trust, a deed to secure debt, or any other form of security instrument affecting title to any Unit.

1.19. "Mortgagee": A beneficiary or holder of a Mortgage.

1.20. "Mortgagor": Any Person who gives a Mortgage.

1.21. "Owner": One or more Persons who hold the record title to any Unit, but excluding in all cases any party holding an interest merely as security for the performance of an obligation. If a Unit is sold under a recorded contract of sale, and the contract specifically so provides, the purchaser (rather than the fee owner) will be considered the Owner.

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

1.23. "Properties": The real property described on Exhibit "A," together with such additional property as is subjected to this Declaration in accordance with Article VII.

1.24. "Public Records": The Office of the Register of Deeds for Mecklenburg County, North Carolina.

1.25. "Special Assessment": Assessments levied in accordance with Section 8.4.

1.26. "Specific Assessment": Assessments levied in accordance with Section 8.5.

1.27. "Supplemental Declaration": An instrument filed in the Public Records pursuant to Article VII 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.

1.28. "Unit": A portion of the Properties, whether improved or unimproved, which may be independently owned and conveyed and which is intended for development, use, and occupancy as a detached residence for a single family. The term shall include within its meaning, by way of illustration but not limitation, each numbered lot shown on a subdivision plat filed in the Public Records with respect to any portion of the Properties, together with the structures, if any, constructed thereon, as well as vacant land intended for further subdivision, but shall not include Common Areas or property dedicated to the public.

In the case of a portion of the Properties intended and suitable for subdivision into single-family lots but as to which no final subdivision plat has been filed, such property shall be deemed to be a single Unit until such time as a final subdivision plat is filed of record with respect to all or a portion of such property. Thereafter, the portion encompassed by such plat shall contain the number of Units determined as set forth in the preceding paragraph and any portion not platted shall continue to be treated as a single Unit.

Units may be combined or further subdivided, and boundary lines of Units may be changed, only by recording of a new or revised subdivision plat in the Public Records (which shall be subject to such other restrictions as may be set forth in this Declaration or rules of the Association). Ownership of adjacent Units by the same Owner shall not, in the absence of recording of a new or revised subdivision plat in the Public Records, permit such Units to be treated as a single Unit for purposes of voting and assessment, notwithstanding that such Units may be improved with a single dwelling.

Article II
PROPERTY RIGHTS

2.1. Common Area. 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, acting through the Board, to dedicate or transfer all or any part of the Common Area, subject to Section 2.4; and

(e) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

2.2. No Partition. Except as permitted in this Declaration, there shall be no judicial partition of the Common Area. No Person shall seek any judicial partition unless the portion of the Common Area which is the subject of such partition action has been removed from the provisions of this Declaration. This Article shall not prohibit the Board from acquiring and disposing of tangible personal property nor from acquiring and disposing of real property which may or may not be subject to this Declaration.

2.3. Condemnation. If any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation) by any authority having the power of condemnation or eminent domain, the Association shall mail written notice to each Owner within 10 days after such taking or conveyance notifying them of such fact, identifying the property so taken or conveyed and stating whether such taking or conveyance involved any improvements. The Board may convey Common Area in lieu of or under threat of condemnation only upon the written direction of Members representing at least 67% of the total Class "A" votes in the Association and of Declarant, as long as Declarant or the Declarant Affiliate owns any property described on Exhibits "A" or "B." The award made for such taking or proceeds from such conveyance shall be payable to the Association, as trustee for the affected Owners, to be disbursed as follows:

If the taking involves a portion of the Common Area on which improvements have been constructed, the Association shall restore or replace such improvements to the extent feasible, unless within 60 days after such taking Declarant, so long as Declarant or the Declarant Affiliate owns any property described in Exhibits "A" or "B" of this Declaration, and Members representing at least 75% of the total Class "A" vote of the Association shall otherwise agree.

Any construction undertaken pursuant to this Section shall be in accordance with plans approved by the Board. The provisions of Section 6.1(c) regarding funds for the repair of damage or destruction shall apply.

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

2.4. Actions Requiring Owner Approval. If either the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs is insuring or guaranteeing the Mortgage on any Unit, then the following actions shall require the prior approval of Members representing not less than two-thirds (2/3) of the total Class "A" votes in the Association and the consent of the Class "B" Member, if such exists: merger, consolidation or dissolution of the Association; annexation of additional property other than that described on Exhibit "B;" and dedication, conveyance or mortgaging of Common Area except as required by Section 4.5. Notwithstanding anything to the contrary in Section 2.3 or this Section, the Association, acting through the Board, may grant easements over the Common Area for installation and maintenance of utilities and drainage facilities and for other purposes not inconsistent with the intended use of the Common Area, without the approval of the membership.

Article III MEMBERSHIP AND VOTING RIGHTS

3.1. Function of Association. The Association shall be the entity responsible for management, maintenance, operation, and control of the Area of Common Responsibility. The Association shall be the primary entity responsible for enforcement of this Declaration and such reasonable rules regulating use of the Properties as the Board or the membership may adopt pursuant to Article X. The Association shall also be responsible for administering and enforcing the architectural standards and controls set forth in this Declaration and in the Design Guidelines. The Association shall perform its functions in accordance with the Governing Documents and the laws of the State of North Carolina.

3.2. Membership. Every Owner shall be a Member of the Association. There shall be only one membership per Unit. If a Unit is owned by more than one Person, all co-Owners shall share the privileges of such membership, subject to reasonable Board regulation and the restrictions on voting set forth in Section 3.3(c) and in the By-Laws, and all such co-Owners shall be jointly and severally obligated to perform the responsibilities of Owners. The membership rights of an Owner which is not a natural person may be exercised by any officer, director, partner, managing member, or trustee, or by the individual designated from time to time by the Owner in a written instrument provided to the Secretary of the Association.

3.3. Voting. The Association shall have two classes of membership, Class "A" and Class "B."

(a) Class "A". Class "A" Members shall be all Owners except the Class "B" Member, if any.

Class "A" Members shall have one equal vote for each Unit in which they hold the interest required for membership under Section 3.2; provided, there shall be only one vote per Unit and no vote shall be exercised for any property which is exempt from assessment under Section 8.9. All Class "A" votes shall be cast as provided in Section 3.3(c) below.

(b) Class "B". The sole Class "B" Member shall be Declarant. The rights of the Class "B" Member, including the right to approve, or withhold approval of, actions proposed under this Declaration, the By-Laws, and the Articles, are specified in the relevant sections of this Declaration, the By-Laws, and the Articles. The Class "B" Member may appoint a majority of the members of the Board of Directors during the Class "B" Control Period, as specified in Section 3.3 of the By-Laws. After termination of the Class "B" Control Period, the Class "B" Member shall have a right to disapprove actions of the Board and committees as provided in Section 3.19 of the By-Laws.

The Class "B" membership shall terminate two years after expiration of the Class "B" Control Period pursuant to Article III of the By-Laws unless Declarant voluntarily terminates such membership earlier by filing a written notice of termination in the Public Records. Upon termination of the Class "B" membership, Declarant shall be a Class "A" Member entitled to Class "A" votes for each Unit which it owns.

(c) Exercise of Voting Rights. In any situation where there is more than one Owner of a Unit, the vote for such Unit shall be exercised as the co-Owners determine among themselves and advise the Secretary of the Association in writing prior to the vote being taken. Absent such advice, the Unit's vote shall be suspended if more than one Person seeks to exercise it.

Article IV

RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

4.1. Management and Control of Common Area. The Association, subject to the rights of the Owners set forth in this Declaration, shall manage and control the Common Area and all improvements thereon (including, without limitation, furnishings, equipment, and other personal property of the Association used in connection with the Common Areas), and shall keep it in good, clean, attractive, and sanitary condition, order, and repair, pursuant to this Declaration and the By-Laws and consistent with the Community-Wide Standard. The Board is specifically authorized, but not obligated, to retain or employ professional management to assist in carrying out the Association's responsibilities under this Declaration, the cost of which shall be a Common Expense. The Board may adopt such reasonable rules regulating use of the Common Areas as it deems appropriate.

4.2. 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, subject to the provisions of Sections 2.4 and 12.4, as applicable. Declarant, the Declarant Affiliate, and their respective designees may convey to the Association improved or unimproved real estate, or interests in real estate, located within the properties described in Exhibits "A" or "B," personal property, and leasehold and other property interests. Such property shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of its Members, subject to any restrictions set forth in the deed or other instrument transferring such property to the Association. Declarant shall cause the Common Area, if any, in each phase of development to be conveyed to the Association prior to the conveyance of a Unit in that phase to any Person other than a Builder.

4.3. Enforcement. The Association may impose sanctions for violations of this Declaration, any applicable Supplemental Declaration, the By-Laws, or Association rules in accordance with procedures set forth in the By-Laws, including reasonable monetary fines and suspension of the right to vote. In addition, in accordance with Section 3.24 of the By-Laws, the Association may exercise self-help to cure violations and may suspend any services it provides to the Unit of any Owner who is more than 30 days delinquent in paying any assessment or other charge due to the Association. All remedies set forth in this Declaration and the By-Laws shall be cumulative of any remedies available at law or in equity. In any action to enforce the provisions of this Declaration or Association rules, if the Association prevails it shall be entitled to recover all costs, including, without limitation, attorneys' fees and court costs, reasonably incurred in such action.

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

The Association, by contract or other agreement, may, but shall not be obligated to, enforce county and city ordinances, if applicable, and permit local governments to enforce their ordinances within the Properties for the benefit of the Association and its Members.

4.4. Implied Rights; Board Authority. The Association may exercise any right or privilege given to it expressly by this Declaration or the By-Laws, or reasonably implied from or reasonably necessary to effectuate any such right or privilege. Except as otherwise specifically provided in this Declaration, the By-Laws, the Articles, or by law, all rights and powers of the Association may be exercised by the Board without a vote of the membership.

4.5. Governmental Interests. For so long as Declarant or any Declarant Affiliate owns any property described on Exhibits "A" or "B," Declarant may designate sites within the Properties for fire, police, and utility facilities, parks, and other public or quasi-public facilities. The sites may include Common Areas, in which case the Association shall take whatever action

is required with respect to such site to permit such use, including conveyance of the site, if so directed by Declarant. The sites may include other property not owned by Declarant or the Association, provided the owner consents.

4.6. Indemnification. To the extent permitted by North Carolina law, the Association shall indemnify every officer, director, and committee member, including members of the committees established under Article IX, against all damages and expenses, including counsel fees, reasonably incurred in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) in 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 for which liability is limited under this Section and North Carolina law.

The officers, directors, and committee members shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made or action taken in good faith on behalf of the Association (except to the extent that such officers or directors may also be Members of the Association). The Association shall indemnify and forever hold each such officer, director, and committee member harmless from any and all liability to others on account of any such contract, commitment, or action. This right to indemnification shall not be exclusive of any other rights to which any present or former officer, director, or committee member may be entitled. The Association shall, as a Common Expense, maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such insurance is reasonably available.

4.7. Dedication of Common Areas. The Association may dedicate portions of the Common Areas to Mecklenburg County, North Carolina, or to any other local, state, or federal governmental or quasi-governmental entity, subject to the approval of Declarant if Declarant or a Declarant Affiliate owns any of the property described on Exhibits "A" or "B" of this Declaration, and subject to such approval may be required by Section 2.4.

4.8. Security and Safety. Each Owner and Occupant is responsible for his or her own safety, the safety of their guests, and the security of their property. The Association may, but shall not be obligated to, maintain or support certain activities within the Properties designed to supplement or enhance the safety or security provided by each Owner and Occupant. Neither the Association, the original Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the Properties, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. No representation or warranty is made that any systems or measures cannot be compromised or circumvented, nor that any such systems or measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and covenants to inform its tenants and all occupants of its Unit that the Association, its Board of Directors and committees, Declarant, and any successor Declarant are not insurers and that each Person using the

Properties assumes all risks of personal injury and loss or damage to property, including Units and the contents of Units, resulting from acts of third parties.

Article V MAINTENANCE

5.1. Association's Responsibility.

(a) The Association shall maintain and keep in good repair the Area of Common Responsibility, which shall include, but need not be limited to:

(i) all landscaping and other flora, signage, lighting, irrigation systems and equipment, fences, walls, and other structures and improvements, if any, situated upon the Common Area;

(ii) landscaping, signage, street lights, and sidewalks within public rights-of-way or sidewalk easements lying within or adjacent to the Properties, except to the extent that such responsibility is assigned to Owners under Section 5.2 or assumed by a governmental or quasi-governmental body or public utility;

(iii) any ponds, streams and/or wetlands located within the Properties which serve as part of the drainage and storm water retention system for the Properties (except as otherwise provided in Section 11.8); and

(iv) such portions of any additional property included within the Area of Common Responsibility as may be dictated by this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Association.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

The Area of Common Responsibility shall not be reduced by amendment of this Declaration or any other means except with the prior written approval of Declarant as long as Declarant or any Declarant Affiliate owns any property described on Exhibits "A" or "B" of this Declaration.

(b) There are hereby reserved to the Association easements over the Properties as necessary to enable the Association to fulfill such responsibilities.

(c) Except as otherwise specifically provided in this Declaration, all costs associated with maintenance, repair, and replacement of the Area of Common Responsibility shall be a Common Expense to be allocated among all Units as part of the General 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, other recorded covenants, or agreements with the owner(s) thereof.

5.2. Owner's Responsibility. Each Owner shall maintain his or her Unit and all structures, parking areas, and other improvements comprising the Unit in a manner consistent with the Community-Wide Standard and all applicable covenants, unless such maintenance responsibility is otherwise assumed by or assigned to the Association pursuant to this Declaration, any Supplemental Declaration, or other covenants applicable to such Unit. In addition to any other enforcement rights, if an Owner fails to perform properly his or her maintenance responsibility hereunder, the Association may perform such maintenance responsibilities and assess all costs incurred by the Association against the Unit and the Owner in accordance with Section 8.5. The Association shall afford the Owner reasonable notice and an opportunity to cure the problem prior to entry, except when entry is required due to an emergency situation.

5.3. Standard of Performance. Unless otherwise specifically provided herein or in other instruments creating and assigning such maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable 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

6.1. Association Insurance.

(a) Required Coverages. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverages as are reasonably available:

(i) Blanket property insurance covering "risks of direct physical loss" on a "special form" basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area and on other portions of the Area of Common Responsibility to the extent that it has or has assumed responsibility for maintenance, repair, and/or replacement in the event of a casualty. If such coverage is not generally available at reasonable cost, then "broad form" coverage may be substituted. The Association shall have the authority to and interest in insuring any property for which it has maintenance or repair responsibility, regardless of ownership. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements.

(ii) Commercial general liability insurance on the Area of Common Responsibility, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, the commercial general liability coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Association shall obtain such additional coverages or limits;

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law;

(iv) Directors and officers liability coverage;

(v) Fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board's business judgment but not less than an amount equal to one-sixth of the annual General Assessments on all Units plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and

(vi) Such additional insurance as the Board, in its business judgment, determines advisable.

(b) Policy Requirements. The Association shall arrange for an annual review of the sufficiency of insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the metropolitan Charlotte, North Carolina area. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon written request, to any Member.

The policies may contain a reasonable deductible and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the requirements of Section 6.1(a). In the event of an insured loss, the deductible shall be treated as a Common Expense; provided, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with Section 3.24 of the By-Laws, that the loss is the result of the negligence or willful misconduct of one or more Owners, their lessees, or their respective guests and invitees, then the Board may specifically assess the full amount of such deductible against such Owner(s) and their Units pursuant to Section 8.5.

All insurance coverage obtained by the Board shall:

(i) be written with a company authorized to do business in the State of North Carolina which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate;

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

(iii) not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgages individually;

(iv) contain an inflation guard endorsement; and

(v) include an agreed amount endorsement, if the policy contains a co-insurance clause.

In addition, the Board shall use reasonable efforts to secure insurance policies which list the Owners as additional insureds and provide:

(i) a waiver of subrogation as to any claims against the Association's Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests;

(ii) a waiver of the insurer's rights to repair and reconstruct instead of paying cash;

(iii) an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any one or more individual Owners, or on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure;

(iv) an endorsement excluding Owners' individual policies from consideration under any "other insurance" clause;

(v) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(vi) a cross liability provision; and

(vii) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Damage and Destruction. Immediately after damage or destruction to all or any part of the property covered by insurance written in the name of the Association, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repair or reconstruction. Repair or reconstruction, as used in this paragraph, means repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes.

Any damage to or destruction of the Common Area shall be repaired or reconstructed unless the Members representing at least 75% of the total Class "A" votes in the Association, and the Class "B" Member, if any, decide within 60 days after the loss not to repair or reconstruct.

If either the insurance proceeds or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not available to the Association within such 60-day period, then the period shall be extended until such funds or information are available. However, such extension shall not exceed 60 additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Area shall be repaired or reconstructed.

If determined in the manner described above that the damage or destruction to the Common Area shall not be repaired or reconstructed and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be retained by and for the benefit of the Association and placed in a capital improvements account. This is a covenant for the benefit of Mortgagees and may be enforced by the Mortgagee of any affected Unit.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board of Directors may, without a vote of the Members, levy a Special Assessment to cover the shortfall.

6.2. Owners' Insurance.

Each Owner shall be responsible for insuring its own Unit and any personal property maintained by the Owner or the occupants of its Unit, their respective family members, guests or invitees, within the Unit or elsewhere in the Properties.

In the event of damage or destruction of structures on or comprising a Unit, the Owner shall, within 180 days thereafter, complete repair or reconstruction of the damaged structures in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article IX or, in the alternative, the Owner shall clear the Unit of all debris and ruins and thereafter maintain the Unit in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs not covered by insurance proceeds.

Neither the Association nor Declarant shall bear any responsibility for the maintenance or safekeeping of personal property of any Owner or occupant of a Unit, their family, guests or invitees, nor shall the Association or Declarant be held liable for the condition of, or any loss or damage to, any such personal property except to the extent directly attributable

to the reckless acts or willful misconduct of the Association, Declarant or their respective agents or employees.

Article VII

ANNEXATION AND WITHDRAWAL OF PROPERTY

7.1. Annexation Without Approval of Membership. Until all property described on Exhibit "B" has been subjected to this Declaration or ten years after the recording of this Declaration in the Public Records, whichever is earlier, Declarant may from time to time unilaterally subject to the provisions of this Declaration all or any portion of the real property described in Exhibit "B." Declarant may transfer, assign, or otherwise extend, on a limited or permanent basis, this right to annex property to one or more Persons, provided that each such Person is the owner or developer of at least a portion of the real property described in Exhibits "A" or "B" and that such transfer, assignment or extension is memorialized in a written, recorded instrument executed by Declarant.

Such annexation shall be accomplished by recording in the Public Records either: (a) a plat describing the property being annexed, provided that such plat contains a statement that the platted property is subject to this Declaration; or (b) a Supplemental Declaration describing the property being annexed. Such annotated plat or Supplemental Declaration shall not require the consent of Members, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such plat or Supplemental Declaration, unless otherwise provided therein.

Nothing in this Declaration shall be construed to require Declarant or any successor to annex or develop any of the property set forth in Exhibit "B" in any manner whatsoever.

7.2. Annexation With Approval of Membership. The Association may annex real property to the provisions of this Declaration with the consent of the owner of such property, the affirmative vote of Members representing a majority of the Class "A" votes of the Association represented at a meeting duly called for such purpose, and the consent of Declarant so long as Declarant or the Declarant Affiliate owns property subject to this Declaration or which may become subject to this Declaration in accordance with Section 7.1; provided, if the real property to be annexed is not described on Exhibit "B," such annexation shall require the approval of Members representing at least two-thirds (2/3) of the total Class "A" votes in the Association, in addition to the consent of the owner and Declarant if otherwise required hereunder.

Such annexation shall be accomplished by filing a Supplemental Declaration describing the property being annexed in the Public Records. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the annexed property, and by Declarant, if Declarant's consent is required. Any such annexation shall be effective upon filing unless otherwise provided therein.

7.3. Withdrawal of Property. Declarant reserves the right to amend this Declaration so long as it has a right to annex additional property pursuant to Section 7.1, for the

purpose of removing any portion of the Properties from the coverage of this Declaration, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Properties and does not reduce the total number of Units then subject to this Declaration by more than 5%. Such amendment shall not require the consent of any Person other than the Owner of the property to be withdrawn, if not Declarant.

7.4. Additional Covenants and Easements. Declarant may subject any portion of the property submitted to this Declaration to additional covenants and easements by filing a Supplemental Declaration in the Public Records, concurrent with or after the annexation of the subject property, setting forth such additional covenants and easements. Any such Supplemental Declaration shall require the written consent of the owner(s) of the subject property, if other than Declarant. Any such Supplemental Declaration may supplement, create exceptions to, or otherwise modify the terms of this Declaration as it applies to the subject property in order to reflect the different character and intended use of such property.

7.5. Amendment. This Article shall not be amended without the prior written consent of Declarant so long as Declarant or any Declarant Affiliate owns any property described in Exhibits "A" or "B."

Article VIII ASSESSMENTS

8.1. Creation of and Obligation for Assessments.

(a) Purposes and Types. There are hereby created, and the Association is hereby authorized to levy, assessments for expenses incurred or anticipated to be incurred by the Association in performing its responsibilities and exercising its rights and powers under this Declaration, any Supplemental Declaration, the Articles and the By-Laws, specifically including but not limited to: expenses of maintaining, repairing, replacing, improving, operating, and insuring the Area of Common Responsibility, including amounts due to third parties who perform such tasks on behalf of the Association, and the costs of labor, equipment, materials, management, supervision, and utilities; taxes, if any, imposed on the Association or the Common Area; the cost of insurance and fidelity bond coverage obtained pursuant to Article VI; expenses of monitoring and enforcing compliance with the provisions of this Declaration and all exhibits hereto and all instruments referenced herein; expenses arising out of the Association's indemnification obligations under Section 4.6; expenses arising out of any measure undertaken to enhance the safety of the Owners and occupants of Units and the Properties pursuant to Section 4.8; expenses of the New Construction Committee and Modifications Committee in exercising their responsibilities for architectural control under Article IX; expenses of managing the Association, including compensation of management personnel, maintaining books and records, handling Association funds, providing financial reports, and corresponding with Members; administrative expenses such as postage, copying expense, office supplies and equipment, legal, accounting, and other professional fees; and such other expenses as the Board deems necessary or desirable to keep the Properties in good, clean, and attractive condition and to maintain and enhance property values and marketability of Units within the Properties.

There shall be three types of assessments: (a) General Assessments as described in Section 8.3; (b) Special Assessments as described in Section 8.4; and (c) Specific Assessments as described in Section 8.5. Each Owner, by accepting a deed or entering into a recorded contract of sale for any portion of the Properties, is deemed to covenant and agree to pay these assessments. Such assessments shall commence at the time and in the manner set forth in Section 8.7.

(b) Personal Obligation and Lien. All assessments, together with interest (computed from the due date of such assessment at a rate of 10% per annum or such higher rate as the Board may establish, subject to the limitations of North Carolina law), late charges in such amount as the Board may establish by resolution (subject to the limitations of North Carolina law), costs, and reasonable attorneys' fees, shall be a charge and continuing lien upon each Unit against which the assessment is made until paid, as more particularly provided in Section 8.6. Each such assessment, together with interest, late charges, costs, and reasonable attorneys' fees, also shall be the personal obligation of the Person who was the Owner of such Unit at the time the assessment arose. Upon a transfer of title to a Unit, the grantee shall be jointly and severally liable for any assessments and other charges due at the time of conveyance. However, no first Mortgagee who obtains title to a Unit by exercising the remedies provided in its Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

The Association shall, upon request, furnish to any Owner liable for any type of assessment a certificate in writing signed by an Association officer setting forth whether such assessment has been paid. Such certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

Assessments shall be paid in such manner and on such dates as the Board may establish, which may include discounts for early payment or similar time/price differentials. The Board may require advance payment of assessments at closing of the transfer of title to a Unit and impose special requirements for Owners with a history of delinquent payment. The General Assessment shall be an annual assessment due and payable in advance on the first day of each fiscal year, provided, the Board may by resolution permit payment in two or more installments. If any Owner is delinquent in paying any assessments or other charges levied on his Unit, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

No Owner may exempt himself from liability for assessments by non-use of Common Area, abandonment of his Unit, or any other means. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessments or set-off shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it, or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

The Association is specifically authorized to enter into subsidy contracts or contracts for "in kind" contribution of services, materials, or a combination of services and materials with Declarant or other entities for payment of Common Expenses.

8.2. Declarant's Obligation for Assessments. During the Class "B" Control Period, Declarant may annually elect either to pay the assessments which otherwise would be levied on its unsold Units pursuant to Section 8.7 or to pay the difference between the amount of assessments levied on all other Units subject to assessment and the amount of actual expenditures by the Association during the fiscal year; provided, regardless of Declarant's election, Declarant's Units shall be considered in computing the General Assessment rate under Section 8.3. Unless Declarant otherwise notifies the Board in writing at least 60 days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of such election, the Association shall have a lien against all Units owned by Declarant to secure Declarant's obligations under this section, which lien shall have the same attributes and shall be enforceable in the same manner as the Association's lien against each Unit under Section 8.6. Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. After termination of the Class "B" Control Period, Declarant shall pay assessments on its unsold Units in the same manner as any other Owner in accordance with the applicable rate of assessment under Section 8.7.

8.3. Budgeting and Allocating General Common Expenses.

(a) At least 30 days before the beginning of each fiscal year, the Board shall prepare a budget covering the estimated general Common Expenses during the coming year. The budget shall include a capital contribution to establish a reserve fund in accordance with a budget separately prepared which takes into account the number and nature of replaceable assets, if any, maintained as a general Common Expense, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the reserve budget, with respect both to amount and timing by annual General Assessments over the period of the reserve budget.

The Board shall use such budgets as the basis for determining the General Assessments to be levied hereunder. Except as otherwise provided in Section 8.7, General Assessments shall be fixed at a uniform rate for all Units. Subject to the provisions of this Section 8.3, such assessment rate shall be set at a level which is reasonably expected to produce total income for the Association equal to the total budgeted general Common Expenses, including reserves. In determining the total funds to be generated through the levy of General Assessments, the Board, in its discretion, may consider other sources of funds available to the Association, including any surplus from prior years, any assessment income expected to be generated from any additional Units reasonably anticipated to become subject to partial or full assessment during the fiscal year, and any income expected to be generated from Specific Assessments pursuant to Sections 8.5.

So long as Declarant has the right unilaterally to annex additional property pursuant to Section 7.1, Declarant may, but shall not be obligated to, reduce the General Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant under Section 8.2), which may be treated as either a contribution or an advance against future assessments due from Declarant, in Declarant's discretion. Any such subsidy shall be conspicuously disclosed as a line item in the Common Expense budget and the treatment of such subsidy shall be made known to the membership. The payment of such subsidy in any year shall under no circumstances obligate Declarant to continue payment of such subsidy in future years, unless otherwise provided in a written agreement between the Association and Declarant.

So long as the proposed General Assessment does not exceed the applicable Maximum General Assessment, as defined in subsection (b), the budget and proposed General Assessment may be adopted by the Board without a vote of the membership. If the proposed General Assessment would exceed the applicable Maximum General Assessment, the proposed General Assessment shall become effective only upon approval by 67% of the Class "A" votes represented at a duly called meeting of the membership at which a quorum is present, and the consent of the Class "B" Member. If a quorum is not present at the meeting when originally called, a second meeting may be called and the quorum for the second meeting shall be reduced to one-half of the quorum originally required.

The Board shall send a copy of the final budget and notice of the amount of the General Assessment for the following year to each Owner at least 15 days prior to the beginning of the fiscal year for which it is to be effective.

If a budget is not adopted for any year, then until such time as a budget is adopted, the budget in effect for the immediately preceding year shall continue for the current year.

(b) The maximum General Assessment which may be levied on any Unit without a vote of the membership shall be \$375.00 for the 1999 fiscal year and shall automatically increase for each subsequent fiscal year by 10% or the percentage increase in the Consumer Price Index during the previous fiscal year, whichever is greater (the "Maximum General Assessment"). The "Consumer Price Index" shall refer to the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for All Urban Consumers (South Region, Base: 1982-84 = 100). In the event the compilation and/or publication of the CPI shall be substantially revised, transferred to any other governmental department or bureau or agency or shall be discontinued, then the index (or a substitute procedure which reasonably reflects and monitors fluctuations in consumer prices) most nearly the same as the CPI shall be used to make the calculations envisioned herein, or in the event no such alternative index exists or a dispute arises concerning the selection of such alternative index, the Board shall have the final right and power to select and/or formulate such an alternate index. The Maximum General Assessment for any year may be increased by an amount greater than that set forth above with the assent of at least 67% of the Class "A" votes represented at a duly called meeting of the membership at which a quorum is present and the consent of the Class "B" Member.

8.4. 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 under Section 8.3. Except as otherwise specifically provided in this Declaration, any Special Assessment for general Common Expenses which, when combined with the General Assessment, would result in payments due in any fiscal year in excess of the Maximum General Assessment permitted for such fiscal year, shall require the affirmative vote or written consent of Members representing a majority of the total Class "A" votes in the Association, and the affirmative vote or written consent of the Class "B" Member, if such exists. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessment is approved. Except as otherwise provided in Section 8.7, Special Assessments shall be levied equally on all Units.

8.5. Specific Assessments. The Association shall have the power to levy Specific Assessments against a particular Unit or Units as follows:

(a) to cover the costs, including overhead and administrative costs, of providing benefits, items, or services to the Unit or occupants thereof upon request of the Owner pursuant to a menu of special services which the Board may from time to time authorize to be offered to Owners and occupants (which might include, without limitation, landscape maintenance, pest control, etc.), which assessments may be levied in advance of the provision of the requested benefit, item, or service as a deposit against charges to be incurred by the Owner; and

(b) to cover costs incurred in bringing the Unit into compliance with the terms of this Declaration, any applicable Supplemental Declaration, the By-Laws, or rules, or costs incurred as a consequence of the conduct of the Owner or occupants of the Unit, their agents, contractors, employees, licensees, invitees, or guests; provided, the Board shall give the Unit Owner prior written notice and an opportunity for a hearing, in accordance with By-Laws Section 3.24, before levying any Specific Assessment under this subsection (b).

8.6. Lien for Assessments. The Association shall have a lien against each Unit to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of North Carolina law), and costs of collection (including attorneys' fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments, and other levies which by law would be superior; and (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value. Such lien, when delinquent, may be enforced by suit, judgment, and foreclosure in the same manner as mortgages are foreclosed under North Carolina law.

The Association may bid for the Unit at the foreclosure sale and acquire, hold, lease, mortgage, and convey the Unit. While a Unit is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Unit shall be charged, in addition to its usual assessment, its pro rata share of the assessment that would have been charged such Unit had it not been acquired by the Association. The Association may sue for unpaid assessments and other charges authorized hereunder without foreclosing or waiving the lien securing the same.

The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent assessments. However, the sale or transfer of any Unit 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 except to the extent that North Carolina law grants priority over Mortgages to liens of owners associations such as the Association. A Mortgagee or other purchaser of a Unit who obtains title pursuant to foreclosure of the Mortgage shall not be personally liable for assessments on such Unit due prior to such acquisition of title except to the extent of any priority granted to the Association's lien by North Carolina law. Such unpaid assessments shall be deemed to be Common Expenses collectible from Owners of all Units subject to assessment under Section 8.7, including such acquirer, its successors and assigns.

8.7. Date of Commencement of Assessments. Except as otherwise provided herein, the obligation to pay assessments shall commence as to each Unit on the first day of the month following: (a) the month in which the Unit is made subject to this Declaration, or (b) the month in which the Board first determines a budget and levies assessments pursuant to this Article, whichever is later; provided, until the first day of the first month following the month in which the Unit is first occupied for residential purposes, whichever is earlier, such Unit shall be assessed only 25% of the full General Assessment rate and shall pay only 25% of any Special Assessment which would otherwise be payable during such period. The first annual General Assessment levied on each Unit, whether levied at the partial or full rate, shall be adjusted according to the number of months remaining in the fiscal year at the time assessments commence on the Unit.

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

8.9. Exempt Property. The following property shall be exempt from payment of assessments:

- (a) All Common Area and such portions of the property owned by Declarant as are included in the Area of Common Responsibility pursuant to Section 5.1; and
- (b) Any property dedicated to and accepted by any governmental authority or public utility.

Article IX ARCHITECTURAL STANDARDS

9.1. General. No structure shall be placed, erected, or installed upon any Unit, and no improvements (including staking, clearing, excavation, grading, and other site work,

exterior alteration of existing improvements, and planting or removal of landscaping materials) shall take place except in compliance with this Article, and approval of the appropriate committee under Section 9.2. Notwithstanding this, the Board may, by resolution, exempt certain activities from the application and approval requirements of this Article, provided such activities are undertaken in strict compliance with the requirements of such resolution.

Owners may remodel, paint, or redecorate the interior of structures on their Units without approval. However, modifications to the interior of screened porches, patios, and similar portions of a Unit visible from outside the structures on the Unit shall be subject to approval. No approval shall be required to repaint the exterior of a structure in accordance with the originally approved color scheme or to rebuild in accordance with originally approved plans and specifications.

All construction within the Properties shall comply with all applicable building codes and requirements.

This Article shall not apply to the activities of Declarant, nor to improvements to the Common Area by or on behalf of the Association.

This Article may not be amended without Declarant's written consent so long as Declarant or the Declarant Affiliate owns any land subject to this Declaration or subject to annexation to this Declaration.

9.2. Architectural Review. Responsibility for administration of the Design Guidelines, as defined below, and review of all applications for construction and modifications under this Article shall be handled by the two committees described in subsections (a) and (b) below. The members of the Committees need not be Members of the Association or representatives of Members, and may, but need not, include architects, engineers, or similar professionals, whose compensation, if any, shall be established from time to time by the Board. The Board may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the committees in having any application reviewed by architects, engineers, or other professionals.

(a) New Construction Committee. The New Construction Committee (NCC) shall consist of at least three, but not more than seven, persons and shall have exclusive jurisdiction over all original construction on any portion of the Properties. Until expiration of Declarant's right to annex additional property pursuant to Section 7.1 and until 100% of the Properties have been developed and conveyed to Owners other than Builders, Declarant retains the right to appoint all members of the NCC who shall serve at Declarant's discretion. There shall be no surrender of this right prior to that time except in a written instrument in recordable form executed by Declarant. Upon the expiration of such right, the Board may, at its option, either appoint the members of the NCC, who shall thereafter serve and may be removed in the Board's discretion, or combine the NCC and the MC (hereafter defined) into a single architectural review committee which shall assume all powers and responsibilities of both committees under this Declaration.

(b) Modifications Committee. The Board of Directors may establish a Modifications Committee (MC) to consist of at least three and no more than seven persons, all of whom shall be appointed by and shall serve at the discretion of the Board. The MC, if established, shall have jurisdiction over modifications, additions, or alterations made on or to existing structures on Units or containing Units and the adjacent open space. The NCC shall have the right to veto any action taken by the MC which the NCC determines, in its sole discretion, to be inconsistent with the guidelines promulgated by the NCC.

9.3. Guidelines and Procedures.

(a) Design Guidelines. Declarant may prepare initial design and development guidelines and application and review procedures (the "Design Guidelines") for the Properties. The Design Guidelines may contain general provisions applicable to all of the Properties, as well as specific provisions which vary according to land use and from one portion of the Properties to another depending upon the location, unique characteristics, and intended use. The Design Guidelines are intended to provide guidance to Owners and Builders regarding matters of particular concern to the committees in considering applications hereunder. The Design Guidelines are not the exclusive basis for decisions of the committees and compliance with the Design Guidelines does not guarantee approval of any application.

The NCC shall adopt such Design Guidelines at its initial organizational meeting and thereafter shall have sole and full authority to amend them. Any amendments to the Design Guidelines shall be prospective only and shall not apply to require modifications to or removal of structures previously approved once the approved construction or modification has commenced. There shall be no limitation on the scope of amendments to the Design Guidelines; the NCC is expressly authorized to amend the Design Guidelines to remove requirements previously imposed or otherwise to make the Design Guidelines less restrictive.

The NCC shall make the Design Guidelines available to Owners and Builders who seek to engage in development or construction within the Properties. In Declarant's discretion, such Design Guidelines may be recorded in the Public Records, in which event the recorded version, as it may unilaterally be amended by the NCC from time to time, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

The MC may promulgate detailed procedures and standards governing its area of responsibility, consistent with those set forth in the Design Guidelines and subject to review and approval or disapproval by the NCC. Any architectural guidelines and standards adopted by the MC may be more restrictive than the Design Guidelines, but under no circumstances shall they be inconsistent with the Design Guidelines.

(b) Procedures. Plans and specifications showing the nature, kind, shape, color, size, materials, and location of all proposed structures and improvements shall be submitted to the appropriate committee for review and approval (or disapproval). In addition, information concerning irrigation systems, drainage, lighting, landscaping, and other features of proposed

construction shall be submitted as applicable. In reviewing each submission, the committees may consider the quality of workmanship and design, harmony of external design with existing structures, and location in relation to surrounding structures, topography, and finish grade elevation, among other things. Decisions of the committees may be based on purely aesthetic considerations. Each Owner acknowledges that opinions on aesthetic matters are subjective and may vary as committee members change over time.

In the event that the NCC or MC fails to approve or to disapprove in writing any application within 30 days after submission of all information and materials reasonably requested, the applicant may notify the appropriate committee by certified mail, return receipt requested, at the address for such notices set forth in the current edition of the Design Guidelines, stating that no response has been received and that unless a written response is given at the address set forth in such notice within 15 days of the committee's receipt of the Owner's notice, as evidenced by the return receipt, the application shall be deemed approved. A response shall be deemed given when deposited in the U.S. Mail, certified mail, return receipt requested, properly addressed to the applicant at the address stated in such applicant's notice, or upon receipt if given by any other means. However, no approval, whether expressly granted or deemed granted pursuant to the foregoing, shall be inconsistent with the Design Guidelines unless a variance has been granted in writing by the NCC pursuant to Section 9.5.

The NCC and MC shall have sole and full authority to determine matters of aesthetic judgment and their determination as to such matters shall be final and shall not be subject to judicial review so long as exercised in accordance with the procedures set forth in this Article.

All work shall be completed within one year of commencement or such shorter period as the committee may specify in the notice of approval, unless completion within such time is delayed due to causes beyond the reasonable control of the Owner, as determined in the sole discretion of the committee having jurisdiction or its designated agent.

9.4. No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

9.5. Variance. The NCC may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to this Declaration; or (c) estop the NCC from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

9.6. Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and neither the NCC nor the MC shall bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither Declarant, the Association, the Board, any committee, or member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Unit. In all matters, the committees and their members shall be defended and indemnified by the Association as provided in Section 4.6.

9.7. Enforcement. Any structure or improvement placed or made in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board or Declarant, Owners shall, at their own cost and expense, remove such structure or improvement and restore the property to substantially the same condition as existed prior to the nonconforming work. Should an Owner fail to remove and restore within such reasonable time as is specified in the Association's notice, the Board or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as previously existed. All costs, together with the interest at the maximum rate then allowed by law, may be assessed against the benefited Unit and collected as a Specific Assessment.

Unless otherwise specified in writing by the committee granting approval, all approvals granted hereunder shall be deemed conditioned upon completion of all elements of the approved work and all work previously approved with respect to the same Unit, unless approval to modify any application has been obtained. In the event that any Person fails to commence and diligently pursue to completion all approved work, the Association shall be authorized, after notice to the Owner of the Unit and an opportunity to be heard in accordance with By-Laws Section 3.24, to enter upon the Unit and remove or complete any incomplete work and to assess all costs incurred against the Unit and the Owner thereof as a Specific Assessment.

Any contractor, subcontractor, agent, employee, or other invitee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded by the Board from the Properties, subject to the notice and hearing procedures contained in the By-Laws. In such event, neither the Association, its officers, or directors shall be held liable to any Person for exercising the rights granted by this paragraph.

In addition to the foregoing, the Association and Declarant shall each have the authority and standing to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the NCC and MC.

Article X

USE RESTRICTIONS AND RULES

10.1. Plan of Development; Applicability; Effect. Declarant has established a general plan of development for the Properties as a master planned community in order to enhance all Owners' quality of life and collective interests, the aesthetics and environment within

the Properties, and the vitality of and sense of community within the Properties, all subject to the Board's and the Members' ability to respond to changes in circumstances, conditions, needs, and desires within the master planned community and to regulate and control the Area of Common Responsibility. The Properties are subject to the land development, architectural, and design provisions set forth in Article IX, the other provisions of this Declaration governing individual conduct and uses of or actions upon the Properties, and the guidelines, rules, and restrictions promulgated pursuant to this Declaration, all of which establish affirmative and negative covenants, easements, and restrictions on the land subject to this Declaration. This Article is not intended to apply to rules and regulations relating to use and operation of Common Areas, which the Board may adopt by resolution pursuant to Section 4.1.

All provisions of this Declaration and any Association rules shall apply to all Owners, occupants, tenants, guests, and invitees of any Unit. Any lease on any Unit shall provide that the lessee and all occupants of the leased Unit shall be bound by the terms of this Declaration, the By-Laws, and the rules of the Association.

10.2. Authority to Promulgate Use Restrictions and Rules. Initial use restrictions applicable to all of the Properties are attached as Exhibit "C" to this Declaration. Subject to the terms of this Article, such initial use restrictions may be modified in whole or in part, repealed or expanded as follows:

(a) Subject to the Board's duty to exercise sound business judgment and reasonableness on behalf of the Association and its Members, the Board may adopt rules which modify, cancel, limit, create exceptions to, or expand the initial use restrictions set forth on Exhibit "C." The Board shall send notice by mail to all Owners concerning any such proposed action at least five business days prior to the Board meeting at which such action is to be considered. Members shall have a reasonable opportunity to be heard at a Board meeting prior to such action being taken.

Such action shall become effective unless disapproved at a meeting by Members representing a majority of the total Class "A" votes and by the Class "B" Member, if any. The Board shall have no obligation to call a meeting of the Members to consider disapproval except upon petition of the Members as required for special meetings in the By-Laws.

(b) Alternatively, the Members, at a meeting duly called for such purpose as provided in the By-Laws, may adopt rules which modify, cancel, limit, create exceptions to, or expand the use restrictions and rules previously adopted by a vote of Members representing a majority of the total Class "A" votes in the Association and the approval of the Class "B" Member, if any.

(c) At least 30 days prior to the effective date of any action taken under subsections (a) or (b) of this Section, the Board shall send a copy of the rule to each Owner. The Association shall provide, without cost, a copy of the use restrictions and rules then in effect (hereafter the "Use Restrictions and Rules") to any requesting Member or Mortgagee.

(d) Nothing in this Article shall authorize the Board or the Members to modify, repeal, or expand the Design Guidelines. In the event of any inconsistency between the Design Guidelines and the Use Restrictions and Rules, the Design Guidelines shall control.

10.3. Owners' Acknowledgement. All Owners and occupants of Units are given notice that use of their Units is limited by the Use Restrictions and Rules as they may be amended, expanded, and otherwise modified hereunder. Each Owner, by acceptance of a deed, acknowledges and agrees that the use and enjoyment and marketability of his or her Unit can be affected and that the Use Restrictions and Rules may change from time to time.

10.4. Rights of Owners. Except as may be specifically set forth in this Declaration (either initially or by amendment) or in Exhibit "C," neither the Board nor the Members may adopt any rule in violation of the following provisions:

(a) Equal Treatment. Similarly situated Owners and occupants shall be treated similarly.

(b) Speech. The rights of Owners and occupants to display political signs and symbols in or on their Units shall not be abridged, except that the Association may adopt time, place, and manner restrictions (including design criteria) for the purpose of minimizing damage and disturbance to other Owners and occupants of Units.

(c) Religious and Holiday Displays. The rights of Owners to display religious and holiday signs, symbols, and decorations inside structures on their Units of the kinds normally displayed in residences located in single-family residential neighborhoods shall not be abridged, except that the Association may adopt reasonable time, place, and manner restrictions for the purpose of minimizing damage and disturbance to other Owners and occupants.

(d) Household Composition. No rule shall interfere with the freedom of occupants of Units to determine the composition of their households, except that the Association shall have the power to require that all occupants be members of a single housekeeping unit and to limit the total number of occupants permitted in each Unit on the basis of the size and facilities of the Unit and its fair use of the Common Area.

(e) Activities Within Dwellings. No rule shall interfere with the activities carried on within the confines of dwellings, except that the Association may prohibit activities not normally associated with property restricted to residential use, and it may restrict or prohibit any activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of occupants of other Units, that generate excessive noise or traffic, that create unsightly conditions visible outside the dwelling, or that create an unreasonable source of annoyance.

(f) Allocation of Burdens and Benefits. Except as contemplated in Section 2.1(c), no rule shall alter the allocation of financial burdens among the various Units or rights to use the Common Area to the detriment of any Owner over that Owner's objection expressed in writing to the Association. Nothing in this provision shall prevent the Association from

changing the Common Areas available, from adopting generally applicable rules for use of Common Area, or from denying use privileges to those who abuse the Common Area, violate rules or this Declaration, or fail to pay assessments. This provision does not affect the right to increase the amount of assessments as provided in Article VIII.

(g) Alienation. No rule shall prohibit leasing or transfer of any Unit, or require consent of the Association or Board for leasing or transfer of any Unit; provided, the Association or the Board may require a minimum lease term of up to 12 months. The Association may require that Owners use lease forms approved by the Association, but shall not impose any fee on the lease or transfer of any Unit greater than an amount reasonably based on the costs to the Association to administer that lease or transfer.

(h) Reasonable Rights to Develop. No rule or action by the Association or Board shall unreasonably impede Declarant's right to develop the Properties.

(i) Abridging Existing Rights. If any rule would otherwise require Owners or occupants of Units to dispose of personal property which they maintained in or on the Unit prior to the effective date of such rule, or to vacate a Unit in which they resided prior to the effective date of such rule, and such property was maintained or such occupancy was in compliance with this Declaration and all rules previously in force, such rule shall not apply to any such Owners without their written consent unless the rule was in effect at the time such Owners or occupants acquired their interest in the Unit.

(j) Activities Incidental to Construction. No rule or action by the Association shall impede Declarant or Builders authorized by Declarant from maintaining upon Common Areas and Units which they own any facilities necessary or incidental to construction or sale of Units. By way of example and not limitation, no rule shall prohibit Declarant or Builders authorized by Declarant from maintaining temporary structures for use during construction of a Unit or from using any home as a sales office.

The limitations in this Section 10.4 shall apply to rules only; they shall not apply to amendments to this Declaration adopted in accordance with Section 15.2.

Article XI EASEMENTS

11.1. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Unit and any adjacent Common Area and between adjacent Units due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) 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. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, the Person claiming the benefit of such easement.

11.2. Easements for Utilities, Etc.

(a) There are hereby reserved to Declarant, so long as Declarant or the Declarant Affiliate owns any property described on Exhibits "A" or "B" of this Declaration, the Association, and the designees of each (which may include, without limitation, any governmental or quasi-governmental entity and any utility company) perpetual nonexclusive easements upon, across, over, and under all of the Properties (but not through a structure) to the extent reasonably necessary for the purpose of monitoring, replacing, repairing, maintaining, and operating cable television systems, master television antenna systems, and other devices for sending or receiving data and/or other electronic signals; security and similar systems; roads, walkways, pathways, and trails; wetlands and drainage systems; street lights and signage; and all utilities, including, but not limited to, water, sewers, telephone, gas, and electricity, and utility meters; and for the purpose of installing any of the foregoing on property which Declarant or the Association owns or within easements designated for such purposes on recorded plats of the Properties.

Declarant specifically grants to the local water supplier, electric company, and natural gas supplier easements across the Properties for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes.

(b) There is hereby reserved to Declarant, so long as Declarant or the Declarant Affiliate owns any property described on Exhibits "A" or "B" of this Declaration, a nonexclusive easement for itself and its assignees over all of the Properties, subject to the limitations set forth in subsection (c) below, as necessary to provide for the orderly development of any property described on Exhibits "A" or "B," along with the right and power to assign such specific easements for such purpose as may be necessary, in the sole discretion of Declarant. To the extent reasonably possible, such easements over Units shall be limited to the setback areas adjacent to the perimeter boundary of each Unit.

(c) Any damage to a Unit resulting from the exercise of the easements described in subsections (a) and (b) of this Section shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of these easements shall not extend to permitting entry into the structures on any Unit, nor shall it unreasonably interfere with the use of any Unit and, except in an emergency, entry onto any Unit shall be made only after reasonable notice to the Owner or occupant.

11.3. Easements for Maintenance and Flood Water. Declarant reserves for itself, the Association, and their successors, assigns, and designees, the nonexclusive right and easement over the Properties for access, ingress, and egress to creeks, streams, and wetlands located within the Area of Common Responsibility and for the purpose of (a) installing, keeping, maintaining, repairing, and replacing pumps in order to provide water for the irrigation of any of the Area of Common Responsibility; (b) constructing, maintaining, and repairing any bulkhead, retaining wall, levee, or other structure retaining water; (c) taking action (which may include, without limitation, excavating and stabilizing) to address erosion and control flooding; and (d) removing trash and other debris therefrom. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from, the intentional exercise of such

easements. Nothing herein shall be construed to require Declarant, the Association, or any other Person to take any action permitted by such easements nor to make Declarant, the Association, or any other Person liable for damage resulting from erosion or from flooding due to heavy rainfall or other natural occurrences.

11.4. Easements to Serve Additional Property. Declarant hereby reserves for itself and its duly authorized agents, representatives, employees, successors, assigns, licensees, and mortgages, an easement over the Common Area for the purposes of enjoyment, use, access, and development of the property described in Exhibit "B," whether or not such property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Area for connecting and installing utilities and/or roadways on or through such property. Declarant agrees that it and its successors or assigns shall be responsible for any damage caused to the Common Area as a result of the exercise of this easement.

11.5. Right of Entry. The Association shall have the right, but not the obligation, to enter upon any Unit for emergency, security, and safety reasons, to perform maintenance pursuant to Article V hereof, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration, By-Laws, and rules. Such right may be exercised by any member of the Board, the Association's officers, agents, employees, and managers, members of the New Construction Committee or Modifications Committee pursuant to Article IX, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Unit to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board, but shall not authorize entry into any single family detached dwelling without permission of the Owner, except by emergency personnel acting in their official capacities.

11.6. Landscaping and Signage Easements. Declarant and its designees and the Association shall have perpetual, nonexclusive easements exercisable by their respective employees, agents, and contractors over areas within the rights-of-way of streets within the Properties and those portions of Units designated "Landscaping and Signage Easements" on the recorded subdivision plats relating to the Properties for the purpose of installation, maintenance, repair, and replacement of lot bollards, neighborhood entrance monuments, signs, fences, lighting, irrigation systems, and landscaping within the easement area. Nothing herein shall obligate Declarant or the Association to exercise such easements or to construct or install any of the foregoing within any right-of way or Landscaping and Signage Easement.

No fences, structures, driveways, plantings, swings, wood piles, dog runs, or any other objects, temporary or permanent, shall be permitted in such easement areas without the Association's prior written approval, other than those installed by Declarant or its designees.

No person shall interfere with the exercise of this easement by Declarant, its designees, or the Association, by removing, defacing, or otherwise vandalizing any signs (temporary or permanent) or other improvements placed within such easement area by Declarant,

its designees, or the Association, or otherwise. The Declarant, its designees and the Association, respectively, may remove signs or other improvements which they have placed on the easement area..

11.7. Sidewalk Easements. Declarant hereby creates and grants to the Association, its successors and assigns, any governmental jurisdiction accepting maintenance responsibility for rights-of-way within the Properties, and the designees of each, a perpetual, non-exclusive easement over that portion of the Properties lying within a three-foot wide strip of land adjacent and running parallel to the right-of-way of all streets within the Properties, for installation, maintenance, repair and replacement of sidewalks.

11.8. Drainage Easements. Declarant hereby creates and grants to the Association, its successors and assigns, a perpetual, non-exclusive easement over those portions of each Unit lying within five feet of either side lot line, within 10 feet of the front lot line, or within 10 feet of the rear lot line, for access to and installation and maintenance of drainage ditches, swales, pipes, culverts, and similar features for capturing, channeling, directing, and flow of stormwater. The Association may, but shall not be obligated to, maintain such easement areas. The Association shall have no responsibility or liability for damage to any Unit resulting from stormwater runoff or ineffectiveness of those portions of the stormwater drainage or retention system located on any Unit.

Article XII

MORTGAGEE PROVISIONS

The following provisions are for the benefit of holders, insurers, and guarantors of first Mortgages on Units in the Properties.

12.1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage who provides a 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 Unit 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 Properties or which affects any Unit on which there is a first Mortgage held, insured, or guaranteed by such Eligible Holder;

(b) Any delinquency in the payment of assessments or charges owed by a Unit subject to the Mortgage of such Eligible Holder, where such delinquency has continued for a period of 60 days, or any other violation of the Declaration or By-Laws relating to such Unit or the Owner or Occupant which is not cured within 60 days; or

(c) Any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

12.2. No Priority. No provision of this Declaration or the By-Laws gives or shall be construed as giving any Owner or other party priority over any rights of the first Mortgagee of any Unit in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of the Common Area.

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

12.4. HUD/V.A. Approval. As long as there is a Class "B" membership, the following actions shall require the prior approval of the U.S. Department of Housing and Urban Development or the U.S. Department of Veterans Affairs, if either such agency is insuring or guaranteeing the Mortgage on any Unit: merger, consolidation, or dissolution of the Association; annexation of additional property other than that described on Exhibit "B"; dedication, conveyance, or mortgaging of Common Area; or material amendment of this Declaration.

Article XIII DECLARANT'S RIGHTS

Any or all of the special rights and obligations of Declarant set forth in this Declaration or the By-Laws may be transferred or assigned in whole or in part to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that which Declarant has under this Declaration or the By-Laws. No such transfer or assignment shall be effective unless it is in a written instrument signed by Declarant and duly recorded in the Public Records.

Declarant and Builders authorized by Declarant may maintain and carry on upon rights-of-way within the Properties, portions of the Common Area, and Units which they own, such facilities and activities as, in the sole opinion of Declarant, may be reasonably required, convenient, or incidental to the construction or sale of Units, including, but not limited to, business offices, signs, model homes, construction offices, and sales offices. Declarant and authorized Builders shall have easements for access to and use of such facilities.

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

No Person shall record any declaration of covenants, conditions, and restrictions, or declaration of condominium or similar instrument affecting any portion of the Properties without Declarant's review and written consent. Any attempted recordation without such consent shall result in such instrument being void and of no force and effect unless subsequently approved by written consent signed by Declarant and recorded in the Public Records.

Notwithstanding any contrary provision of this Declaration, no amendment to or modification of any Use Restrictions and Rules or Design Guidelines made after termination of

the Class "B" Control Period shall be effective without prior notice to and the written approval of Declarant so long as Declarant or the Declarant Affiliate owns any portion of the Properties primarily for development and sale.

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) 40 years from the date this Declaration is recorded, or (b) upon recording by Declarant of a written statement that all sales activity has ceased.

Article XIV DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

14.1. Agreement to Avoid Costs of Litigation and to Limit Right to Litigate Disputes.

(a) Declarant, the Association and its officers, directors, and committee members, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties"), agree that it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described in subsection (b), unless and until it has first submitted such Claim to the alternative dispute resolution procedures set forth in Section 14.2 in a good faith effort to resolve such Claim.

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

(i) the interpretation, application, or enforcement of the Governing Documents;

(ii) the rights, obligations, and duties of any Bound Party under the Governing Documents; or

(iii) the design or construction of improvements within the Properties, other than matters of aesthetic judgment under Article IX, which shall not be subject to review;

except that the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in Section 14.2:

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

(ii) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary in order

(c) to defend claims filed against the Association or to assert counterclaims in proceedings instituted against it.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

Article XV GENERAL PROVISIONS

15.1. Duration.

(a) Unless terminated as provided in Section 15.1(b), this Declaration shall have perpetual duration. If North Carolina law hereafter limits the period during which covenants may run with the land, then to the extent consistent with such law, this Declaration shall automatically be extended at the expiration of such period for successive periods of 20 years each, unless terminated as provided herein. Notwithstanding the above, if any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until 21 years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

(b) Unless otherwise provided by North Carolina law, in which case such law shall control, this Declaration may not be terminated within the first 25 years after the date of recording without the consent of all Unit Owners. Thereafter, it may be terminated only by an instrument signed by Owners of at least 75% of the total Units within the Properties and by Declarant, if Declarant or the Declarant Affiliate owns any portion of the Properties, which instrument is recorded in the Public Records. Nothing in this Section shall be construed to permit termination of any easement created in this Declaration without the consent of the holder of such easement.

15.2. Amendment. Except as otherwise specifically provided in this Declaration, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of Owners of not less than 75% of the total number of Units within the Properties and the consent of Declarant, so long as Declarant has an option to subject additional property to this Declaration pursuant to Section 7.1. In addition, the approval requirements set forth in Section 12.4 shall be met, if applicable.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

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 Class "B" Member, respectively (or the assignee of such right or privilege).

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 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.

Any amendment shall become effective upon recording in the Public Records, unless a later effective date is specified in the amendment. Any procedural challenge to an amendment must be made within six months of its recordation or such amendment shall be presumed to have been validly adopted. In no event shall a change of conditions or circumstances operate to amend any provisions of this Declaration.

15.3. Severability. Invalidation 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. Cumulative Effect; Conflict. The provisions of this Declaration shall be cumulative with the provisions of any applicable Supplemental Declaration. Nothing in this Section shall preclude any Supplemental Declaration or other recorded declaration, covenants and restrictions applicable to any portion of the Properties from containing additional restrictions or provisions which are more restrictive than the provisions of this Declaration, and the Association shall have the standing and authority to enforce the same.

15.5. Use of the Name "Planters Walk." No Person shall use the name "Planters Walk" or any derivative in any printed or promotional material without Declarant's prior written consent. However, Owners may use the name "Planters Walk" in printed or promotional material or advertisements where such terms are used solely to specify that particular property or Builder's homes are located within Planters Walk and the Association shall be entitled to use the name "Planters Walk" in its name.

15.6. Compliance. Every Owner and occupant of any Unit shall comply with this Declaration, any applicable Supplemental Declaration, the By-Laws, and the Use Restrictions and Rules promulgated pursuant to Article X. Subject to the terms of Article XIV, failure to comply shall be grounds for an action by the Association or, in a proper case, by any aggrieved Unit Owner(s) to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, in addition to those enforcement powers granted to the Association in Section 4.3.

15.7. Notice of Sale or Transfer of Title. Any Owner desiring to sell or otherwise transfer title to his or her Unit shall give the Board or its designee 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 continue to be jointly and severally responsible with the transferee for all obligations of the Owner of the Unit, including assessment obligations, until the date upon which such notice is received by the Board or its designee, notwithstanding the transfer of title.

15.8. Exhibits. Exhibits "A" and "B" attached to this Declaration are incorporated by this reference and amendment of such exhibits shall be governed by the provisions of Section 15.2. All other exhibits are attached for informational purposes and may be amended as provided therein or in the provisions of this Declaration which refer to such exhibits.

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 27th day of August, 1999.

PLANTERS WALK, L.L.C., a North Carolina
limited liability company [SEAL]

By: THE CROSLAND GROUP, INC., a North
Carolina corporation, its managing member

[SEAL]

By: William G. Daleure Jr.
Name: WILLIAM G. DALEURE JR.
Its: VICE PRESIDENT

STATE OF NORTH CAROLINA)
COUNTY OF MECKLENBURG)

I, Margaret H. Gamble, Notary Public of the County and State aforesaid, certify that William G. Daleure Jr. personally came before me this day and acknowledged that she is VICE PRESIDENT of THE CROSLAND GROUP, INC., a North Carolina corporation, managing member of PLANTERS WALK, L.L.C., a North Carolina limited liability company, and that by authority duly given and as a fact of the corporation, the foregoing instrument was signed in its name by its VICE PRESIDENT, ~~sealed with its corporate seal and attested by herself/itself as its~~ seated with its

Witness my hand and official stamp or seal, this 27th day of August, 1999.

Margaret H. Gamble
Notary Public

My Commission Expires:

11-2-2002

5112.07/CADocv/CCR-082099-swp/jps

[NOTARY SEAL]

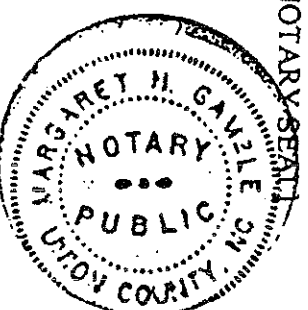


EXHIBIT "A"

Land Initially Submitted

ALL THOSE TRACTS OR PARCELS OF LAND lying and being in Mecklenburg County, North Carolina, and being more particularly described as follows:

Lots 532-535, and 623-634 as shown on that certain plat of Planters Walk Subdivision, Map I, recorded in the Public Records at Plat Book 31, Page 663 as such plat may be revised from time to time.

EXHIBIT "B"

Land Subject to Annexation

ALL THAT TRACT OR PARCEL OF LAND LYING AND BEING in Steel Creek Township, Mecklenburg County, North Carolina and being more particularly described by metes and bounds as follows:

To find the point and place of beginning, commence at Mecklenburg County Monument "MC102," which monument is located S. 11-51-33 W. 3847.87 feet from N.C.G.S. Control Monument M080 AZ MK (280 AZ MK); thence run from said Mecklenburg County Monument N. 75-47-21 W. 1463.89 feet to an existing iron pipe lying on the western boundary of the property conveyed to NCNB Trustee by instrument recorded in Deed Book 3723, Page 274, Mecklenburg County Public Registry ("Registry"), said iron pipe marking the POINT AND PLACE OF BEGINNING; thence S. 61-33-17 W, 492.17 feet to an existing iron pipe lying on the northern margin of the right-of-way of Sam Neely Road (State Road #1118), a sixty (60) foot wide right-of-way; thence running through the right-of-way of Sam Neely Road the following two (2) courses and distances: (1) S. 65-03-26 W, 432.88 feet to an existing nail; and (2) S. 63-09-27 W. 314.38 feet to a new iron rod lying on the western margin of the right-of-way of Sam Neely Road; thence leaving the right-of-way of Sam Neely Road and running S. 63-9-24 W. 122.44 feet to a new iron rod marking the northwestern corner of the property conveyed to C.R. Shaney by instrument recorded in Deed Book 2520, Page 75, Registry; thence with the western boundary of the C.R. Shaney property (now or formerly) the following two (2) courses and distances: (1) S. 20-18-48 E. 17.82 feet to an existing iron pipe; and (2) S. 20-18-48 E. 733.83 feet to an existing iron pipe lying on the northern boundary of Lot 13, Greycrest, Map 3, as shown on Plat recorded in Map Book 23, Page 607, Registry; thence with the northern boundary of Lots 13 through 18, Greycrest, Map 3, as shown on Plat recorded in Map Book 23, Page 607, Registry, S. 64-26-58 W. 501.71 feet to an existing iron pipe located on the eastern boundary of the property conveyed to R. Ralph Grier, Jr. by instrument recorded in Deed Book 4248, Page 398, Registry, said existing iron pipe also marking the westernmost corner of Lot 18, Greycrest, Map 3, as shown on Plat recorded in Map Book 23, Page 607, Registry; thence with the eastern boundary of the R. Ralph Grier, Jr. property (now or formerly) N. 26-49-38 W. 743.42 feet to an existing iron pipe marking the northeastern corner of the R. Ralph Grier, Jr. property (now or formerly); thence with the northern boundary of the R. Ralph Grier, Jr. property (now or formerly) S. 63-58-59 W. 978.47 feet to a stone marking the northeastern corner of the property conveyed to W. Howard Phillips by instrument recorded in Deed Book 2864, Page 451, Registry, and the northwestern corner of the R. Ralph Grier, Jr. property (now or formerly); thence with the northern boundary of the W. Howard Phillips property (now or formerly) S. 58-12-59 W. 741.21 feet to an existing iron nail lying in the right-of-way at the intersection of the right-of-way of Winget Road (State Road #1117), a sixty (60) foot wide right-of-way, and Sam Neely Road; thence through the right-of-way of Winget Road the following seventeen (17) courses and

[continued on next page]

distances: (1) N. 43-27-44 W. 20.07 feet to an existing nail; (2) N. 41-33-15 W. 109.78 feet to a railroad spike; (3) N. 33-55-37 W. 100.17 feet to a nail set; (4) N. 22-37-24 W. 100.03 feet to a nail set; (5) N. 13-40-01 W. 160.07 feet to a nail set; (6) N. 09-00-54 W. 156.24 feet to a nail set; (7) N. 01-26-07 W. 99.24 feet to a nail set; (8) N. 04-34-55 W. 100.05 feet to a nail set; (9) N. 07-24-07 W. 517.54 feet to a nail set; (10) N. 12-12-17 W. 100.05 feet to a nail set; (11) N. 19-11-26 W. 100.00 feet to a nail set; (12) N. 33-27-18 W. 137.00 feet to a nail set; (13) N. 42-25-01 W. 89.96 feet to a nail set; (14) N. 43-44-31 W. 336.01 feet to a nail set; (15) N. 42-26-01 W. 149.97 feet to a nail set; (16) N. 41-04-46 W. 84.06 feet to a nail set; and (17) N. 46-32-25 E. 26.62 feet to an existing iron pipe lying on the eastern margin of the right-of-way of Winget Road; thence leaving the eastern margin of the right-of-way of Winget Road and running N. 46-32-25 E. 425.70 feet to a point lying on the western boundary of common open space of Withers Grove Subdivision, Phase 1, Map 1, as shown on Plat recorded in Map Book 27, Page 911, Registry; thence with the western boundary of the common open space (now or formerly) and the western boundary of Lot 248, Withers Grove Subdivision, phase 1, Map 1, as shown on Plat recorded in Map Book 27, Page 911, Registry, and the western boundary of Lot 247, Withers Grove Subdivision, Phase 1, Map 1, as shown on Plat recorded in Map Book 28, Page 505, Registry, S. 42-18-16 E. 204.51 feet to an existing axle marking the southernmost corner of Lot 247, Withers Grove Subdivision, Phase 1, Map 1; thence with the southern boundary of Lots 247 through 240, Withers Grove Subdivision, Phase 1, Map 1, as shown on Plat recorded in Map Book 28, Page 505, Registry, N. 65-45-13 E. 566.19 feet to an existing concrete monument marking the southeastern corner of Lot 240, Withers Grove Subdivision, Phase 1, Map 1, and the southwestern corner of Lot 239, Withers Grove Subdivision, Phase 1, Map 2, as shown in Map Book 28, Page 6, Registry; thence with the southern boundary of Lots 239 through 235, Withers Grove Subdivision, Phase 1, Map 2, as shown on Plat recorded in Map Book 28, Page 6, Registry, N. 65-45-13 E. 306.09 feet to an existing concrete monument marking the southeastern corner of Lot 235, Withers Grove Subdivision, Phase 1, Map 2, and the southwestern corner of Lot 230, Withers Grove Subdivision, Phase 2, Map 2, as shown on Plat recorded in Map Book 28, Page 834, Registry; thence with the southern boundary of Lots 230 through 220, Withers Grove Subdivision, Phase 2, Map 2, as shown on Plat recorded in Map Book 28, Page 834, Registry, and the southern boundary of Poplar Forest Drive a 50' wide public right-of-way, and the southern boundary of Lot 219, Withers Grove Subdivision, Phase 2, Map 2, as shown on Plat recorded in Map Book 28, Page 834, Registry, N. 65-45-13 E. 944.43 feet to an existing iron pipe marking the southwestern corner of the property conveyed to Queens Properties, Inc. by instrument recorded in Deed Book 7421, Page 184, Registry, and the southeastern corner of Lot 219, Withers Grove Subdivision, Phase 2, Map 2; thence with the southern boundary of the Queens Properties, Inc. property (now or formerly) the following two (2) courses and distances: (1) N. 65-45-13 E. 164.77 feet to an existing iron pipe; and (2) N. 65-45-13 E. 806.96 feet to an existing concrete monument marking the northwestern corner of the property conveyed to NCNB Trustee by instrument recorded in Deed Book 3723, Page 274, Registry; thence leaving the southern boundary of the Queens Properties, Inc. property (now or formerly) and running with the western boundary of the NCNB Trustee property (now or formerly) and the western boundary of the property conveyed to Tad Enterprises, Inc. by instrument recorded in Deed Book 9247, Page 14, Registry, S. 33-56-56 E. 2045.99 feet (passing an existing iron pipe at 1906.54

[continued on next page]

feet, said iron pipe marking the southernmost corner of the Tad Enterprises, Inc. property (now or formerly) to THE POINT AND PLACE OF BEGINNING, containing 171.6709 acres, more or less, all as shown on survey entitled "Survey for Crosland Land Company" prepared by James P. Cameron, North Carolina Registered Land Surveyor (L-3665), of R.B. Pharr & Associates, P.A. (File No. W-2209), dated April 16, 1998, and last revised February 12, 1999, reference to said survey being made in aid of description;

TOGETHER WITH: all that land lying and being within one mile of the property.

LESS AND EXCEPT: that real property described on Exhibit "A".

Will to: 1. *Support by*
Shirley Stewart
Chasland Land Company
141 Seaboard Road
Charlotte, NC 28209

FOR REGISTRATION JUDITH R. GIBSON
REGISTER OF DEEDS
MECKLENBURG COUNTY, NC
1999 DEC 22 12 24 PM
BOOK 893 PAGE 157
INSTRUMENT: 2000070573

Cross-Reference to Declaration Book 10723
Page 324/394

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR PLANTERS WALK**

THIS SUPPLEMENTAL DECLARATION is made this 20th day of December, 1999, by Planters Walk, L.L.C., a North Carolina limited liability company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant recorded that certain Declaration of Covenants, Conditions, and Restrictions for Planters Walk ("Declaration") dated August 27, 1999, and recorded in Book 10723, at pages 324 et seq. in the Office of the Register of Deeds of Mecklenburg County, North Carolina (the "Mecklenburg Registry"); and

WHEREAS, pursuant to the provisions of Article VII of the Declaration, Declarant reserved the right to subject and annex to the Declaration certain additional property described in Exhibit "B" to the Declaration (the "Annexable Property");

WHEREAS, Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated by this reference (the "Additional Property"), which is a portion of the Annexable Property; and

WHEREAS, Declarant wishes to subject the Additional Property to the Declaration:

NOW, THEREFORE, pursuant to the powers retained by Declarant under the Declaration, Declarant hereby subjects the real property described on Exhibit "A" hereto to the lien and operation of the Declaration and the provisions of this Supplemental Declaration, which shall apply to such property in addition to the provisions of the Declaration. Such property shall be sold, transferred, used, conveyed, occupied, and mortgaged or otherwise encumbered pursuant to the provisions of this Supplemental Declaration and the Declaration, both of which shall run with the title to such property and shall be binding upon all persons having any right, title, or any interest in such property, their respective heirs, legal representatives, successors-in-title, and assigns.

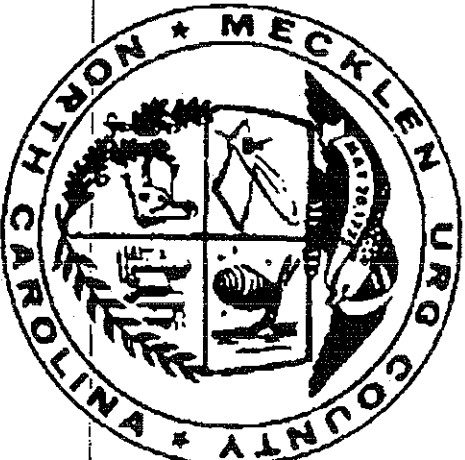
me

EXHIBIT "A"

Additional Property
Subjected to the Declaration

ALL THOSE TRACTS OR PARCELS OF LAND lying and being in Mecklenburg County, North Carolina, and being more particularly described on the following plats recorded in the Mecklenburg Registry, as they may be revised from time to time:

Lots 304-320 and 325-339 as shown on that certain plat of Planters Walk Phase 2A, Map 1 as recorded in the Public Records at Plat Book 32 at Page 435.



JUDITH A. GIBSON
REGISTER OF DEEDS, MECKLENBURG COUNTY
COUNTY & COURTS OFFICE BUILDING
720 EAST FOURTH STREET
CHARLOTTE NC 28202

Filed For Registration: 12/22/1999 12:24 PM

Book: RE 10986 Page: 893-896

Document No.: 1999224573

RESTR 4 PGS \$12.00

Recorder: SERENA ROSS

State of North Carolina, County of Mecklenburg

The foregoing certificate of PHYLLIS DALE BOWEN Notary is certified to be correct. This 22 ND of December 1999

JUDITH A. GIBSON, REGISTER OF DEEDS BY:
Deputy/Assistant Register of Deeds

Serena Ross



1999224573

The Crowland Group
c/o Shirley Hinson
135 Scaleybark Rd.
Ct, Me 08809

RECEIVED
NOT 2 2000

OWN REGISTRATION JUDITH A. CLASON
REGISTER OF DEEDS
MECKLENBURG COUNTY, NC
2000 SEP 21 02 11 PM
BOOK 11561 PAGE 1-4 FEE \$12.00
INSTRUMENT # 2000136634

By _____ Cross-Reference to Declaration Book 10723
Page 324/394

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR PLANTERS WALK**

THIS SUPPLEMENTAL DECLARATION is made this 19th day of September 2000, by Planters Walk, L.L.C., a North Carolina limited liability company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant recorded that certain Declaration of Covenants, Conditions, and Restrictions for Planters Walk ("Declaration") dated August 27, 1999, and recorded in Book 10723, at pages 324 et seq. in the Office of the Register of Deeds of Mecklenburg County, North Carolina (the "Mecklenburg Registry"); and

WHEREAS, pursuant to the provisions of Article VII of the Declaration, Declarant reserved the right to subject and annex to the Declaration certain additional property described in Exhibit "B" to the Declaration (the "Annexable Property");

WHEREAS, Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated by this reference (the "Additional Property"), which is a portion of the Annexable Property; and

WHEREAS, Declarant wishes to subject the Additional Property to the Declaration:

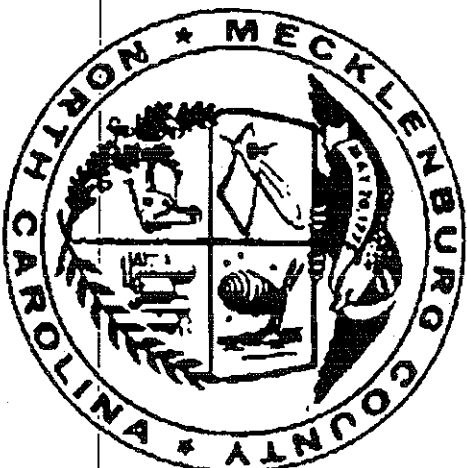
NOW, THEREFORE, pursuant to the powers retained by Declarant under the Declaration, Declarant hereby subjects the real property described on Exhibit "A" herof to the lien and operation of the Declaration and the provisions of this Supplemental Declaration, which shall apply to such property in addition to the provisions of the Declaration. Such property shall be sold, transferred, used, conveyed, occupied, and mortgaged or otherwise encumbered pursuant to the provisions of this Supplemental Declaration and the Declaration, both of which shall run with the title to such property and shall be binding upon all persons having any right, title, or any interest in such property, their respective heirs, legal representatives, successors-in-title, and assigns.

EXHIBIT "A"

**Additional Property
Subjected to the Declaration**

ALL THOSE TRACTS OR PARCELS OF LAND lying and being in Mecklenburg County, North Carolina, and being more particularly described on the following plats recorded in the Mecklenburg Registry, as they may be revised from time to time:

Lots 541 - 549 and 592 - 604 as shown on that certain plat of Planter's Walk Phase 2B, Map 2 as recorded in the Mecklenburg County Public Records at Plat Book 33 at Page 921.



JUDITH A. GIBSON
REGISTER OF DEEDS, MECKLENBURG COUNTY
COUNTY & COURTS OFFICE BUILDING
720 EAST FOURTH STREET
CHARLOTTE NC 28202

Filed For Registration: 09/21/2000 02:33 PM

Book: RE 11587 Page: 1-4

Document No.: 2000136634

RESTR 4 PGS \$12.00

Recorder: SERENA ROSS

State of North Carolina, County of Mecklenburg

The foregoing certificate of DEBORAH L. GRAY Notary is certified to be correct. This 21 ST of September 2000

JUDITH A. GIBSON, REGISTER OF DEEDS By: Serena H. Ross
Deputy/Assistant Register of Deeds



2000136634

*meckl. Mecklenburg, Inc.
125 Leakey Road Rd
Charlotte, NC 28209*

Cross-Reference to Declaration Book 10723
Page 324/394

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR PLANTERS WALK**

THIS SUPPLEMENTAL DECLARATION is made this 19th day of October, 1999, by Planters Walk, L.L.C., a North Carolina limited liability company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant recorded that certain Declaration of Covenants, Conditions, and Restrictions for Planters Walk ("Declaration") dated August 27, 1999, and recorded in Book 10723, at pages 324 et seq. in the Office of the Register of Deeds of Mecklenburg County, North Carolina (the "Mecklenburg Registry"); and

WHEREAS, pursuant to the provisions of Article VII of the Declaration, Declarant reserved the right to subject and annex to the Declaration certain additional property described in Exhibit "B" to the Declaration (the "Annexable Property");

WHEREAS, Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated by this reference (the "Additional Property"), which is a portion of the Annexable Property; and

WHEREAS, Declarant wishes to subject the Additional Property to the Declaration:

NOW, THEREFORE, pursuant to the powers retained by Declarant under the Declaration, Declarant hereby subjects the real property described on Exhibit "A" hereof to the lien and operation of the Declaration and the provisions of this Supplemental Declaration, which shall apply to such property in addition to the provisions of the Declaration. Such property shall be sold, transferred, used, conveyed, occupied, and mortgaged or otherwise encumbered pursuant to the provisions of this Supplemental Declaration and the Declaration, both of which shall run with the title to such property and shall be binding upon all persons having any right, title, or any interest in such property, their respective heirs, legal representatives, successors-in-title, and assigns.

EXHIBIT "A"

Additional Property
Subjected to the Declaration

ALL THOSE TRACTS OR PARCELS OF LAND lying and being in Mecklenburg County, North Carolina, and being more particularly described on the following plats recorded in the Mecklenburg Registry, as they may be revised from time to time:

Lots 1-31, 271-275, 321-324, 393, 394 and 446-452 as shown on that certain plat of Planters Walk Phase 1 Map 2 as recorded in the Public Records at Plat Book 31 at Page 979;

And

Lots 32-50 and 492-531 as shown on that certain plat of Planters Walk Phase 1 Map 3, as recorded in the Public Records at Plat Book 31, Page 981.

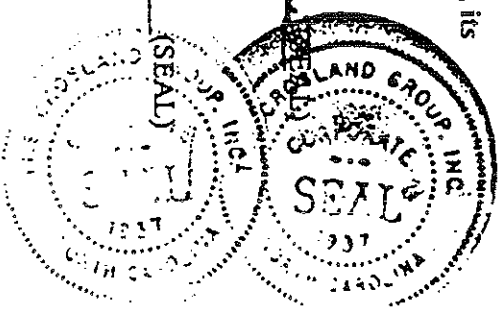
IN WITNESS WHEREOF, the undersigned Declarant has executed this Supplemental Declaration, under seal, as of the date first above written.

PLANTERS WALK, LLC,
A North Carolina limited liability company

By: The Crosland Group, Inc.
a North Carolina Corporation, its
managing member

By: William Crosland
Vice President

Attest: William Crosland
Division Assistant Secretary



STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

This 18th day of October, 1999, personally came before me William G. Daleure, II, who being by me duly sworn, says that he is the Vice President of Planters Walk, LLC, a North Carolina limited liability company, by The Crosland Group, Inc., its managing member, 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 the said corporation by its authority duly given, and he acknowledged the said writing to be the act and deed of said corporation.

WITNESS my hand and notarial seal, this 18th day of October, 1999.

William G. Daleure, II
NOTARY PUBLIC

My Commission expires:

May 26, 2002
(Notarial Seal)



JUDITH A. GIBSON
REGISTER OF DEEDS, MECKLENBURG COUNTY
COUNTY & COURTS OFFICE BUILDING
720 EAST FOURTH STREET
CHARLOTTE NC 28202

Filed For Registration: 10/21/1999 09:46 AM

Book: RE 10846 Page: 624-627

Document No.: 1999190425

RESTR 4 PGS

Recorder: REBECCA MCGOWAN

State of North Carolina, County of Mecklenburg

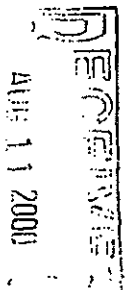
The foregoing certificate of SHIRLEY W. HENSON Notary is certified to be correct. This 21 ST of October 1999

JUDITH A. GIBSON, REGISTER OF DEEDS By: Valerie D. White
Deputy/Assistant Register of Deeds



1999190425

Drawn by and return to:
Croston Land Company
141 Scaleybark Rd.
Charlotte, NC 28209



Cross-Reference to Declaration Book 10723
Page 324/394

FOR REGISTRATION JUNITA A CIBSON
REGISTER OF DEEDS
MECKLENBURG COUNTY
2000 AUG 01 01:08 PM
BOOK 11431 PAGE 142-145 FEB 117 00
JMK/REMER * 2000-08233

**SUPPLEMENTAL DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR PLANTERS WALK**

THIS SUPPLEMENTAL DECLARATION is made this 31st day of July 2000, by Planters Walk, L.L.C., a North Carolina limited liability company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant recorded that certain Declaration of Covenants, Conditions, and Restrictions for Planters Walk ("Declaration") dated August 27, 1999, and recorded in Book 10723, at pages 324 et seq. in the Office of the Register of Deeds of Mecklenburg County, North Carolina (the "Mecklenburg Registry"); and

WHEREAS, pursuant to the provisions of Article VII of the Declaration, Declarant reserved the right to subject and annex to the Declaration certain additional property described in Exhibit "B" to the Declaration (the "Annexable Property");

WHEREAS, Declarant is the owner of the real property described in Exhibit "A" attached hereto and incorporated by this reference (the "Additional Property"), which is a portion of the Annexable Property; and

WHEREAS, Declarant wishes to subject the Additional Property to the Declaration:

NOW, THEREFORE, pursuant to the powers retained by Declarant under the Declaration, Declarant hereby subjects the real property described on Exhibit "A" hereof to the lien and operation of the Declaration and the provisions of this Supplemental Declaration, which shall apply to such property in addition to the provisions of the Declaration. Such property shall be sold, transferred, used, conveyed, occupied, and mortgaged or otherwise encumbered pursuant to the provisions of this Supplemental Declaration and the Declaration, both of which shall run with the title to such property and shall be binding upon all persons having any right, title, or any interest in such property, their respective heirs, legal representatives, successors-in-title, and assigns.

EXHIBIT "A"

Additional Property
Subjected to the Declaration

ALL THOSE TRACTS OR PARCELS OF LAND lying and being in Mecklenburg County, North Carolina, and being more particularly described on the following plats recorded in the Mecklenburg Registry, as they may be revised from time to time:

*Lots 51-110, 471-491, and 648-649 as shown on that certain plat of Planters Walk Phase 2B,
Map 1 as recorded in the Public Records at Plat Book 33 at Page 561.*



JUDITH A. GIBSON
REGISTER OF DEEDS, MECKLENBURG COUNTY
COUNTY & COURTS OFFICE BUILDING
720 EAST FOURTH STREET
CHARLOTTE NC 28202

Filed For Registration: 08/01/2000 03:08 PM

Book: RE 11471 Page: 142-145

Document No.: 2000109232

RESTR 4 PGS \$12.00

Recorder: JESSIE YOUNG

State of North Carolina, County of Mecklenburg

The foregoing certificate of JERRYNNELL D. GRIFFEY Notary is certified to be correct. This 1 ST of August 2000

JUDITH A. GIBSON, REGISTER OF DEEDS BY
Deputy/Assistant Register of Deeds



2000109232

EXHIBIT "C"

Initial Use Restrictions and Rules

The following restrictions shall apply to all of the Properties until such time as they are amended, modified, repealed or limited by rules of the Association adopted pursuant to Article X of the Declaration.

1. General. The Properties shall be used only for residential, recreational, and related purposes (which may include, without limitation, an information center and/or a sales office for any real estate broker retained by Declarant to assist in the sale of property described on Exhibits "A" or "B," offices for any property manager retained by the Association, or business offices for Declarant or the Association) consistent with this Declaration and any Supplemental Declaration.

2. Restricted Activities. The following activities are prohibited within the Properties unless expressly authorized by, and then subject to such conditions as may be imposed by, the Board of Directors:

(a) Parking of any vehicles on streets or thoroughfares within the Properties, or parking of commercial vehicles or equipment, mobile homes, recreational vehicles, boats and other watercraft, trailers, stored vehicles, or inoperable vehicles in places other than enclosed garages; provided, construction, service, and delivery vehicles shall be exempt from this provision during working hours, as such are defined by Mecklenburg County, for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Areas, and guests may park vehicles on the street for limited periods of time subject to such rules as the Board may adopt;

(b) Raising, breeding, or keeping of animals, livestock, or poultry of any kind, except that a reasonable number of dogs, cats, or other usual and common household pets may be permitted in a Unit; however, those pets which are permitted to roam free, or, in the sole discretion of the Board, make objectionable noise, endanger the health or safety of, or constitute a nuisance or inconvenience to the occupants of other Units, shall be removed upon request of the Board. If the pet owner fails to honor such request, the Board may remove the pet. Dogs shall be kept on a leash or otherwise confined in a manner acceptable to the Board whenever outside the dwelling. Pets shall be registered, licensed, and inoculated as required by law;

(c) Any activity which emits foul or obnoxious odors outside the Unit or creates noise or other conditions which tend to disturb the peace or threaten the safety of the occupants of other Units;

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

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

- (f) Any noxious or offensive activity which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to the occupants of other Units;
- (g) Outside burning of trash, leaves, debris, or other materials, except during the normal course of development and/or constructing a dwelling on a Unit;
- (h) Use or discharge of any radio, loudspeaker, horn, whistle, bell, or other sound device so as to be audible to occupants of other Units, except alarm devices used exclusively for security purposes;
- (i) Use and discharge of firecrackers and other fireworks;
- (j) Dumping of dirt, grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, or pond, or elsewhere within the Properties, except that fertilizers may be applied to landscaping on Units provided care is taken to minimize runoff, and Declarant and Builders may dump and bury rocks, trees, and stumps removed from a building site in such areas as may be designated on recorded plats of the Properties;
- (k) Accumulation of rubbish, trash, or garbage other than in appropriate containers stored out of sight of neighboring property until 24 hours before scheduled garbage pickups and shall be removed within 24 hours after scheduled garbage pick ups; provided, recycling activities shall be permitted so long as the recyclable materials are collected in approved containers or otherwise out of sight of neighboring property and are not allowed to create a condition which violates any other provision of these Initial Use Restrictions and Rules;
- (l) Obstruction or rechanneling of drainage flows after location and installation of drainage swales, storm sewers, or storm drains, except that Declarant and the Association shall have such right; provided, the exercise of such right shall not materially diminish the value of or unreasonably interfere with the use of any Unit without the Owner's consent;
- (m) Subdivision of a Unit into two or more Units, or changing the boundary lines of any Unit after a subdivision plat including such Unit has been approved and filed in the Public Records, except that Declarant and its designees shall be permitted to subdivide or replat Units which they own without Board approval;
- (n) Use of any Unit for operation of a timesharing, fraction-sharing, or similar program whereby the right to exclusive use of the Unit rotates among participants in the program on a fixed or floating time schedule over a period of years;
- (o) Discharge of firearms; provided, the Board shall have no obligation to take action to prevent or stop such discharge;

(p) Any business or trade, except that an Owner or occupant residing in any Unit may conduct business activities within the Unit so long as: (i) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit; (ii) the business activity conforms to all zoning requirements for the Properties; (iii) the business activity does not involve regular visitation of the Unit by clients, customers, suppliers, or other business invitees or door-to-door solicitation of residents of the Properties; (iv) the business activity is consistent with the residential character of the Properties and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security or safety of other residents of the Properties, as may be determined in the sole discretion of the Board. The foregoing limitations shall not preclude occasional garage sales, moving sales, rummage sales, or similar activities provided that such activities are not held on any one Unit more than once in any six-month period.

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

The leasing of a Unit shall not be considered a business or trade within the meaning of this subsection. This subsection shall not apply to any activity conducted by Declarant or a Builder approved by Declarant with respect to its development and sale of the Properties or its use of any Units which it owns within the Properties.

(q) Conversion of any carport or garage to finished space for use as an apartment or other integral part of the living area on any Unit without the prior approval of the appropriate committee pursuant to Article IX, except that a Builder may temporarily convert carports or garages to finished space for use as a business or sales office for so long as such Builder owns any Unit primarily for re-sale; or

(r) Any construction, erection, or placement of any thing, permanently or temporarily, on the outside portions of the Unit, whether such portion is improved or unimproved, except in strict compliance with the provisions of Article IX of the Declaration or as otherwise provided below. This shall include, without limitation, signs, basketball hoops, swing sets, and similar sports and play equipment; clotheslines; garbage cans; woodpiles; and hedges, walls, dog runs, animal pens, or fences of any kind.

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

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

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

(c) Towers, antennas, or other apparatus for the transmission or reception of television, radio, satellite, or other signals of any kind outside of the dwelling on a Unit other than (i) a customary antenna, which shall not extend more than ten (10) feet above the top roof ridge of the dwelling; and (ii) a satellite disc or dish no larger than 1 meter in diameter. In no event shall free-standing transmission or receiving towers which support satellite dishes larger than one meter in diameter or non-standard television antennae be permitted. Any apparatus permitted under this subsection which is visible from streets or other Units within the Properties shall be subject to approval in accordance with Article IX and compliance with such additional conditions (including, without limitation, conditions as to location and screening) as may be imposed by the New Construction Committee or Modifications Committee thereunder, provided such conditions do not cause unreasonable cost or delay and do not preclude reception of an acceptable quality signal.

(d) Above-ground swimming pools; and

(e) Chain-link fences.

4. Leasing. "Leasing," for purposes of this paragraph, is defined as regular, exclusive occupancy of a Unit by any person other than the Owner for which the Owner receives any consideration or benefit, including, but not limited to, a fee, service, gratuity, or emolument. All leases shall be in writing. Leases shall have a minimum initial term of not less than six months. Notice of any lease, together with such additional information as may be required by the Board, shall be given to the Board or its designee by the Unit Owner within 10 days of execution of the lease. The Owner must make available to the lessee copies of the Declaration, By-Laws, and the Use Restrictions and Rules.