

AK 3335 PG 040

02708

1:30-2:00 PM
2:30 PM
JUL 15 2004
Urban County Courthouse, North Carolina

DECLARATION OF COVENANTS AND RESTRICTIONS

FOR

SHILOH TRACE

ORIGINAL

THIS DOCUMENT PREPARED BY:

Mallory Gayle Holm, Esq.
Mallory Gayle Holm, P.A.
4315 Pablo Oaks Court
Jacksonville, FL 32224

mail To:
Brachman, Munster & Kaurer
Attys.

RETURN To:
McMILLAN & TERRY, PA
6101 CARNEGIE BLVD.
SUITE 310
CHARLOTTE, NC 28209

INDEX OF DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
SHILOH TRACE

ARTICLE I MUTUALITY OF BENEFIT AND OBLIGATION

Section 1.1 Mutuality
Section 1.2 Benefits and Burdens

ARTICLE II DEFINITIONS

Section 2.1 Association
Section 2.2 Board
Section 2.3 Common Area
Section 2.4 Developer
Section 2.5 Limited Common Area
Section 2.6 Lot
Section 2.7 Owner
Section 2.8 Property or Subdivision
Section 2.9 Surface Water or Stormwater Management System

ARTICLE III PROPERTY SUBJECT TO THIS DECLARATION: ADDITIONS AND DELETIONS

Section 3.1 No Implied Extension of Covenants
Section 3.2 Additional Lands
Section 3.3 Withdrawal of Lands

ARTICLE IV THE ASSOCIATION

Section 4.1 Membership
Section 4.2 Classes and Voting

ARTICLE V COMMON AREA RIGHTS

Section 5.1 Conveyance of Common Area
Section 5.2 Owners' Easement of Enjoyment
Section 5.3 Right of the Developer to Designate Property as Common Area or to Withdraw Property from the Common Area
Section 5.4 Maintenance of Common Area and Compliance with Applicable Permits
Section 5.5 Easement for Maintenance Purposes

ARTICLE VI ARCHITECTURAL CONTROL

- Section 6.1 Architectural Review and Approval
- Section 6.2 Architectural Review Board
- Section 6.3 Powers and Duties of the ARB
- Section 6.4 Compensation of ARB
- Section 6.5 Review of Initial Construction by Developer
- Section 6.6 Variance
- Section 6.7 Limited Liability

ARTICLE VII COVENANTS FOR MAINTENANCE ASSESSMENTS

- Section 7.1 Creation of the Lien and Personal Obligation of Assessments
- Section 7.2 Purpose of Assessments
- Section 7.3 Calculation and Collection of Assessments
- Section 7.4 Effect of Non-Payment of Assessment: Lien, Personal Obligation, and Remedies of Developer
- Section 7.5 Subordination of Lien to Mortgages
- Section 7.6 Developer's Assessments

ARTICLE VIII EXTERIOR MAINTENANCE ASSESSMENT

- Section 8.1 Exterior Maintenance
- Section 8.2 Assessment of Costs
- Section 8.3 Access

ARTICLE IX UTILITY PROVISIONS

- Section 9.1 Water System
- Section 9.2 Sewage System
- Section 9.3 Garbage Collection
- Section 9.4 Utility Service

**ARTICLE X USE RESTRICTIONS AND RIGHTS AND EASEMENTS
RESERVED BY DEVELOPER**

- Section 10.1 Residential Use
- Section 10.2 Living Area
- Section 10.3 No Detached Buildings
- Section 10.4 Setbacks
- Section 10.5 Landscaping
- Section 10.6 Motor Vehicles and Boats
- Section 10.7 Nuisances
- Section 10.8 Antenna
- Section 10.9 Lakes
- Section 10.10 Insurance and Casualty Damages

Section 10.11 Trees
Section 10.12 Artificial Vegetation
Section 10.13 Signs
Section 10.14 Lighting
Section 10.15 Animals
Section 10.16 Maintenance of Lots and Limited Common Areas
Section 10.17 Fences
Section 10.18 Maintenance of Driveways
Section 10.19 Window Air Conditioning
Section 10.20 Compliance with Laws
Section 10.21 Platting and Additional Restrictions
Section 10.22 Jurisdictional Areas and Permits

ARTICLE XI RIGHTS AND EASEMENTS RESERVED BY DEVELOPER

Section 11.1 Easement for Ingress, Egress, Utilities and Drainage
Section 11.2 Drainage Flow
Section 11.3 Future Easements
Section 11.4 Cable Television or Radio
Section 11.5 Easements for Maintenance Purposes
Section 11.6 Developer Rights Re: Temporary Structures, Etc.

ARTICLE XII GENERAL PROVISIONS

Section 12.1 Remedies for Violations
Section 12.2 Severability
Section 12.3 Additional Restrictions
Section 12.4 Titles
Section 12.5 Termination or Amendment
Section 12.6 Assignment of Permit Responsibilities and Indemnification
Section 12.7 Conflict or Ambiguity in Documents
Section 12.8 Usage
Section 12.9 Effective Date
Section 12.10 Disclaimers as to Water Bodies

Exhibit A – Property Being Subjected to Restrictions
Exhibit B - Articles of Incorporation
Exhibit C - Bylaws
Exhibit D – Property That May Be Subjected to Restrictions in the Future
Exhibit E – Common Area
Exhibit F – Property Conveyed to Builder

DECLARATION
OF
COVENANTS AND RESTRICTIONS
FOR
SHILOH TRACE

THIS DECLARATION is made this 21st day of November, 2003, by **SHILOH DEVELOPMENT, LLC**, a Florida limited liability company (the "Developer"), which declares that the real property described on Exhibit A attached hereto and made a part hereof (the "Property"), which is owned by the Developer, shall be held, transferred, sold, conveyed and occupied subject to the covenants, restrictions, easements, charges, liens and all other matters set forth in this Declaration which shall be deemed to be covenants running with the title to the Property and shall be binding upon the Developer and all parties having or acquiring any right, title or interest in the Property or any part thereof. Without limiting the generality of the foregoing, MDC Homes-Charlotte, LLC, A North Carolina Limited Liability Company, hereinafter referred to as "Builder" joins in the execution of this Declaration for the purpose of agreeing that all Lots, as hereinafter described and designated on Exhibit F attached hereto and made a part hereof, that it has acquired from Declarant are hereby subjected to the Declaration to the same extent as if owned by the Declarant at the date this instrument is recorded.

ARTICLE I
MUTUALITY OF BENEFIT AND OBLIGATION

Section 1.1 Mutuality. The covenants, restrictions, and agreements set forth in this Declaration are made for the mutual and reciprocal benefit of every parcel within the Property, and are intended to create mutual equitable servitudes upon each such parcel in favor of the other parcels, to create reciprocal rights among the respective Owners, and to create privity of contract and an estate between the grantees of each and every parcel within the Property, their heirs, successors and assigns.

Section 1.2 Benefits and Burdens. Every person who is an Owner does by reason of taking title to land located within the Property agree to all the terms and provisions of this Declaration and shall be entitled to its benefits and subject to its burdens.

ARTICLE II
DEFINITIONS

The following words, when used in this Declaration shall have the following meanings:

Section 2.1 Association. The Shiloh Trace Homeowners Association, Inc., a North Carolina corporation not-for-profit. This is the Declaration to which the Articles of Incorporation (the "Articles") and Bylaws (the "Bylaws") of the Association make reference. Copies of the Articles and Bylaws are attached as Exhibits B and C, respectively.

AK 3335 PG 045

Section 2.2 **Board.** The Board of Directors of the Association.

Section 2.3 **Common Area.** All real property (including easements, licenses and rights to use real property) and personal property located within or adjacent to the Property, if any, which is owned by the Developer, or by the Association, and which the Developer has designated for the common use of the Owners by reference thereto in this Section 2.3, or by recording a Supplementary Declaration, pursuant to the terms of Section 5.3 hereof. The Common Area initially designated by the Developer shall consist of the real property (and interests therein) more particularly described on Exhibit E attached hereto and made a part hereof together with all improvements constructed therein by Developer, but not owned or maintained by a public or private utility company.

Section 2.4 **Developer.** Shiloh Development, LLC and its successors and such of its assigns as to which the rights of the Developer hereunder are specifically assigned. Developer may assign all or only a portion of such rights in connection with portions of the Property. In the event of such a partial assignment, the assignee may exercise such rights of the Developer as are specifically assigned to it. Any such assignment may be made on a non-exclusive basis. Reference in this Declaration to Shiloh Development, LLC as the Developer of the Property is not intended and shall not be construed, to impose upon Shiloh Development, LLC any obligations, legal or otherwise, for the acts or omissions of third parties who purchase lots or parcels within the Property from Shiloh Development, LLC and develop and resell the same.

Section 2.5 **Limited Common Area.** The Limited Common Area of a Lot shall consist of the portion of the Property between the front Lot line and the nearest edge of the paved road surface (as it may exist from time to time) and between the rear Lot line and the nearest shore line of any lake contiguous to or within twenty (20) feet of the Lot, within the area bounded by the extension of the side Lot lines, together with any portion of the Property contiguous to a Lot which, as a result of the natural configuration of the Property, is primarily of benefit to such Lot. Any question concerning the boundary of a limited common area shall be determined by the Board of Directors of the Association.

Section 2.6 **Lot.** Any platted Lot or any other parcel of real property located within the Property, on which one or more residential dwellings have been or could be constructed.

Section 2.7 **Owner.** The record owner or owners of any Lot.

Section 2.8 **Property or Subdivision.** The real property described on the attached Exhibit A and such additions and deletions thereto as may be made in accordance with the provisions of Sections 3.2 and 3.3 of this Declaration.

Section 2.9 **Surface Water or Stormwater Management System.** A system which is designed and constructed or implemented within the Property to control discharges which are necessitated by rainfall events, incorporating methods to collect, convey, store, absorb, inhibit, treat, use or reuse water to prevent or reduce flooding, overdrainage, environmental degradation, and water

pollution or otherwise affect the quantity and quality of discharges from the system, as permitted pursuant to applicable laws, rules, and regulations. For purposes of this Declaration, the Surface Water or Stormwater Management System shall be deemed to be a part of the Common Area and shall include any drainage swales located within the Property.

ARTICLE III

PROPERTY SUBJECT TO THIS DECLARATION: ADDITIONS AND DELETIONS

Section 3.1 **No Implied Extension of Covenants.** Each Owner and each tenant of any improvements constructed on any Lot, by becoming an Owner or tenant, shall be deemed to have agreed that (a) the Property described on Exhibit A and such additional property as may be annexed pursuant to Section 3.2 hereof shall be the only Property subject to this Declaration, (b) that nothing contained in this Declaration or in any recorded or unrecorded plat, map, picture, drawing, brochure or other representation of a scheme of development, shall be construed as subjecting, or requiring the Developer to subject any other property now or hereafter owned by the Developer to this Declaration, and (c) that the only manner in which additional land may be subjected to this Declaration is by the procedure set forth in Section 3.2 hereof.

Section 3.2 **Additional Lands.** Developer may, but shall not be obligated to, subject additional land to this Declaration (or to the assessment provisions of this Declaration) from time to time provided only that (a) any additional lands subjected to this Declaration shall be a part of the real property described in Exhibit D attached hereto; (b) any additional land subjected to this Declaration (or its assessment provisions) shall be contiguous to the Property then subject to this Declaration (for purposes of this Section 3.2, property separated only by public or private roads, water bodies, golf courses, or open space shall be deemed contiguous), and (c) the Owners of property within additional lands made subject to this Declaration (or its assessment provisions) shall be and become subject to this Declaration (or its assessment provisions), and shall be responsible for their pro rata share of common expenses for which assessments may be levied pursuant to the terms of Article VII of the Declaration. Addition of lands to this Declaration shall be made and evidenced by filing in the public records of Union County, North Carolina, a Supplementary Declaration executed by the Developer with respect to the lands to be added. Developer reserves the right to supplement this Declaration to add land to the scheme of this Declaration (or its assessment provisions) pursuant to the foregoing provisions without the consent or joinder of any Owner or mortgagee of land within the Property.

Section 3.3 **Withdrawal of Lands.** With the consent and joinder of Owners holding a majority of the votes in the Association, the Developer may, but shall have no obligation to, withdraw at any time, or from time to time, portions of the Property from the terms and effect of this Declaration. Upon the Developer's request, the consent and joinder of each and every Owner to such withdrawal shall not be unreasonably withheld. The withdrawal of lands as aforesaid shall be made and evidenced by filing in the public records of Union County, North Carolina, a Supplementary Declaration executed by the Developer with respect to the lands to be withdrawn.

ARTICLE IV

THE ASSOCIATION

Section 4.1 Membership. Each Owner, including the Developer (at all times so long as it owns any part of the Property), shall be a member of the Association, provided that any such person or entity who holds such interest only as security for the performance of an obligation shall not be a member. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot.

Section 4.2 Classes and Voting. The Association shall have two classes of membership:

(a) Class A Members. The Class A Members shall be all Owners, with the exception of the Developer, who shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members of the Association. However, the vote for any such Lot shall be exercised as the Owner's thereof shall determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) Class B Members. The Class B Member shall be the Developer who shall be entitled to three (3) votes for each Lot owned by the Developer. The Class B Membership shall cease and be converted to Class A Membership on the happening of either of the following events, whichever occurs earlier:

(i) When the total votes outstanding in the Class A Membership equals the total votes outstanding in the Class B Membership;

(ii) December 31, 2010;

(iii) Three (3) months after ninety percent (90%) of the Lots have been conveyed to members of the Association other than the Developer; or

(iv) Such earlier date as the Developer may choose to terminate the Class B Membership upon notice to the Association.

ARTICLE V COMMON AREA RIGHTS

Section 5.1 Conveyance of Common Area. Developer agrees that all of the Common Area owned by Developer shall be conveyed or assigned to the Association, subject to covenants, easements, restrictions and other matters of record, before the date which is ninety (90) days following the conveyance of the last Lot owned by the Developer to any party. Upon the recordation of any deed or deeds conveying Common Area to the Association, the Association shall be conclusively deemed to have accepted the conveyance evidenced by such deed or deeds.

Section 5.2 Owners' Easement of Enjoyment. Each Owner shall have a right and easement of enjoyment in and to the Common Area for its intended purpose, which shall be appurtenant to, and shall pass with, the title to the land of such Owner, subject to the following:

(a) The right of the owner of the Common Area, with the consent of the Developer (if different from such owner) to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility; provided however, the Common Area may not be mortgaged or conveyed free and clear of the provisions of this Declaration without the approval of Members holding two-thirds (2/3) of the total votes that are allocated to the Association's members;

(b) All provisions of this Declaration, any plat of all or any parts of the Property, governmental restrictions;

(c) Reasonable rules and regulations governing use and enjoyment of the Common Area adopted by the Developer or the Association;

(d) The rights of the Developer under Section 5.3 to add to or withdraw land from the Common Area;

(e) Easements, restrictions, agreements and other matters of record.

The foregoing easement of enjoyment in favor of the Owners shall not be construed to create or imply any other easements or rights not expressly created by this Declaration, it being the intent hereof to limit the Owners' rights of use of specific portions of the Common Area to only the intended purposes of such portions of the Common Area. For example, the creation of each Owner's right to drain such Owner's Lot into the portions of the Common Area included within the Surface Water or Stormwater Management System, does not create any right of access by any Owner to such portions of the Common Area over any other Owner's Lot or other privately owned portions of the Subdivision.

Section 5.3 Right of the Developer to Designate Property as Common Area or to

Withdraw Property from the Common Area. Notwithstanding anything to the contrary contained in this Declaration, the Developer shall have the right, in its sole discretion, to designate land, easements, use rights and personal property owned by the Developer as Common Area, provided only that such land shall be located within the Property or contiguous to the Property (for purposes of this Section 5.3, property separated only by public or private roads, water bodies, golf courses, or open space shall be deemed contiguous). For so long as the Developer shall own any Lot, the Developer may, at any time, withdraw, or cause to be withdrawn, land from the Common Area in the Developer's sole discretion. The prior sentence notwithstanding, in the event such withdrawal of Common Area shall materially and adversely affect any Lot, or materially and adversely affect access, visibility, or drainage to or from any Lot, the Developer shall not have the right to withdraw such Common Area without the consent and joinder of the Owner of the Lot which is so affected. Addition of land to and withdrawal of land from the Common Area shall be evidenced by recording a Supplementary Declaration in the public records of Union County, North Carolina, which shall specifically reference such addition or withdrawal. Withdrawal of land from the Common Area by the Developer shall terminate any and all easements and rights of use of the Owners in such land. No land owned by the Developer shall be deemed to be Common Area unless such land is expressly referenced as such under Section 2.3 hereof, or subsequently designated as such by the Developer pursuant to Section 2.3 hereof and this Section 5.3, even if the Developer consents or acquiesces to

the use of such land by the Owners. In the event any land, easements, use rights, or personal property owned by the Association shall be withdrawn from the Common Area pursuant to this Section 5.3, upon the Developer's written request, the Association shall promptly execute and deliver to the Developer any and all deeds, bills of sale, assignments or other conveyance documents as may be necessary or appropriate to effectuate the withdrawal of such Common Area.

Section 5.4 Maintenance of Common Area and Compliance with Applicable Permits.

The Association shall at all times maintain in good repair and manage, operate and insure, and shall replace as often as necessary, the Common Area and any improvements and landscaping (except utilities owned and maintained by public or private utility companies providing water, sewer, electrical, fire protection, cable television, telephone, or similar utilities to the Property, or any portion thereof) situated on the Common Area, if any. The Association shall maintain all lakes, swales, drainage areas, drainage easements, and control structures, and shall preserve and protect all designated conservation areas and littoral zones located within, adjacent, or in near proximity to the Property, in accordance with all permit requirements and conditions contained in applicable dredge fill, consumptive use, surface water permits, or any other applicable permits issued by governmental agencies, and Union County, North Carolina and all statutes, rules, regulations and requirements pertaining to surface water management, drainage and water quality promulgated by all other local, state and federal authorities having jurisdiction. The Association shall maintain those portions of the Common Area designated by applicable permit as conservation tracts, stormwater management tracts or similar designations, in accordance with all permit requirements, rules, and regulations promulgated by all local, state and federal authorities having jurisdiction. The Association shall be responsible for the maintenance, operation and repair of any Surface Water or Stormwater Management System on the Property. Maintenance of the Surface Water or Stormwater Management System shall mean the exercise of practices which allow the system to provide drainage, water storage, conveyance of other surface water, or stormwater management capabilities as permitted. The Association shall be responsible for such maintenance and operation. Any repair or reconstruction of the Surface Water or Stormwater Management System shall be as permitted, or if modified, as approved by the applicable water management district or other applicable authority. All maintenance obligations of the Association shall be performed as ordered by the Board of Directors of the Association, and all or any portion of the cost of such maintenance incurred by the Association pursuant to this Section 5.4, shall be a common expense of the Association to be collected and paid in the manner prescribed by this Declaration.

Section 5.5 Easement for Maintenance Purposes. The Developer hereby grants to the Association and its successors, assigns, agents, and contractors, an easement in, on, over and upon those portions of the Property as may be reasonably necessary for the purpose of maintaining the Common Area, including the Surface Water or Storm Water Management System, or other portions of Property to be maintained by Association, in accordance with the requirements of this Declaration.

The easement granted hereby shall not be exercised by any party in a manner which unreasonably interferes with the use, occupancy, or enjoyment of any improved portion of the Property. Further, in the event that any portion of the Property shall be damaged or altered in any way as the result of the exercise of the easement rights granted hereby, such portions of the Property shall be immediately restored to the condition that existed immediately prior to such damage or alteration by the party exercising such rights.

ARTICLE VI
ARCHITECTURAL CONTROL

Section 6.1 Architectural Review and Approval. Except for the initial construction of residential dwellings and related structures, landscaping, and other improvements ("Initial Construction"), no landscaping, improvement or structure of any kind, including without limitation, any building, fence, wall, screen enclosure, sewer, drain, disposal system, landscape device or object, driveway or other improvement shall be commenced, erected, placed or maintained upon any Lot, nor shall any addition, change or alteration therein or thereof be made, unless and until the plans, specifications and location of the same have been submitted to, and approved in writing by the Association. All plans and specifications shall be evaluated as to visual and acoustical privacy and as to the harmony of external design and location in relation to surrounding structures, topography, existing trees and other natural vegetation and as to specific conformance with architectural criteria which may be imposed from time to time by the Developer or the Association. It shall be the burden of each Owner to supply two (2) sets of completed plans and specifications to the Architectural Review Board ("ARB") and no plan or specification shall be deemed approved unless a written approval is granted by the ARB to the Owner submitting same. The ARB shall approve or disapprove plans and specifications properly submitted within thirty (30) days of each submission. Any change or modification to an approved plan shall not be deemed approved unless a written approval is granted by the ARB to the Owner submitting same.

Section 6.2 Architectural Review Board. The architectural review and control functions of the Association shall be administered and performed by the ARB, which shall consist of three (3) or five (5) members who need not be members of the Association. The Board of Directors of the Association shall have the right to appoint all of the members of the ARB. A majority of the ARB shall constitute a quorum to transact business at any meeting of the ARB, and the action of a majority present at a meeting at which a quorum is present shall constitute the action of the ARB. Any vacancy occurring on the ARB because of death, resignation, or other termination of service of any member thereof shall be filled by the Board of Directors.

Section 6.3 Powers and Duties of the ARB. The ARB shall have the following powers and duties:

(a) To recommend amendments to the architectural criteria to the Board at such time as the Board shall have the right to adopt or amend architectural criteria for the Property. For so long as the Developer shall be entitled to elect or appoint a majority of the members of the Board, only the Developer shall have the right to promulgate, amend, eliminate, or replace architectural criteria applicable to architectural review to be conducted by the Association. At such time as members of the Association shall elect a majority of the members of the Board, such architectural criteria shall be promulgated, amended, eliminated, or replaced by the Board. Any amendment of the architectural criteria shall be consistent with the provisions of this Declaration. Notice of any amendment to the architectural criteria, which shall include a verbatim copy of such amendment, shall be delivered to each member of the Association. The delivery to each member of the Association of notice and a copy of any amendment to the architectural criteria shall not, however,

constitute a condition precedent to the effectiveness or validity of such amendment. It shall not be necessary for the architectural criteria, or any amendment thereto, to be recorded.

(b) To require submission to the ARB of two (2) complete sets of all plans and specifications for any improvement or structure of any kind requiring review and approval of the ARB pursuant to this Article VI. The ARB may also require submission of samples of building materials proposed for use on any Lot, and may require tree surveys to show the effect of the proposed improvements on existing tree cover, and such additional information as reasonably may be necessary for the ARB to completely evaluate the proposed structure or improvement in accordance with this Declaration and applicable architectural criteria.

(c) To approve or disapprove in accordance with the provisions of this Article VI, any improvements or structures of any kind (other than Initial Construction), or any change or modification thereto, the construction, erection, performance or placement of which is proposed upon any Lot, and to approve or disapprove any exterior additions, changes, modifications or alterations therein or thereon. All decisions of the ARB may, but need not be evidenced by a certificate in recordable form executed under seal by the President or any Vice President of the Association. Any party aggrieved by a decision of the ARB shall have the right to make a written request to the Board, within thirty (30) days of such decision, for a review thereof. The determination of the Board upon review of any such decision shall be dispositive.

(d) To adopt a schedule of reasonable fees for processing requests for ARB approval of proposed improvements. Such fees, if any, shall be payable to the Association, in cash, at the time that plans and specifications are submitted to the ARB.

Section 6.4 Compensation of ARB. The Board may, at its option, pay reasonable compensation to any or all members of the ARB.

Section 6.5 Review of Initial Construction by Developer. No Initial Construction shall be commenced upon any Lot unless and until the plans, specifications and location of the same have been submitted to, and approved by, the Developer in writing. All plans and specifications shall be evaluated as to visual and acoustical privacy, as to harmony of external design and location in relation to surrounding structures, if any, topography, existing trees and other natural vegetation, and as to consistency with this Declaration and architectural criteria made applicable to Initial Construction by the Developer from time to time.

Section 6.6 Variance. The Developer and the ARB may authorize variances from compliance with any architectural provisions this Declaration or applicable architectural criteria when circumstances such as topography, natural obstructions, hardships, or aesthetic or environmental considerations require same. Such a variance must be evidenced by a document signed by an authorized representative of the Developer or ARB, as applicable. If such a variance was granted, no violation of the covenants, conditions and restrictions contained in this Declaration shall be deemed to have occurred with respect to the matters for which the variance was granted. The granting of such a variance shall not, however, operate to waive any of the terms and provisions of this Declaration for any purpose except as to the particular Lot and particular provisions of this

Declaration or applicable architectural criteria covered by the variance, nor shall it effect in any way an Owner's obligation to comply with all governmental laws and regulations, including but not limited to, zoning ordinances and setback lines or requirements imposed by any governmental or municipal authority.

Section 6.7 Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Developer, the ARB, or the Association as contemplated by this Article VI, neither the Developer, the ARB, nor the Association shall be liable to an Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way related to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted or withheld by the Developer, the ARB, or the Association.

ARTICLE VII

COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 7.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, jointly and severally, covenants and agrees to pay to the Association: (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with late charges, interest, not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum on the principal amount due, and costs, including, without limitation, reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made in favor of the Association and the Association shall be entitled to file a document evidencing such lien in the land records of the county in which the Lot is located. Such lien shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the land records of the county where the Community is located and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument. All other Persons acquiring liens or encumbrances on any Lot after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Each such assessment, together with late charges, interest, costs, including, without limitation, reasonable attorney's fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such Lot at the time the assessment fell due. Each Owner shall

be personally liable for the portion of each assessment coming due while the Owner of a Lot, and each grantee of an Owner shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings of deed in lieu of foreclosure.

The Association shall, within five (5) days after receiving a written request therefor and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of issuance.

Annual assessments shall be levied at a uniform rate per Lot and shall be paid in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of the annual assessment for delinquents. Unless otherwise provided by the Board, the assessment shall be paid in annual installments.

Section 7.2 Purpose of Assessments.

7.2.1 The annual assessments levied by the Association shall be used for the purposes of management and accounting fees, taxes, insurance, and utility charges relating to the Common Area, to fund the obligations of the Association set forth in Section 5.4 hereof, and for all other purposes reasonably contemplated by this Declaration, the Articles, the Bylaws, or any cost sharing or similar agreement to which the Association is or may become a party. Further, such annual assessments may be levied to fund reasonable reserves for deferred maintenance of, or non-recurring expenses related to, the Common Area including, the Surface Water or Stormwater Management System. The maintenance responsibilities of the Association payable through assessment of the Owners shall specifically include, but not be limited to, the perpetual maintenance of all retention ponds, drainage swales, and all other drainage and stormwater management improvements lying within the Property, and all other such improvements, constituting a part of any Surface Water or Stormwater Management System permitted (the "Surface Water Permit") including all operation, sampling, testing, monitoring and maintenance requirements as specified by the Surface Water Permit. Assessments collected by the Association to fund reserves shall be separately accounted for, it being the requirement of this Declaration that such funds shall be used exclusively for deferred maintenance of, or non-recurring expenses related to, the Common Area including the Surface Water or Stormwater Management System.

7.2.2 The Board of Directors may levy special assessments for any purpose relating to permissible or required activities of the Association pursuant to this Declaration, the Articles, or the Bylaws. Any funds collected pursuant to such a special assessment shall be used solely for the purpose or purposes identified by the Board of Directors at the time such special assessment is levied.

Section 7.3 Calculation and Collection of Assessments. Annual assessments shall be established by the Board of Directors based upon an annual budget. Each Owner's pro rata share of the total annual assessment or any special assessment shall be based upon the following calculations:

(a) Owners of Lots shall pay a pro rata share of annual and special assessments which shall be allocated among the Owners as provided in subparagraph (b) of this Section 7.3.

(b) All annual and special assessments shall be established at a uniform rate per Lot.

(c) The assessment obligations of each Owner other than the Developer shall commence upon the recordation of this Declaration in the current public records of Union County, North Carolina. Annual assessments shall be collectable in advance on a periodic basis established by the Board of Directors from time to time, which periodic basis shall not be less frequent than annually. Special assessments shall be collectible in advance in the manner established by the Board of Directors at the time such special assessments are authorized.

(d) The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year (or, if the assessment has not been established at the time an Owner purchases such Owner's Lot, at least thirty (30) days prior to the due date of the first installment in the case of the initial budget). The budget and the assessment shall become effective unless disapproved at a meeting by a majority of the total Association. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Section 7.4 Effect of Non-Payment of Assessment: Lien, Personal Obligation, and Remedies of Developer. The lien of the Association shall be effective from and after recording in the public records of Union County, North Carolina, a claim of lien stating the description of the Lot encumbered thereby, the name of the Owner, the amount and the due date. Such claim of lien shall include assessments which are due and payable when the claim of lien is recorded as well as assessments which may accrue thereafter, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as herein provided. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record, and the affected Owner shall pay the cost of such satisfaction. If the assessment is not paid within fifteen (15) days after the due date, the assessment shall bear interest from the due date at the highest lawful rate, and the Association may at any time thereafter bring an action to enforce the lien authorized hereby by appropriate foreclosure proceedings and/or a suit on the personal obligation against the Owner. In the event the Association shall fail to bring such an action for collection of a delinquent assessment within thirty (30) days following receipt of written notice from any Owner demanding that such proceedings be commenced, such Owner shall be authorized to institute such proceedings. There shall be added to the amount of such delinquent assessment the costs of collection incurred by the Association, or such

Owner, which shall specifically include without limitation reasonable attorneys' fees for preparation or at trial and appeal or in bankruptcy. Payments shall be applied first to costs, then to late charges, then to interest, and then to delinquent assessments.

Section 7.5 Subordination of Lien to Mortgages. The lien of the assessments provided for by this Declaration shall be subordinate to the lien of any bona fide mortgage which is perfected by recording prior to the recording of the claim of lien for any such unpaid assessments. Such subordination shall apply only to the assessments which have become due and payable prior to a sale or transfer of the affected Lot by deed in lieu of foreclosure, pursuant to a decree of foreclosure, or pursuant to any other proceeding in lieu of foreclosure of such mortgage. No sale or other transfer shall release any Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessments. A written statement of the Association that the lien is subordinate to a mortgage, shall be dispositive of any question of subordination.

Section 7.6 Developer's Assessments. Notwithstanding any provision of this Declaration to the contrary, during the Development Period (as defined below) the Lots and other portions of the Property owned by the Developer shall not be subject to any annual or special assessments levied by the Association or to any lien for such assessments. During the Development Period, the Developer shall pay the balance of the actual operating expenses of the Association (excluding costs of major repairs, deferred maintenance, replacements and reserves) remaining after the levying of and payment of assessments due from Owners other than the Developer pursuant to assessments levied by the Board of Directors pursuant to this Declaration. The Developer shall be obligated to fund such balance only as the expenses are actually incurred by the Association during the Development Period. The Development Period shall begin upon the conveyance of the first Lot in the Property to an Owner other than the Developer and shall continue until (i) the Developer shall notify the Association that it will no longer pay for operating deficits of the Association; or (ii) the Class B Membership shall cease and be converted to Class A Membership. Upon termination of the Developer's agreement to pay operating deficits, the Developer shall become obligated to pay assessments on Lots owned by it within the Property on the same basis as other Owners. In no event shall the Developer be obligated to pay for operating deficits of the Association after the Developer no longer owns any Lots within the Property.

ARTICLE VIII EXTERIOR MAINTENANCE ASSESSMENT

Section 8.1 Exterior Maintenance. The Association may provide maintenance upon any Lot or Limited Common Area requiring same, when necessary in the opinion of the Association's Board of Directors to preserve the beauty, quality, or value of any or all portions of the Property. Such maintenance shall include but not be limited to painting, roof repair and replacement, repair of gutters, downspouts, and exterior building surfaces, and yard clean-up and yard maintenance. Each affected Owner shall have fifteen (15) days within which to perform the required maintenance after being notified in writing by the Association that such maintenance is necessary before the Association undertakes the maintenance.

Section 8.2 Assessments of Costs. The cost of any maintenance undertaken by the Association under the provisions of Section 8.1 shall be assessed against each Lot upon which such maintenance is performed or, in opinion of the Board, benefiting from same. Exterior maintenance assessments shall not be considered a part of the annual or special assessments imposed upon the Property pursuant to Article VII of this Declaration. Any exterior maintenance assessment shall be a lien upon each Lot assessed and the personal obligation of the Owner of each such Lot and shall become due and payable in all respects, together with interest, attorneys fees, and costs of collection, as provided for in Section 7.3 and 7.4, and shall be subordinate to mortgage liens to the extent provided by Section 7.5.

Section 8.3 Access. For the purpose of performing the maintenance authorized by this Article, the Association, through its duly authorized agents or employees, shall have the right, after the notice to the Owner provided under Section 8.1, to enter upon any Lot at reasonable hours on any day except Sunday. In the case of emergency repairs, access will be permitted at any time with only such notice as under the circumstances is practically affordable.

ARTICLE IX UTILITY PROVISIONS

Section 9.1 Water System. The central water supply system provided for the service of the Property shall be used as sole source of potable water for all water spigots and outlets located within or on all buildings and improvements located on each Lot. Each Owner shall pay water meter charges of the supplier thereof and shall maintain and repair all portions of the water lines serving the Owner's Lot in accordance with the requirements of the applicable utility supplier. No individual potable water supply system or well for consumptive purposes shall be permitted on any Lot without the prior written consent of the Association.

Section 9.2 Sewage System. The central sewage system provided for the service of the Property shall be used as the sole sewage system for each Lot. Each Owner shall maintain and repair all portions of the sewer lines serving the Owner's Lot in accordance with the requirements of the applicable utility provider, and shall pay when due the periodic charges or rates for the furnishing of such sewage collection and disposal services made by such utility provider. No sewage shall be discharged onto the open ground or into any wetland, lake, pond, park, ravine, drainage ditch or canal or roadway and no septic tank or drain field shall be placed or allowed within the Property.

Section 9.3 Garbage Collection.

(a) Garbage, trash and rubbish shall be removed from the Lots only by parties or companies approved by the Association, which approval shall not be unreasonably withheld. Each Owner shall pay when due the periodic charges or rate for such garbage collection service made by the party or company providing the same.

Section 9.4 Utility Service. It shall be the responsibility of the Owner or occupant of each Lot to make direct arrangements with the suppliers of electricity, water, sewer, and any other utility services for service to such Lot.

ARTICLE X
USE RESTRICTIONS AND RIGHTS AND
EASEMENTS RESERVED BY DEVELOPER

Section 10.1 Residential Use. The Lots subject to this Declaration may be used for residential dwellings and for no other purpose except that one or more Lots may be used for model homes during the development and sale of Lots within the Property or other properties. No business or commercial building may be erected on any Lot and no business may be conducted on any part thereof except with the prior written approval of the Board and so long as the business or business activity is in compliance with applicable zoning requirements. No Lot shall be divided, subdivided or reduced in size without the prior written consent of the Developer. Assessments for common expenses attributable to any Lot which may be subdivided pursuant to this Section 10.1 shall be reallocated by the Developer, in its sole discretion, at the time written consent for such subdivision is given by the Developer.

Section 10.2 Living Area. Each detached single family residence constructed upon a Lot shall contain a minimum of 1,500 square feet of heated and air conditioned living area.

Section 10.3 No Detached Buildings. No garages, tool or storage sheds, tents, trailers, tanks, temporary or accessory buildings or structures shall be erected or permitted to remain on any Lot. No dwelling shall be erected within any easement area shown on any plat of all or any portion of the Property or within any easement reserved by Section 11.1 of this Declaration.

Section 10.4 Leasing. Lots may be leased for residential purposes only. All leases shall be for a minimum term of at least 6 months. All leases shall require that the tenant acknowledge receipt of a copy of this Declaration, the Bylaws, use restrictions and rules and regulations of the Association.

Section 10.5 Landscaping. Landscaping shall be installed on each Lot as stated hereafter.

10.5.1 Except for landscaping installed by the Developer, a landscaping plan for each Lot and Limited Common Area appurtenant thereto must be submitted to and approved by the Developer at the time of Initial Construction of a residence on such Lot. Maximum utilization of existing trees and shrubs, and natural landscaping techniques shall be encouraged. All Lots and appurtenant Limited Common Areas that are not landscaped or left in a natural wooded state shall be grassed to the paved roadway and/or lake's edge where such Lot abuts a roadway and/or lake.

10.5.2 Subsequent to approval by the Developer of landscaping plans submitted pursuant to Section 10.5.1 above, the Owner shall be obligated to complete the landscaping of his Lot and Limited Common Area in accordance with such plans and Section 10.5.1 above, within

thirty (30) days following the issuance of a Certificate of Occupancy or similar final approval for the residence constructed on the Lot by the Building Department of Union County, North Carolina, or other governmental authority having jurisdiction. In the event the landscaping is not completed as provided herein, the Association shall have the right to enter the Lot and complete said landscaping in accordance with the approved plans, in the same manner as exterior maintenance may be performed by the Association pursuant to Article VIII of this Declaration. The Association shall be entitled to a lien against the Lot in an amount equal to one hundred ten percent (110%) of the cost to complete landscaping on such Lot and Limited Common Area, which sum may be collected as provided in Article VII hereof.

Section 10.6 Motor Vehicles and Boats. No boats, recreation vehicles or other motor vehicles, except four wheel passenger vehicles, shall be placed, parked or stored upon any Lot, nor shall any maintenance or repair be performed upon any boat or motor vehicle upon any Lot, except within a building, or otherwise screened, so as to be totally isolated from public view. Commercial vehicles shall not be parked within the Property within public view. Construction trailers may be parked only with the prior written consent of the Developer and in an area designated by the Developer.

Section 10.7 Nuisances. Nothing shall be done or maintained on any Lot which may be or become an annoyance or nuisance to any party. Any activity on a Lot which interferes with television, cable or radio reception on another Lot shall be deemed a nuisance and a prohibited activity. If a dispute or question arises as to what may be or become a nuisance, the issue shall be submitted to the Association's Board of Directors, whose decision shall be dispositive of such dispute or question. No immoral, improper or unlawful use shall be made of any portion of the Property and all valid laws, zoning ordinances and regulations of governmental agencies having jurisdiction thereof shall be complied with.

Section 10.8 Antenna. The installation of all aerials, antennae or satellite dishes shall be subject to the approval of the ARB in accordance with architectural criteria imposed by the Developer or the Association from time to time and in accordance with all applicable rules and regulations of the Federal Communications Commission or other governmental authorities having jurisdiction.

Section 10.9 Lakes. Only the Developer and the Association shall have the right to pump or otherwise remove any water from any lake adjacent to or near to the Property or any Lot for the purpose of irrigation or other use, or to place any refuse in such lake or lakes. The Developer and the Association shall have the sole and absolute right (but no obligation) to control the water level of such lake or lakes and to control the growth and eradication of plants, fowl, reptiles, animals, fish and fungi in or on any such lake. No gas or diesel driven boat shall be permitted to be operated on any lake. Lots which now or may hereafter be adjacent to or include a portion of a lake (the "lake parcels") shall be maintained so that such grass, planting or other lateral support to prevent erosion of the embankment adjacent to the lake and the height, grade and contour of the embankment shall not be changed without the prior written consent of the Association. Further, all shoreline vegetation, including cattails and the like, shall be maintained and controlled by the Owner of any lake parcel pursuant to the requirements of Section 10.15 hereof. If the Owner of any lake parcel fails to

maintain the embankment or shoreline vegetation as part of its landscape maintenance obligations in accordance with the foregoing, the Association shall have the right, but no obligation, to enter upon any such lake parcel to perform such maintenance work which may be reasonably required, all at the expense of the Owner of such lake parcel pursuant to the provisions of Article VIII of this Declaration. Title to any lake parcel shall not include ownership of any riparian rights associated therewith. No docks, bulkheads or other structures shall be constructed on such embankments unless and until same shall have been approved by the Developer and all applicable governmental agencies. The Association shall have the right to adopt reasonable rules and regulations from time to time in connection with use of the surface waters of any lake adjacent to or nearby the Subdivision. The Association shall have the right to deny such use to any person who in the opinion of the Association may create or participate in the disturbance or nuisance on any part of the surface waters of any such lake. The use of the surface waters of any such lake shall be subject to rights granted to other persons pursuant to the rules and regulations of the Association.

WITH RESPECT TO WATER QUALITY, WATER LEVELS, WILDLIFE AND LAKE BANKS, SLOPES AND LAKE BOTTOMS, ALL PERSONS ARE REFERRED TO SECTION 12.10 HEREOF.

Section 10.10 Trees. No tree or shrub, the trunk of which exceeds six (6) inches in diameter one (1) foot above the ground, shall be cut down, destroyed or removed from a Lot without the prior express written consent of the Developer, except for trees located within an approved building pad, and the area within five (5) feet of such building pad.

Section 10.11 Artificial Vegetation. No artificial grass, plants or other artificial vegetation shall be placed or maintained upon the exterior portion of any Lot, unless approved by the ARB.

Section 10.12 Signs. No sign of any kind shall be displayed to the public view on any Lot except as may be approved as to size and design and in accordance with criteria established by the Association; provided however, directional signage to be used during the construction of homes within the Property shall be solely subject to the approval of the Developer.

Section 10.13 Lighting. No lighting shall be permitted which alters the residential character of the Subdivision.

Section 10.14 Animals. All animals shall be kept under control by each Owner at all times and leashed when outside the boundaries of the Owner's Lot. Animals shall be kept for the pleasure of Owners only and not for any commercial or breeding use or purposes. If, in the discretion of the Board, any animal shall become dangerous or an annoyance or nuisance to other Owners, or destructive of wildlife or property, such animal may not thereafter be kept on a Lot. Further, in the event any group of animals shall collectively become dangerous or an annoyance or nuisance to other Owners, or destructive to wildlife or property, the Board shall have the right to require the applicable Owner to reduce the number of animals kept on the Lot, or to take such other remedial action as the Board shall specify.

Section 10.15 Maintenance of Lots and Limited Common Areas. After construction of improvements on a Lot has commenced, no weeds, underbrush or other unsightly vegetation shall be permitted to grow or remain upon any Lot or Limited Common Area. No refuse pile or unsightly objects shall be allowed to be placed or suffered to remain anywhere within the Property. All such Lots and any improvements placed thereon, shall at all times be maintained in a neat and attractive condition and landscaping shall be maintained in a neat, attractive and orderly manner, including maintenance of grass, plants, plant beds, trees, turf, proper irrigation and lake edge maintenance, all in a manner with such frequency as is consistent with good property management. In order to implement effective control, the Association, its agents and assigns, shall have the right to enter upon any Lot for the purpose of mowing, pruning, removing, clearing, or cutting underbrush, weeds or other unsightly growth and trash which in the opinion of the Board distracts from the overall beauty and safety of the property in accordance with the provisions of Article VIII hereof. During construction upon any Lot, any and all vehicles involved in the construction or delivery of materials and supplies to the site shall enter and exit the site only over the driveway or driveway subsurface and shall not park on any roadway or any Property other than the Lot on which construction is proceeding. During construction of the dwelling or other improvements, the Owner will be required to maintain his Lot in a clean condition, providing for trash and rubbish receptacles and disposal. Construction debris shall not be permitted to remain upon any Lot.

Section 10.16 Fences. Except as approved by the Developer as part of Initial Construction, or as subsequently approved by the ARB, no fence, wall or other barrier shall be constructed upon any Lot or any other portion of the Property. All such fences shall be of one of four types: 1. Four foot, split three-rail fence, with woven wire mesh; 2. Four foot, wooden picket fence with scalloped tops; 3. Four foot black aluminum fence; 4. Four foot, white vinyl fence. No chain link or six foot privacy fencing will be allowed.

Section 10.17 Maintenance of Driveways. Each Lot Owner shall be responsible for maintenance of the driveway serving his Lot.

Section 10.18 Window Air Conditioning. No window air conditioning units shall be installed on any building within the Subdivision.

Section 10.19 Compliance with Laws. All Owners and other occupants of the Property shall at all times comply with the terms of all environmental, land use, marketing and consumer protection ordinances, statutes, regulations, and permits applicable to the Property or to any improvements constructed thereon.

Section 10.20 Plating and Additional Restrictions. The Developer shall be entitled at any time, and from time to time, to plat or replat all or any part of the Property owned by it, and to file any covenants and restrictions, or amendments to this Declaration, with respect to any undeveloped portion or portions of the Property owned by the Developer.

Section 10.21 Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Owner or Occupant may obstruct or rechannel the drainage flows after location and installation of drainage swells, storm

Section 10.30 **Clothesline**. No exterior clothesline of any type shall be permitted upon any Lot.

Section 10.31 **Entry Features**. Owners shall not alter, remove or add improvements to any entry features constructed by Declarant on any Lot, or any part of any easement area associated therewith without the prior written consent of the ARB.

Section 10.32 **Window Treatments**. No foil or other reflective materials shall be used on any windows for sun screens, blinds, shades or for any other purpose. The side of all window treatments which can be seen at any time from the outside of any structure located on a Lot must be white or off-white.

Section 10.33 **Fuel or Water Tanks**. No fuel tanks or water tanks shall be stored or maintained upon any Lot in such a manner as to be visible from any public street or road or from any other Lot, unless used by Declarant, temporarily, in the ordinary course of development the Community.

Section 10.34 **Erosion Control**. No activity which may create erosion or siltation problems shall be undertaken on any Lot without the prior written approval of the ARB of plans and specifications for the prevention and control of such erosion or siltation. The ARB may, as a condition of approval of such plans and specifications, require the use of certain means of preventing and controlling of such erosion or siltation.

Section 10.35 **Association Insurance**. If and to the extent necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U.S. Department of Veterans Affairs ("VA") or the U.S. Department of Housing and Urban Development ("HUD"), or otherwise as determined by the Board of Directors, the Board of Directors or the duly authorized agent of the Association shall have the authority to and shall obtain or cause to be obtained the following insurance:

(a) for all insurable improvements, whether or not located on Common Area, which the Association is obligated to maintain. This insurance shall provide, at a minimum, fire and extended coverage, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Board may purchase "all-risk" coverage in like amounts;

(b) a public liability policy covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00); and,

(c) such other insurance necessary to satisfy the requirements of applicable laws or deemed necessary in the sole discretion of the Board.

Premiums for all insurance shall be common expenses of the Association. 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 insurance at least equals the full replacement cost.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as trustee for the respective benefited parties. All policies shall be written with a company authorized to do business in North Carolina. All policies shall be reviewed annually by one (1) or more qualified persons, at least one (1) of whom must be in the real estate industry and familiar with construction in the county where the Community is located. Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. The Association's Board of Directors shall make every reasonable effort to secure insurance policies that will provide that no policy may be canceled, subjected to non-renewal or substantially modified without at least thirty (30) days' prior written notice to the Association.

Section 10.36 Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner acknowledges that the Association has no obligation to provide any insurance for any portion of individual Lots, and each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on the Lot and all structures constructed thereon and a liability policy covering damage or injury occurring on a Lot. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an "all-risk" policy, if reasonably available, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. If all-risk coverage is not reasonably available, Owners shall obtain, at a minimum, fire and extended coverage. The policies required hereunder shall be in effect at all times. Authority to adjust losses under policies obtained by an Owner shall be vested in the Owner. The Association shall have the right, but not the obligation, at the expense of the Owner, to acquire the insurance required to be maintained by the Owner if the Owner fails to provide a valid policy to the Association with a prepaid receipt within ten (10) days after receipt by the Owner of a written request from the Association. If the Association does acquire insurance on behalf of any Owner, the cost thereof shall be assessed against Owner and the Lot as a specific assessment.

ARTICLE XI

RIGHTS AND EASEMENTS RESERVED BY DEVELOPER

Section 11.1 Easements for Ingress, Egress, Utilities and Drainage. The Developer reserves for itself, its successors, assigns and designees, a right-of-way and perpetual, nonexclusive

easement for ingress and egress and to erect, maintain and use utilities, electric, telephone and street lighting poles, wires, cables, conduits, storm sewers, sanitary sewers, water mains, gas, sewer, water lines, drainage ways and structures, cable television and radio equipment or other public conveniences or utilities, on, in and over, (i) any portion of the Common Area; (ii) any area designated as an easement, private street or right-of-way area on any plat of all or any portion of the Property; and (iii) a strip of land within each Lot five feet in width along the front, rear and sides of each Lot.

Section 11.2 Drainage Flow. Drainage flow shall not be obstructed or diverted from drainage easements. The Developer or the Association may, but shall not be required to, cut drainways for surface water wherever and whenever such action may appear to be necessary to maintain reasonable aesthetic standards relative to the Property and surrounding properties. These easements include the right to cut any trees, bushes or shrubbery, make any grading of the land, or to take any other reasonable action necessary to install utilities and to maintain reasonable aesthetic standards, but shall not include the right to disturb any permanent improvements erected upon a Lot which are not located within the specific easement area designated on the plat or reserved in this Declaration. Except as provided herein, existing drainage shall not be altered so as to divert the flow of water onto an adjacent Lot or into sanitary sewer lines.

Section 11.3 Future Easements. Developer reserves the right to impose further restrictions and to grant or dedicate additional easements and rights of way on any Lots within the Property owned by Developer. In addition, Developer hereby expressly reserves the right to grant easements and rights-of-way over, under and through the Common Area so long as Developer shall own any portion of the Property. The easements granted by Developer shall not materially or adversely affect any improvements or unreasonably interfere with the enjoyment of the Common Area.

Section 11.4 Cable Television or Radio. Developer reserves for itself, and its successors and assigns, an exclusive easement for the installation, maintenance and supply of radio and television cables within the rights of way and easement areas depicted upon any plat of any portion of the Property or within any easement reserved by this Declaration.

Section 11.5 Easements for Maintenance Purposes. The Developer reserves for itself, the Association, and their respective agents, employees, successors or assigns, easements, in, on, over and upon each Lot and the Common Area as may be reasonably necessary for the purpose of preserving, maintaining or improving roadways, landscaped areas, wetland areas, lakes, ponds, hammocks, wildlife preserves or other areas, the maintenance of which may be required to be performed by the Developer or the Association.

Section 11.6 Developer Rights Re: Temporary Structures, Etc. Developer reserves the right for itself, its successors, assigns, nominees and grantees, to erect and maintain such temporary dwellings, model houses and/or other structures upon Lots owned by the Developer, which it may deem advisable for development purposes and to do all acts reasonably necessary in connection with the construction and sale of improvements located on the Lots within the Subdivision. Nothing contained in this Declaration shall be construed to restrict the foregoing rights of Developer.

ARTICLE XII
GENERAL PROVISIONS

Section 12.1 Remedies for Violations.

12.1.1 If any Owner or other person shall violate or attempt to violate any of the covenants or restrictions herein set forth, it shall be lawful for the Association, the Developer, or any Owner (i) to prosecute proceedings at law for the recovery of damages against those so violating or attempting to violate any such covenant; or (ii) to maintain any proceeding against those so violating or attempting to violate any such covenant for the purpose of preventing or enjoining all or any such violations, including mandatory injunctions requiring compliance with the provisions of this Declaration. In the event litigation shall be brought by any party to enforce any provisions of this Declaration, the prevailing party in such proceedings shall be entitled to recover from the non-prevailing party or parties, reasonable attorneys' fees for pre-trial preparation, trial, appellate, arbitration, and bankruptcy proceedings. The remedies in this section shall be construed as cumulative of all other remedies now or hereafter provided or made available elsewhere in this Declaration, or by law.

12.1.2 In addition to all other remedies, and to the maximum extent allowed by law, a fine or fines may be imposed upon an Owner for failure of an Owner, his family, guests, lessees, invitees or employees, to comply with any covenant or restriction herein contained, or rule of the Association, provided the following procedures are adhered to:

(a) For a first violation, the Association shall warn the Owner of the alleged infraction in writing.

(b) For a subsequent violation, the Association shall provide the Owner with a notice of its intent to impose a fine for such violation. Included in the notice shall be the date and time of a meeting of a committee appointed by the Board of Directors (the "Rules Enforcement Committee") at which time the Owner shall present argument as to why a fine should not be imposed. At least fourteen (14) days prior notice of such meeting shall be given.

(c) At the meeting, the alleged infractions shall be presented to the Rules Enforcement Committee, after which the Committee shall receive evidence and hear argument as to why a fine should not be imposed. A written decision of the Rules Enforcement Committee shall be submitted to the Owner not later than thirty (30) days after the Board of Directors meeting. At the meeting, the Owner shall have the right to be represented by counsel and to cross-examine witnesses.

(d) The Rules Enforcement Committee, by majority vote, may impose a fine not to exceed the maximum amount allowed by law from time to time.

(e) Fines shall be paid not later than five (5) days after notice of the imposition or assessment thereof.

(f) The payment of fines shall be secured by one or more liens encumbering the Lot or Lots owned by the offending Owner. Such fines and liens may be collected an enforced in the same manner as regular and special assessments are collected and enforced pursuant to Article VII hereof.

(g) All monies received from fines shall be allocated as directed by the Board of Directors.

(h) The imposition of fines shall not be construed to be an exclusive remedy, and shall exist in addition to all other rights and remedies to which the Association or any Owner may be otherwise legally entitled, provided, however, any fine paid by an offending Owner shall be deducted from or offset against any damages which may be otherwise recoverable from such Owner.

(i) The Rules Enforcement Committee shall be comprised of not less than three (3) members who are not officers, directors, or employees of the Association, or the spouse, parent, child, brother or sister of an officer, director or employee. No member of the Rules Enforcement Committee shall participate in the review of any infraction in which such member is alleged to have participated.

Section 12.2 Severability. Invalidation of any of the provisions of this Declaration by judgment or court order shall not affect or modify any of the other provisions, which shall remain in full force and effect.

Section 12.3 Additional Restrictions. No Owner, without the prior written consent of the Developer, may impose any additional covenants or restrictions on any part of the Property, but the Developer may include in any contract or deed hereafter made and covering all or any part of the Property, any additional covenants or restrictions applicable to the Property so covered which are not inconsistent with and which do not lower standards established by this Declaration.

Section 12.4 Titles. The addition of titles to the various sections of this Declaration are for convenience and identification only and the use of such titles shall not be construed to limit, enlarge, change, or otherwise modify any of the provisions hereof, each and all of which shall be construed as if not entitled.

Section 12.5 Termination or Amendment. The covenants, restrictions, easements and other matters set forth herein shall run with the title to the Property and be binding upon each Owner, the Developer, the Association, and their respective successors and assigns for a period of fifty (50) years, and shall be automatically renewed for successive ten (10) year periods unless terminated as herein provided. The Owners holding two-thirds (2/3) or more of the total votes of the Association may alter, amend or terminate these covenants. Any amendment to this Declaration shall be executed by the Association and Developer, if applicable, and shall be recorded in the current public

BK 3335PG067

records of Union County, North Carolina. For so long as there is a Class B Membership and provided HUD or VA shall have insured or hold a mortgage within the Property, the following actions shall require approval of the Federal Department of Housing and Urban Development ("HUD") and the Veteran's Administration ("VA"): annexation of additional properties, dedication of any portion of the Common Area, and amendment of this Declaration.

Section 12.6 **Assignment of Permit Responsibilities and Indemnification.** In connection with the platting and development of the Property, the Developer may have assumed certain obligations in connection with the maintenance of the Surface Water or Stormwater Management System. The Developer hereby assigns to the Association, and the Association shall be solely responsible for, all of the Developer's obligations and responsibilities for maintenance of the Surface Water or Stormwater Management System pursuant to all applicable Permits and the plat of the Property. Subsequent to the termination of the Class B Membership, the Association shall indemnify, defend and hold the Developer harmless from all suits, actions, damages, liability and expenses in connection with loss of life, bodily or personal injury or property damage, or any other damage arising from or out of an occurrence in, upon, at or resulting from the operation or maintenance of the Surface Water or Stormwater Management System, occasioned wholly or in part by any act or omission of the Association or its agents, contractors, employees, servants or licensees.

Section 12.7 **Conflict or Ambiguity in Documents.** To the extent of any conflict, ambiguity, or inconsistency between this Declaration, the Articles, or the Bylaws, the terms of this Declaration shall control both the Articles and Bylaws.

Section 12.8 **Usage.** Whenever used, the singular shall include the plural and the singular, and the use of any gender shall include all genders.

Section 12.9 **Effective Date.** This Declaration shall become effective upon its recordation in the public records of Union County, North Carolina.

Section 12.10 **Disclaimers as to Water Bodies.** NEITHER THE DEVELOPER, THE ASSOCIATION, NOR ANY OF THEIR SUCCESSORS, ASSIGNS, OFFICERS, DIRECTORS, COMMITTEE MEMBERS, EMPLOYEES, MANAGEMENT AGENTS, CONTRACTORS OR SUB-CONTRACTORS (COLLECTIVELY, THE "LISTED PARTIES") SHALL BE LIABLE OR RESPONSIBLE FOR MAINTAINING OR ASSURING THE WATER QUALITY OR LEVEL IN ANY LAKE, POND, CANAL, CREEK, STREAM OR OTHER WATER BODY ADJACENT TO OR WITHIN THE PROPERTY, EXCEPT AS SUCH RESPONSIBILITY MAY BE SPECIFICALLY IMPOSED BY AN APPLICABLE GOVERNMENTAL OR QUASI-GOVERNMENTAL AGENCY OR AUTHORITY. FURTHER, ALL OWNERS AND USERS OF ANY PORTION OF THE PROPERTY LOCATED ADJACENT TO OR HAVING A VIEW OF ANY OF THE AFORESAID WATER BODIES SHALL BE DEEMED, BY VIRTUE OF THEIR ARBEPTANCE OF THE DEED TO OR USE OF, SUCH PROPERTY, TO HAVE AGREED TO HOLD HARMLESS THE LISTED PARTIES FOR ANY AND ALL CHANGES IN THE QUALITY AND LEVEL OF THE WATER IN SUCH BODIES.

3K 3335 PG 068

ALL PERSONS ARE HEREBY NOTIFIED THAT FROM TIME TO TIME ALLIGATORS, POISONOUS SNAKES, AND OTHER WILDLIFE MAY INHABIT OR ENTER INTO WATER BODIES AND NATURAL AREAS WITHIN THE PROPERTY AND MAY POSE A THREAT TO PERSONS, PETS AND PROPERTY, BUT THAT THE LISTED PARTIES ARE UNDER NO DUTY TO PROTECT AGAINST, AND DO NOT IN ANY MANNER WARRANT AGAINST, ANY DEATH, INJURY OR DAMAGE CAUSED BY SUCH WILDLIFE.

ALL PERSONS ARE HEREBY NOTIFIED THAT LAKE BANKS AND SLOPES WITHIN CERTAIN AREAS OF THE PROPERTY MAY BE STEEP AND THAT DEPTHS NEAR SHORE MAY DROP OFF SHARPLY. BY ARBEPTANCE OF A DEED TO, OR USE OF, ANY LOT OR OTHER PORTION OF THE PROPERTY, ALL OWNERS OR USERS OF SUCH PROPERTY SHALL BE DEEMED TO HAVE AGREED TO HOLD HARMLESS THE LISTED PARTIES FROM ANY AND ALL LIABILITY OR DAMAGES ARISING FROM THE DESIGN, CONSTRUCTION, OR TOPOGRAPHY OF ANY LAKE BANKS, SLOPES, OR LAKE BOTTOMS LOCATED THEREIN.

PK 3335 PG 069

IN WITNESS WHEREOF, the Developer has caused this instrument to be executed under seal this 21st day of November, 2003.

Signed, sealed and delivered
in the presence of:

SHILOH DEVELOPMENT, LLC, a
Florida limited liability company

By: Stokes Bush & Wright Land Company, LLC

By: [Signature]
J. Robert Wright, Jr.
Its: Vice President

(Print Name)

(Print Name)

Address: 4315 Pablo Oaks Court
Jacksonville, Florida 32224

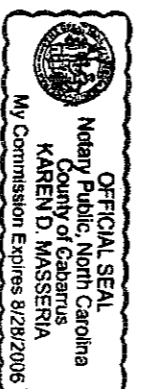
STATE OF NORTH CAROLINA
COUNTY OF Mecklenburg

I, Karen D. Masseria, a Notary Public of the County and State aforesaid, certify that J. Robert Wright, Jr. personally came before me this day and acknowledged that s/he is Vice President of **Stokes Bush & Wright Land Company, LLC**, a Florida limited liability company, and that s/he as Vice President, being duly authorized to do so, executed the foregoing instrument on behalf of said company as the managing member of Shiloh Development, LLC, on behalf of the company.

Witness my hand and official stamp or seal this 21st day of November, 2003.

Karen D. Masseria Notary Public

My Commission Expires: 8/28/06



RK 3335 PG 070

MDC Homes-Charlotte, LLC, a
North Carolina limited liability company

By: John Cassell
John Cassell, Manager

STATE OF NORTH CAROLINA
COUNTY OF Mecklenburg

I, Robert J. Doss, a Notary Public of the County and
State aforesaid, certify that John Cassell personally came before me this day and acknowledged
that s/he is Manager of MDC Homes-Charlotte, LLC, a North Carolina limited liability
company, and that s/he as Manager, being duly authorized to do so, executed the foregoing
instrument on behalf of the company.

Witness my hand and official stamp or seal this 21 day of
November, 2003.

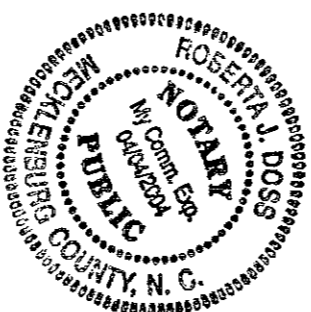
Robert J. Doss Notary Public
My Commission Expires: 4-4-04

(Notary Seal)

NORTH CAROLINA-UNION COUNTY
The foregoing certificate(s) of
Robert J. Doss
Robert J. Doss

to be correct: ☒ (Notary Public)

JUDY G. PRICE, REGISTER OF DEEDS
BY: Wanda Cicca
Asst./DEPT



9K 3335 PG 071

EXHIBIT A

Legal Description of the Property

TRACT I:

BEING all of Lots 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, and 37 of SHILOH TRACE, Phase I, Map 3 Subdivision as shown on a map thereof recorded in Plat Cabinet H at File 676 in the Union County Public Registry, reference to which map is hereby made for a more particular description.

TRACT II:

BEING all of Lots 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 150, 151, 152, 153, 154, 155, 156, 157, and 158 of SHILOH TRACE, Phase I, Map 2 Subdivision as shown on a map thereof recorded in Plat Cabinet H at File 674 in the Union County Public Registry, reference to which map is hereby made for a more particular description.

EXHIBIT B

NORTH CAROLINA

3335pg072



Department of The Secretary of State

To all whom these presents shall come, Greetings:

I, ELAINE F. MARSHALL, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION
OF

SHILOH TRACE HOMEOWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 30th day of July, 2003.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 30th day of July, 2003

Elaine F. Marshall
Secretary of State

2433350073

SOSID: 685038
Date Filed: 7/30/2003 10:20:00 AM
Elaine F. Marshall
North Carolina Secretary of State
C200321000145

STATE OF NORTH CAROLINA
Department of the Secretary of State

Pursuant to Section 55-A-2-02 of the General Statutes of North Carolina, for purposes of forming a business corporation not-for-profit, the undersigned does hereby submit these:

ARTICLES OF INCORPORATION
OF
SHILOH TRACE HOMEOWNERS ASSOCIATION, INC.
(a corporation not-for-profit)

I. NAME AND DEFINITIONS.

The name of this corporation shall be Shiloh Trace Homeowners Association, Inc. All defined terms contained in these Articles shall have the same meanings as such terms are defined by the Declaration of Covenants, Conditions and Restrictions for Shiloh Trace to be recorded in the current public records of Union County, North Carolina (the "Declaration").

II. REGISTERED OFFICE, REGISTERED AGENT, PRINCIPAL OFFICE AND MAILING ADDRESS.

The location of the initial registered office and principal office shall be 8801 J.M. Keynes Boulevard, Suite 200, Charlotte, Mecklenburg County, NC 28262, or at such other place as may be established by resolution of the Association's Board of Directors from time to time. The name of the original registered agent is J. Robert Wright, Jr. The mailing address of the corporation shall be 4315 Pablo Oaks Court, Jacksonville, FL 32224.

III. PURPOSES.

The general nature, objects and purposes of the Association are:

- A. To promote matters of common interest and concern of the Owners of property within Shiloh Trace.
- B. To own, maintain, repair and replace the Common Area, including without limitation the streets, street lights, landscaping, structures, and other improvements located thereon, for which the obligation to maintain and repair has been delegated to and accepted by the Association.
- C. To cooperate with other associations responsible for administration of adjacent or contiguous properties in matters of common interest to the Association and such other associations and to contribute to such common maintenance interests whether within or without the Property.
- D. To provide, purchase, acquire, replace, improve, maintain, operate and repair such buildings, structures, landscaping, paving and equipment, and to provide such other services for the benefit of the members of the Association, as the Board of Directors in its discretion determines necessary, appropriate, and/or convenient.
- E. To operate without profit for the sole and exclusive benefit of its Members.
- F. To perform all of the functions contemplated for the Association and undertaken by the Board of Directors pursuant to the terms and conditions of the Declaration.

IV. GENERAL POWERS.

The general powers that the Association shall have are as follows:

- A. To hold funds solely and exclusively for the benefit of the Members for purposes set forth in these Articles of Incorporation.

3335PG074

- B. To promulgate and enforce rules, regulations, bylaws, covenants, restrictions and agreements to effectuate the purposes for which the Association is organized.
 - C. To delegate power or powers where such is deemed in the interest of the Association.
 - D. To purchase, lease, hold, sell, mortgage or otherwise acquire or dispose of real or personal property, to enter into, make, perform or carry out contracts of every kind with any person, firm, corporation or association; to do any and all acts necessary or expedient for carrying on any and all of the activities and pursuing any and all of the objects and purposes set forth in the Declaration and these Articles of Incorporation and not forbidden by the laws of the State of North Carolina.
 - E. To fix assessments to be levied against all or any portion of the Property to defray expenses and costs of effectuating the objects and purposes of the Association and to create reasonable reserves for such expenditures, and to authorize its Board of Directors to enter into agreements with other property owner's associations or maintenance entities for the collection of such assessments. The foregoing shall include the power to levy and collect adequate assessments against the Members for the costs of maintenance and operation of any Retention Pond/Stormwater Management Facility. Such assessments shall be used for the maintenance and repair of such Retention Pond/Stormwater Management Facility, including but not limited to, work within retention areas, drainage structures and drainage easements.
 - F. To charge recipients for services rendered by the Association and the users of the Association property where such is deemed appropriate by the Board of Directors of the Association and permitted by the Declaration.
 - G. To pay taxes and other charges, if any, on or against property owned, accepted, or maintained by the Association.
 - H. To borrow money and, from time to time, to make, accept, endorse, execute and issue debentures, promissory notes or other obligations of the Association for monies borrowed, or in payment for property acquired, or for any of the other purposes of the Association, and to secure the payment of such obligations by mortgage, pledge, or other instrument of trust, or by lien upon, assignment of or agreement in regard to all or any part of the property rights or privileges of the Association wherever situated.
 - I. To merge with any other association which may perform similar functions located within the same general vicinity of the Property.
 - J. In general, to have all powers conferred upon a corporation by the laws of the State of North Carolina, except as prohibited herein and by the terms and conditions set forth in the Declaration.
- V. MEMBERS.
The Members ("Members") shall consist of the Developer, and all other Owners of Lots located within the Property. Membership in the Association is appurtenant to, and inseparable from, ownership of a Lot.
- VI. VOTING AND ASSESSMENTS.
A. The Association shall have two classes of voting membership as follows:
- 1. Class A Membership. The Class A Members shall be all Owners, with the exception of the Developer, and shall be entitled to one (1) vote for each Lot owned.
 - 2. Class B Membership. The Class B Member shall be the Developer who shall be entitled to three (3) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership on the happening of any of the following events, whichever occurs earlier:

PK 3335 PG 075

- (i) When the total votes outstanding in the Class A Membership equals the total votes in the Class B Membership;
- (ii) On December 31, 2010;
- (iii) Three (3) months after ninety percent (90%) of the Lots have been conveyed to members of the Association other than the Developer; or
- (iv) Such earlier date as the Developer may choose to terminate the Class B Membership upon notice to the Association.

B. When one or more persons or entities holds an interest or interests in any Lot or other portion of the Property, all such persons shall be Members, and the vote(s) for such portions of the Property shall be exercised as they among themselves shall determine. The votes for any Lot, or other portion of the Property cannot be divided for any issue and must be voted as a whole, except where otherwise required under the provisions of these Articles, the Declaration, or by law. The affirmative vote of a majority of the votes allocated to the Members cast at any meeting of the Members duly called at which a quorum is present, or cast by written ballot by a quorum of the membership, shall be binding upon the Members and the Association.

C. The Association will obtain funds with which to operate by assessment of its Members in accordance with the provisions of the Declaration, as supplemented by the provisions of the Articles and Bylaws of the Association relating thereto.

VII. BOARD OF DIRECTORS.

A. The affairs of the Association shall be managed by a Board of Directors consisting of three (3) Directors. Directors need not be members of the Association and need not be residents of the State of North Carolina. For so long as the Class B Membership shall exist, the Developer shall have the right to appoint all of the Directors. Following termination of the Class B Membership, Directors shall be elected as herein provided.

B. Elections shall be by plurality vote. At the first annual election of the Board of Directors, the terms of office of the elected Director receiving the highest number of votes shall be established at two (2) years. The other Directors shall be elected for terms of one (1) year each. Thereafter, as many Directors shall be elected and appointed, as the case may be, as there are regular terms of office of Directors expiring at such time; and the term of each Director so elected or appointed at each annual election shall be for two (2) years expiring at the second annual election following their election, and thereafter until their successors are duly elected and qualified, or until removed from office with or without cause by the affirmative vote of a majority of the Members which elected or appointed them. In no event can a Board member appointed by the Developer be removed except by action of the Developer. Any Director appointed by the Developer shall serve at the pleasure of the Developer, and may be removed from office, and a successor Director may be appointed, at any time by the Developer.

C. The names and addresses of the members of the first Board of Directors who shall hold office until the first annual meeting of the Members and until their successors are elected or appointed and have qualified, are as follows:

J. Taylor Bush
4315 Pablo Oaks Court, Suite 1
Jacksonville, Florida 32224

J. Robert Wright, Jr.
8801 I.M. Keynes Boulevard
Suite 200
Charlotte, NC 28262

333506076

John Cassell
MDC Homes
281 McCullough Drive
Charlotte, NC 28262

VIII. OFFICERS.

A. The Officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create. Any two (2) or more offices, may be held by the same person except the offices of President and Secretary. Officers shall be elected for one (1) year terms in accordance with the procedure set forth in the Bylaws. The names of the officers who are to manage the affairs of the Association until the first annual meeting of the Members and until their successors are duly elected and qualified are:

President	J. Taylor Bush
Vice President	J. Robert Wright, Jr.
Treasurer	Sharon W. Fredenhagen
Secretary	Jennifer Hardin

IX. CORPORATE EXISTENCE.

The Association shall have perpetual existence. These Articles shall become effective upon filing as prescribed by law, including without limitation, filing with the Secretary of State, State of North Carolina.

X. BYLAWS.

The Board of Directors shall adopt Bylaws consistent with these Articles. Such Bylaws may be altered, amended, or repealed by resolution of the Board of Directors.

XI. AMENDMENTS TO ARTICLES OF INCORPORATION AND BYLAWS.

These Articles may be altered, amended or repealed upon the affirmative vote of Members holding not less than two-thirds (2/3) of the total votes allocated to the Members pursuant to these Articles.

XII. INCORPORATOR.

The name and address of the sole Incorporator is as follows:

J. Robert Wright, Jr.
8801 I.M. Keynes Boulevard
Suite 200
Charlotte, NC 28262

XIII. INDEMNIFICATION OF OFFICERS AND DIRECTORS.

A. To the extent allowed by law, the Association hereby indemnifies any Director or officer made a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding:

1. Whether civil, criminal, administrative, or investigative, other than one by or in the right of the Association to procure a judgment in its favor, brought to impose a liability or penalty on such person for an act alleged to have been committed by such person in his capacity as a Director or officer of the Association or as a director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise which he served at the request of the Association, against judgments, fines, amounts paid in

PK333506077

settlement and reasonable expenses, including attorneys' fees, actually and necessarily incurred as a result of such action, suit or proceeding or any appeal thereof, if such person acted in good faith in the reasonable belief that such action was in the best interests of the Association, and in criminal actions or proceedings, without reasonable grounds for belief that such action was unlawful. The termination of any such action, suit or proceeding by judgment, order, settlement, conviction or a plea of not guilty or its equivalent shall not in itself create a presumption that any such Director or officer did not act in good faith in the reasonable belief that such action was in the best interest of the Association or that he had reasonable grounds for belief that such action was unlawful.

2.

By or in the right of the Association to procure a judgment in its favor by reason of his being or having been a Director or officer of the Association, or by reason of his being or having been a director, officer, employee or agent of any other corporation, partnership, joint venture, trust or other enterprise which he served at the request of the Association, against the reasonable expenses including attorneys' fees, actually and necessarily incurred by him in connection with the defense or settlement of such action, or in connection with an appeal therein if such person acted in good faith in the reasonable belief that such action was in the best interest of the Association. Such person shall not be entitled to indemnification in relation to matters to which such person has been adjudged to have been guilty of gross negligence or misconduct in the performance of his duty to the Association unless, and only to the extent that, the court, administrative agency, or investigative body before which such action, suit or proceeding is held shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such tribunal shall deem proper.

B.

The Board of Directors shall determine whether amounts for which a Director or officer seek indemnification were properly incurred and whether such Director or officer acted in good faith in a manner he reasonably believed to be in the best interests of the Association, and whether, with respect to any criminal action or proceeding, he had no reasonable ground for belief that such action was unlawful. Such determination shall be made by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding.

C.

The foregoing rights of indemnification shall not be deemed to limit in any way the powers of the Association to indemnify under applicable law.

XIV.

TRANSACTION IN WHICH DIRECTORS OR OFFICERS ARE INTERESTED.

A.

No contract or transaction between the Association and one or more of its Directors or officers, or between the Association and any other corporation, partnership, association, or other organization in which one or more of its Directors or officers are Directors or officers, or in which they have a financial interest, shall be invalid, void or voidable solely for this reason, or solely because the Director or officer is present at or participates in the meeting of the Board or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose. All such contracts or transactions shall, however, be fair and reasonable and upon terms reasonably comparable to those which could be obtained in arms-length transactions with unrelated entities. No Director or Officer of the Association shall incur liability by reason of the fact that he is or may be interested in any such contract or transaction.

B.

Interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorized the contract or transaction.

XV.

DISSOLUTION OF THE ASSOCIATION.

A.

Upon dissolution of the Association, all of its assets remaining after provisions for creditors and payment of all costs and expenses of such dissolution shall be distributed in the following manner:

BK 3335 PG 078


1. Dedication to any applicable municipal or other governmental authority of any property determined by the Board of Directors of the Association to be appropriate for such dedication and which the authority is willing to accept.
2. If no municipal or governmental authority will accept such dedication, the assets shall be distributed among the Members, subject to the limitation set forth below, each Member's share of the assets to be determined by multiplying such remaining assets by a fraction the numerator of which is all amounts assessed by the Association since its organization against the portion of Property which is owned by the Member at that time, and the denominator of which is the total amount (excluding penalties and interest) assessed by the Association against all properties which at the time of dissolution are part of the Property. The year of dissolution shall count as a whole year for purposes of the preceding fractions.
- B. The Association may be dissolved upon a resolution to that effect being approved by a majority of the Board of Directors and by two-thirds (2/3) of the Members. In the event of incorporation by annexation or otherwise, of all or part of the Property by a political subdivision of the State of North Carolina, the Association may be dissolved in the manner set forth above.

XVI.

MERGERS AND CONSOLIDATIONS.

Subject to the provisions of the Declaration applicable to the Property and to the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall be approved in the manner provided by law. For purposes of any vote of the Members required pursuant to said statutes, for so long as the Developer shall own any portion of the Property, any such merger or consolidation shall require the Developer's prior approval.

IN WITNESS WHEREOF, the Incorporator has hereto set his hand and seal this 25TH day of JULY, 2003.


J. Robert Wright, Jr., Incorporator

**BYLAWS OF
SHILOH TRACE HOMEOWNERS ASSOCIATION, INC.**

I. DEFINITIONS.

All defined terms contained herein which are defined in the Declaration of Covenants and Restrictions for Shiloh Trace ("Declaration") recorded in the public records of Union County, North Carolina, and in the Articles of Incorporation of the Association, shall have the same meanings as such terms are defined in the Declaration and Articles of Incorporation.

II. LOCATION OF PRINCIPAL OFFICE.

The office of the Shiloh Trace Homeowners Association, Inc. ("Association") shall be at 8801 J.M. Keynes Boulevard, Suite 200, Charlotte, NC 28262, or at such other place as may be established by resolution of the Board of Directors of the Association from time to time.

III.

VOTING RIGHTS AND ASSESSMENTS.

A. Every person or entity who is a record fee simple owner of a Lot or any other portion of the Property, and the Developer as long as it owns any Property subject to the Declaration, shall be a member of the Association (the "Members") as provided in the Articles of Incorporation of the Association, and shall have the voting rights as set forth in the Articles of Incorporation, provided that any such person or entity who holds such interest only performance of an obligation shall not be a Member. Membership shall be appurtenant to, and may not be separated from, ownership of any parcel within the Property.

B. Assessments and installments thereon not paid when due shall bear interest from the date when due until paid at the highest lawful rate and shall result in the suspension of voting privileges during any period of such non-payment.

IV.

BOARD OF DIRECTORS.

A. A majority of the Board of Directors of the Association (the "Board") shall constitute a quorum to transact business at any meeting of the Board, and the action of the majority present at a meeting at which a quorum is present shall constitute the action of the Board.

B. Any vacancy occurring on the Board because of death, resignation or other termination of services of any Director, shall be filled by the Board, except that the Developer, to the exclusion of other Members and/or the Board itself, shall fill any vacancy created by the death, resignation, removal or other termination of services of any Director appointed by the Developer. A Director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office and thereafter until his successor shall have been elected or appointed, and qualified.

V.

ELECTION OF DIRECTORS.

A. Nominations for the election of Board members (other than Board members appointed by the Developer) shall be made upon petition in accordance with Section C. of this Article V.

B. The Developer shall, within fourteen (14) days of the date set for the annual meeting of the Association, notify the Secretary of the names of the Directors that such Owner is appointing to the Board.

C. Petitions for nominees shall also be accepted if signed by Members representing one-third (1/3) of the total votes held by the Class A Members, and if received by the Secretary of the Association not less than thirty (30) days prior to the date fixed for the annual meeting of the

3335 PG 080

Members. Nominations and notification of the vacancies being filled by the Developer shall be placed on the written ballot referenced in Section D of this Article V.

- D. All elections to the Board shall be made on written ballots to be voted at the annual meeting, or in the discretion of the Board, by mail, provided such ballots are mailed to the Members not less than fifteen (15) days prior to the date fixed for the annual meeting. The ballots shall (i) describe the vacancies to be filled by the Class A Members, (ii) set forth the names of those nominated for each such vacancy, and (iii) set forth the names of those appointed to the Board by the Developer. Each Member may cast the number of votes to which such Member is entitled as set forth in the Articles of Incorporation.

- E. In order for an election of members of the Board to be valid and binding, the election must occur at a meeting of the Members at which a quorum is present; or if the election is conducted by mail, the Association must receive as of the date established by the Board for receipt of ballots, a number of ballots representing not less than a quorum of the Members.

- F. The members of the Board elected or appointed in accordance with the procedures set forth in this Article shall be deemed elected or appointed as of the date of the annual meeting of the Members.

VI. POWERS AND DUTIES OF THE BOARD OF DIRECTORS.

- A. The Board of Directors shall have power:

1. To call meetings of the Members.
2. To appoint and remove at its pleasure all officers, agents and employees of the Association; and to prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these Bylaws shall be construed to prohibit the employment of any Member, Officer or Director of the Association in any capacity whatsoever.
3. To establish, levy and assess, and collect the annual and special assessments necessary to operate the Association and carry on its activities, and to create such reserves as may be deemed appropriate by the Board.
4. To collect assessments on behalf of any other property owners association entitled to establish, levy and collect assessments from the Members of the Association.
5. To appoint committees, adopt and publish rules and regulations governing the use of the Common Areas or any portion thereof and the personal conduct of the their guests thereon, including reasonable admission charges if Members and deemed appropriate.
6. To authorize and cause the Association to enter into contracts for the day-to-day operation of the Association and the discharge of its responsibilities and obligations.
7. To cause the financial records of the Association to be compiled, reviewed, or audited by an independent certified public accountant at such periodic intervals as the Board may determine in its sole discretion.
8. To exercise for the Association all powers, duties and authority vested in or delegated to the Association, except those reserved to Members in the Declaration or the Articles of Incorporation of the Association.

B. It shall be the duty of the Board of Directors:

1. To cause to be kept a complete record of all of its acts and corporate affairs.
2. To supervise all officers, agents and employees of this Association to insure that their duties are properly performed.
3. With reference to assessments of the Association:

(i) To fix the amount of annual assessments against each Class A Member for each annual assessment period at least thirty (30) days in advance of such date or period;

(ii) To prepare and maintain a roster of the Members and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Member; and

(iii) To send written notice of each assessment to every Member subject thereto.

VII. DIRECTORS MEETINGS.

A. Regular meetings of the Board shall be held on such date and at such time as the Board may establish. Notice of such meetings is hereby waived.

B. Special meetings of the Board shall be held when called by the President or Vice President of the Association or by any two (2) Directors, after not less than three (3) days notice to each Director.

C. Meetings of the Board of Directors shall be open to all Members and notices of meetings shall be posted in a conspicuous place within the Property at least forty-eight (48) hours in advance, except in an emergency. Notice of any meeting of the Board of Directors during which assessments are to be established, shall specifically contain a statement that the assessments shall be considered and a statement of the nature of such assessments.

D. The transaction of any business at any meeting of the Board, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice, if a quorum is present and, if either before or after the meeting, each of the Directors not present signs a waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records of the Association and made a part of the minutes of the meeting.

VIII. OFFICERS.

A. The Officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as may be determined from time to time by the Board, in accordance with the Articles of Incorporation of the Association. The President shall be a member of the Board, but the other Officers need not be.

B. The Officers of the Association shall be elected by the Board at the annual meeting of the Board, which shall be held immediately following the annual meeting of the Association. New offices may be created and filled at any meeting of the Board. Each Officer shall hold office until his successor shall have been duly elected.

C. A vacancy in any office because of death, resignation, or other termination of service, may be filled by the Board for the unexpired portion of the term.

- D. All Officers shall hold office for terms of one (1) year.
- E. The President shall preside at all meetings of the Board, shall see that orders and resolutions of the Board are carried out and shall sign all notes, checks, leases, mortgages, deeds and all other written instruments.
- F. The Vice President, or the Vice President so designated by the Board if there is more than one Vice President, shall perform all the duties of the President in his absence. The Vice President(s) shall perform such other acts and duties as may be assigned by the Board.
- G. The Secretary shall be ex officio the secretary of the Board, and shall record the votes and keep the minutes of all meetings of the Members and of the Board of Directors in a book to be kept for that purpose. The Secretary shall keep all records of the Association and shall record in the book kept for that purpose all the names of the Members of the Association together with their addresses as registered by such members.
- H. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association, and shall disburse such funds as directed by resolution of the Board, provided however, that a resolution of the Board shall not be necessary for disbursement made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer may, but need not, be a required signatory on checks and notes of the Association.
- I. The Treasurer, or his/her appointed agent, shall keep proper books of account and cause to be prepared at the completion of each fiscal year an annual budget and an annual balance sheet statement, and the budget and balance sheet statement shall be open for inspection upon reasonable request by any Member.
- J. With the approval of the Board of Directors, any or all of the Officers of the Association may delegate their respective duties and functions to a licensed and qualified property manager, provided, however, such property manager shall at all times be subject to the supervision and control of the Board of Directors.

IX. BOOKS AND RECORDS.

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Association shall retain the minutes of all meetings of the Members and the Board of Directors for not less than seven (7) years.

X. MEETINGS OF MEMBERS.

- A. The annual meeting of the Members shall be held prior to April 30th of each year, at such time as the Board may designate, or at such other date and time as may be selected by the Board.
- B. Special meetings of the Members for any purpose may be called at any time by the President, the Vice President, the Secretary or Treasurer, by any two or more members of the Board or upon the written request of Members holding a majority of all the votes allocated to the entire Membership.
- C. Notice of all meetings of the Members shall be given to the Members by the Secretary. Notice may be given to the Member either personally or by sending a copy of the notice through the mail, postage fully prepaid, to his address appearing on the books of the Association. Each Member shall be responsible for registering his address and telephone number with the Secretary and notice of the meeting shall be mailed to him at such address. Notice of the annual meeting of the Members shall be delivered at least fourteen (14) days in advance. Notice of any meeting, regular or special, shall be mailed at least seven (7) days in advance of the meeting and shall set forth in general the nature of the business to be transacted; provided,

243335PG083

however, that if the business of any meeting shall involve any action as governed by the Articles of Incorporation or the Declaration in which other notice provisions are provided for, notice shall be given or sent as therein provided.

D. The presence, in person or by proxy, of the Members holding not less than thirty percent (30%) of the total votes in the Association as established by the Articles of Incorporation, shall constitute a quorum of the Membership for any action governed by the Declaration, the Articles of Incorporation, or these Bylaws.

XI. PROXIES.

A. At all meetings of the Members, each Member may vote in person or by limited or general proxy.

B. All proxies shall be in writing and shall state the date of the proxy and the date, time and place of the meeting for which the proxy is given, and must be signed by the authorized Member giving the proxy. A proxy shall be effective only for the specific meeting for which it is given, as such meeting may be lawfully adjourned and reconvened from time to time. No proxy shall extend beyond a period of ninety (90) days from the date of the meeting for which it was originally given, and every proxy shall automatically cease upon the sale by the Member of his interest in the Property. All proxies shall be revocable at any time at the pleasure of the Member who executes same, and may include powers of substitution.

C. For elections of the Board of Directors, the Members shall vote in person or by proxy at a meeting of the Members, or by a written ballot that each Member personally casts.

XII.

SEAL.

The President shall have the power and authority to adopt a seal of The Association.

XIII.

AMENDMENTS.

These Bylaws may be altered, amended or rescinded by majority vote of the Board of Directors at a duly constituted meeting of the Board. Amendments shall be effective on the date of passage by the Board and no amendment need be recorded in the public records of Union County, North Carolina.

XIV.

INCONSISTENCIES.

In the event of any inconsistency between the provisions of these Bylaws and the Declaration or Articles of Incorporation, the provisions of the Declaration and Articles of Incorporation shall control.

Adopted by the Board of Directors of Shiloh Trace Homeowners Association, Inc., a North Carolina corporation, not-for profit effective July __, 2003

J. Robert Wright, Jr., Director

J. Taylor Bush, Director

John Cassell, Director

I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of Shiloh Trace Homeowners Association, Inc., a North Carolina Corporation, and that the foregoing bylaws constitute the original bylaws of said Association, as duly adopted by the Board of Directors thereof.

GK 3335 PC 084

By:

Jennifer Hardin, Secretary

EXHIBIT D
Property That May Be Subjected to Restrictions in the Future

TRACT 1: PARCEL #07-093-004J

BEGINNING at a pk nail set in the centerline of Wesley Chapel-Stouts Road, (SR 1377), said pk nail marking the common front corner of Tract 1 of the Ruth H. Haney property (now or formerly) (Deed Book 442, at Page 131 in the Union Public Registry) and Tract 1 of the Hall W. Hilton and wife, Brenda G. Hilton property (now or formerly) (Deed Book 444, at Page 156 in the Union Public Registry) ("subject property"), and running N. 40-04-58 W., 2950.44 feet to an existing iron pin marking the rear common corner of the aforementioned Haney and subject properties; thence N. 29-52-25 E., 246.94 feet to an existing iron pin marking the common corner of subject property, Pace/Dowd Properties, LTD property (now or formerly) (Deed Book 1418, at Page 707 in the Union Public Registry), Wriston W. Hilton and wife, Ruth Hilton property (now or formerly) (Deed Book 185, at Page 512 in the Union Public Registry) and John Leroy Rushing and wife, Faire P. Rushing and David E. Fuller and Margaret B. Fuller property (now or formerly) (Deed Book 424, at Page 532 in the Union Public Registry); thence, S. 40-20-03 E., 1312.13 feet to an existing iron pin marking a common corner of subject property and the aforementioned property of Wriston W. Hilton and wife, Ruth Hilton (now or formerly); thence, N. 47-25-34 E., 325.09 feet to an existing iron pin marking a common corner of subject property, the aforementioned Wriston W. Hilton and wife, Ruth Hilton property (now or formerly) and the Lighthouse Family Church, Inc. property (now or formerly) (Deed Book 1441, at Page 854 in the Union Public Registry); thence S. 38-28-33 E., 1387.51 feet to a pk nail set in Wesley Chapel-Stouts Road, (SR 1377), said pk nail being located 2.9 feet east of the centerline of Wesley Chapel-Stouts Road; thence, S. 14-22-16 W., 204.25 feet to a point in Wesley Chapel-Stouts Road; thence, S. 13-58-11 W., 24.08 feet to a point in Wesley Chapel-Stouts Road; thence, S. 14-20-05 W., 69.16 feet to a point in Wesley Chapel-Stouts Road; thence, S., 15-30-25 W., 56.86 feet to a point in Wesley Chapel-Stouts Road; thence, S. 16-37-25 W., 55.37 feet to a point in Wesley Chapel-Stouts Road; thence, S. 17-38-52 W., 50.51 feet to a point in Wesley Chapel-Stouts Road; thence, S. 18-22-52 W., 53.96 feet to a point in Wesley Chapel-Stouts Road; thence, S. 18-47-55 W., 40.81 feet to a point in Wesley Chapel-Stouts Road; thence, S. 19-22-01 W., 54.94 feet to a point in Wesley Chapel-Stouts Road; thence, S. 19-35-15 W., 20.33 feet to a pk nail set in the centerline of Wesley Chapel-Stouts Road, said pk nail marking the point and place of BEGINNING, and containing 26.2004 acres, more or less, as shown on a survey by Robert D. Bartlett, NCPLS, dated January 2, 2003, and being all of Tract 1 of the Hall W. Hilton and wife, Brenda G. Hilton property (now or formerly) as shown in Deed Book 444, at Page 156 in the Union Public Registry.

TRACT 2: PARCEL #07-093-004K

BEGINNING at an existing iron pin, said pin being in the northeasterly corner of Tract 1 of the Judy P. Honeycutt property (Deed Book 476, at Page 238 in the Union Public Registry), a

common corner of subject property and Tract 1 of the Judy P. Honeycutt property (now or formerly) (Deed Book 476, at Page 238) in the Union Public Registry, and running N. 34-36-30 W., 2761.53 feet to an existing iron pin, a common rear corner of subject property and a point on the property line of John Leroy Rushing and wife, Faire P. Rushing and David E. Fuller and Margaret B. Fuller (now or formerly) (Deed Book 424, at Page 532 in the Union Public Registry); thence, N. 29-52-25 E., 246.83 feet to an existing iron pin in the common corner of subject property and Tract 1 of the Hall W. Hilton and wife, Brenda G. Hilton property (now or formerly) (Deed Book 444, at Page 156 in the Union Public Registry); thence, S. 40-04-58 E., 2950.44 feet to a pk nail in the centerline of Wesley Chapel-Stouts Road, (SR #1377), said pk nail is in the common front corner of subject property and the aforementioned Hilton property (now or formerly); thence, S. 19-35-15 W., 35.68 feet to a point in the centerline of Wesley Chapel-Stouts Road; thence, S. 20-02-26 W., 31.83 feet to a point in the centerline of Wesley Chapel-Stouts Road; thence, S. 19-52-46 W., 73.79 feet to a point in the centerline of Wesley Chapel-Stouts Road; thence, S. 20-17-24 W., 79.57 feet to a point in the centerline of Wesley Chapel-Stouts Road; thence, S. 20-46-07 W., 42.69 feet to a point in the centerline of Wesley Chapel-Stouts Road; thence, S. 23-09-16 W., 67.36 feet to a point in the centerline of Wesley Chapel-Stouts Road; thence, S. 27-54-44 W., 54.24 feet to a point in the centerline of Wesley Chapel-Stouts Road; thence, S. 33-59-48 W., 16.49 feet to a point in the centerline of Wesley Chapel-Stouts Road; thence, S. 54-45-35 E., 30.90 feet to an existing iron pin in the easterly right of way of Wesley Chapel-Stouts Road; thence S. 44-22-10 W., 182.60 feet to a new iron set; thence, S. 34-36-30 E., 352.17 feet (passing through an existing iron pin at 39.42 feet) to the point and place of BEGINNING, and containing 26.1704 acres, more or less, as shown on a survey by Robert D. Bartlett, NCPLS, dated January 2, 2003, and being all of Tract 1 of the Ruth H. Haney property (now or formerly) as shown in Deed Book 442, at Page 131 in the Union Public Registry.

TRACT 3: PARCEL #07-093-0041

BEGINNING at an existing iron pin in the northwesterly corner of the property of Pauline H. Jamison (now or formerly) (Deed Book 442, at Page 140 in the Union Public Registry), said iron pin being N. 29-52-25 W., 342.85 feet from a witnessed 21" oak tree, said pin marking the common rear corner of subject property and a point in the easterly line of John Leroy Rushing and wife, Faire P. Rushing and David E. Fuller and Margaret B. Fuller (now or formerly) (Deed Book 424, at Page 532 in the Union Public Registry), and running N. 29-52-25 E., 342.07 feet to an existing iron pin marking the common corner of subject property and the property of Ruth H. Haney (now or formerly) (Deed Book 442, at Page 131 in the Union Public Registry); thence, S. 34-36-30 E., 2761.53 feet to an existing iron pin in the common corner of subject property, Ruth H. Haney property (now or formerly) and Judy P. Honeycutt (now or formerly) (Deed Book 476, at Page 238 in the Union Public Registry); thence, S. 37-56-04 W., 467.20 feet to an existing iron pin in the common corner of subject property and the northwesterly corner of the aforementioned Honeycutt property (now or formerly); thence, N. 31-45-40 W., 2757.73 feet to the point and place of BEGINNING, as shown on a survey by Robert D. Bartlett, NCPLS, dated January 2, 2003, and being 23.6550 acres, more or less, and containing all of Tract 1 of the

Pauline H. Jamison property (now or formerly) (Deed Book 442, at Page 140) LESS AND EXCEPT the property conveyed to Judy P. Honeycutt (now or formerly) as shown in Deed Book 476, at Page 238 in the Union Public Registry, containing 2.51 acres, more or less.

LESS AND EXCEPT all those lots described in Exhibit A of this Declaration, which lots have all ready been subjected to the Declaration of Covenants and Restrictions for Shiloh Trace.

PK 3335.PC.088

EXHIBIT E

Common Area

BEING all such real property described and designated as "Common Open Space" of SHILOH TRACE, Phase 1, Map 1 Subdivision as shown on a map thereof recorded in Plat Cabinet H at File 672 in the Union County Public Registry, reference to which map is hereby made for a more particular description.

SK 3335 PG 089

EXHIBIT F

LOTS CONVEYED TO BUILDER

BEING all of Lots 3, 4, 6, 7, 8, 9, 150, 151, 152, 153, 154, and 155 of SHILOH TRACE, Phase 1, Map 2 as shown on a map thereof recorded in Plat Cabinet H at File 674 in the Union County Public Registry, reference to which map is hereby made for a more particular description.

BEING all Lots 14, 15, 16, 17, 18, 19, 20, 21, 22, and 27 of SHILOH TRACE, Phase 1, Map 3 as shown on a map thereof recorded in Plat Cabinet H at File 676 in the Union County Public Registry, reference to which map is hereby made for a more particular description.