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STATE OF NORTH CAROLINA  
COUNTY OF UNION

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

DECLARATION  
OF COVENANTS, CONDITIONS AND RESTRICTIONS  
FOR  
VILLAGES OF WESLEY CHAPEL

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR VILLAGES OF WESLEY CHAPEL is made this 23rd day of June, 2003 by VILLAGES OF WESLEY CHAPEL, LLC, a North Carolina limited liability company ("Villages of Wesley Chapel").

STATEMENT OF PURPOSE

Villages of Wesley Chapel is the owner of certain property in Union County, North Carolina, which is more particularly described on Exhibit "A" attached hereto and incorporated herein by reference. Villages of Wesley Chapel desires to create on the property described on Exhibit "A" an exclusive residential community of single-family detached and townhome residences to be named VILLAGES OF WESLEY CHAPEL (the "Development").

Villages of Wesley Chapel desires to insure the attractiveness of the Development, to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the Development, and to provide for the maintenance and upkeep of all common areas in the Development.

To this end Villages of Wesley Chapel desires to subject the real property described herein, together with such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof.

Drawn by and mail to: LandCRAFT Properties, Inc.  
421 Penman Street, Suite 310  
Charlotte, NC 28203

Villages of Wesley Chapel further desires to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the common area in the Development, administering and enforcing the covenants and restrictions contained herein, and collecting and disbursing the assessments and charges hereinafter created, in order to efficiently preserve, protect and enhance the values and amenities in the Development, to insure the residents' enjoyment of the specific rights, privileges and easements in the common area and to provide for the maintenance and upkeep of the common area.

To that end Villages of Wesley Chapel has or will cause to be incorporated under North Carolina law, pursuant to the Articles of Incorporation attached hereto as Exhibit "B", VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions, said corporation to be governed by the Bylaws attached hereto as Exhibit "C".

NOW, THEREFORE, Villages of Wesley Chapel, by this Declaration of Covenants, Conditions and Restrictions (the "Declaration"), does declare that all of the property described herein, and such additions thereto as may be hereafter made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

#### ARTICLE I

##### DEFINITIONS

**Section 1.** "Association" shall mean and refer to VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

**Section 2.** "Common Area" shall mean all real property (including the improvements thereto) and all personal property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association includes all of the area labeled as "Common Area" or similar terms on the Maps.

**Section 3.** "Declarant" or "Declarants" shall mean and refer to VILLAGES OF WESLEY CHAPEL, LLC and also shall mean and refer to any person, firm or corporation which shall also be designated as a "Declarant" by VILLAGES OF WESLEY CHAPEL, LLC hereafter when such designee becomes vested with title to two or more undeveloped lots for the purpose of causing dwellings to be constructed thereon, and any such successor in title to VILLAGES OF WESLEY CHAPEL, LLC shall be a Declarant during such period of time as said party is vested with title to two or more such lots (whether undeveloped or developed and unconveyed), but no longer; provided, however, such designee's classification as a Declarant shall automatically terminate upon such designee becoming in default under its agreement with Villages of Wesley Chapel to purchase lots.

**Section 4.** "Detached Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on the Maps which are to be developed by the construction of single-family detached residences thereon.

**Section 5.** "Development" shall mean and refer to VILLAGES OF WESLEY CHAPEL, a single-family detached and townhome residential development proposed to be developed on the Properties by the Declarant.

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**Section 6.** "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on the Maps with the exception of the Common Area and public roads and streets. A "Lot" may be either a Detached lot or a Townhome lot as defined herein.

**Section 7.** "Maps" shall mean and refer to the maps recorded in Map Book H at Page 541 in the Union County, North Carolina, Public Registry and any map of the Properties constituting additional phases (if they are annexed pursuant to Article II hereof) which may be recorded by Declarant in the Union County, North Carolina, Public Registry hereafter.

**Section 8.** "Member" shall mean and refer to every person or entity who holds membership in the Association.

**Section 9.** "Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a lot.

**Section 10.** "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

**Section 11.** "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot including the Declarant if it owns any lot and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

**Section 12.** "Properties" shall mean and refer to the "Phase I Property" and additional real estate dedicated in additional phases as described in Section 2 in Article II hereof and such other property as may hereafter be made subject to this Declaration and brought within the jurisdiction of the Association.

**Section 13.** "Townhome lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on the Maps which are to be developed as a townhome style residence with adjoining residential units and party walls.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION  
AND WITHIN THE JURISDICTION OF  
VILLAGES OF WESTER CHAPEL OWNERS ASSOCIATION, INC.

**Section 1.** **Phase I Property.** The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association is located in Union County, North Carolina, is more particularly shown on the Map recorded in Map Book H at Page 541 in the Union County Public Registry.

**Section 2.** **Additional Properties.**

(a) The Phase I Property is a portion of the real property described on Exhibit "A" which is attached hereto (the "Base Tract"). The remaining portion of the Base Tract, exclusive of the Phase I Property, or any property adjoining the Base Tract, or any property adjoining such additional property within a one (1) mile radius thereof, or any part thereof, (the "Additional Properties"), may be brought within the scheme of this Declaration in one or more additional phases and within the jurisdiction of the Association in future stages of development, without the consent of the Association or its members, provided that (i) such annexations occur within seven (7) years after the date of the filing of this instrument, and (ii) for as long as there are Class B lots, such annexations are determined by the Federal Housing Administration and the Department of Veterans Affairs to be in accord with the general plan heretofore approved by them, as applicable.

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(b) The additions authorized under subsection (a) above shall be made by filing Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the Additional Properties in the Union County, North Carolina, Public Registry which shall extend the scheme of this Declaration and the jurisdiction of the Association to such Properties and thereby subject such additions to the benefits, agreements, restrictions and obligations set forth herein, including, but not limited to, assessments as herein determined. At the time of the filing of each such Supplementary Declaration, there shall be recorded in the Union County, North Carolina, Public Registry a Map or Maps which show the boundary line of each lot annexed pursuant to such Supplementary Declaration and which delineates all Common Area annexed pursuant to such Supplementary Declaration.

(c) The obligation for Owners of lots in any portion of the Additional Properties to pay the assessments described in Article V hereof shall commence upon the filing of the Supplementary Declaration in the Union County, North Carolina, Public Registry annexing such portion. The Owners of such lots shall have the same voting rights as the Owners of lots in the Phase I Property, and such voting rights shall commence as of the date of the filing of the Supplementary Declaration.

#### ARTICLE III

##### PROPERTY RIGHTS

**Section 1. Ownership of Common Areas.** As soon as reasonably practicable, but in no event later than the conveyance of the first lot shown on any map to a party other than another Declarant, Declarant shall convey the Common Area shown on such map to the Association. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public. The Association shall not thereafter convey or mortgage any part of the Common Areas without the prior consent of those Owners owning at least eighty percent (80%) of the Class A Lots.

**Section 2. Owners' Rights to Use and Enjoy Common Areas.** Each Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas which shall be appurtenant to and shall pass with the title to his or her lot, subject to the following:

(a) the right of the Association to promulgate and enforce reasonable rules and regulations governing the use of the Common Areas to insure the safety and rights of all Owners;

(b) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas;

(c) the right of the Association to suspend the voting rights in the Association and the right of the Association to suspend the right to use the Common Areas by an Owner for any period during which any assessment against his or her lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(d) the right of the Declarant or the Association to grant utility, drainage and other easements of the type and for the purposes set forth in Article VII across the Common Areas; and

(e) the right of the Declarant or the Association to restrict the use of certain of the Common Areas to Owners of Townhome lots, including, but not limited to, parking areas within the Common Areas designated solely for the use of the Owners of Townhome lots and their respective family members, lessees and invitees.

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**Section 3. Owners' Easements for ingress and Egress.** Every lot shall be conveyed with a perpetual, non-exclusive right to use any cul-de-sac or roadway, if any, which may be constructed by the Declarant and conveyed to the Association as part of the Common Area for the purpose of providing access to and from each lot.

**Section 4. Delegation of Use.** Any Owner may delegate, in accordance with the Bylaws of the Association (a copy of which is attached as Exhibit "C"), his or her right of enjoyment to the Common Area and facilities to the members of his or her family, his or her guests, tenants, or contract purchasers who reside on his or her lot.

#### ARTICLE IV

#### THE ASSOCIATION

**Section 1. Membership.** Every Owner of a lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any lot.

**Section 2. Voting Rights and Classes of Lots.** The voting rights of the Membership shall be appurtenant to the ownership of lots. There shall be two classes of lots with respect to voting rights:

(a) **Class A Lots.** Class A lots shall be all lots except Class B lots as defined below. Each Class A lot shall entitle the Owner(s) of said lot to one (1) vote. When more than one person owns an interest (other than a leasehold or security interest) in any lot, all such persons shall be Members and the voting rights appurtenant to said lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Class A lot.

(b) **Class B Lots.** Class B lots shall be all lots owned by the Declarant which have not been conveyed to purchasers who are not affiliated with the Declarant. The Declarant shall be entitled to three (3) votes for each Class B lot owned by it. The Class B lots shall be converted to Class A lots on the happening of either of the following events, whichever occurs earlier: (i) when the total votes outstanding in the Class A lots equals or exceeds the total votes outstanding in the Class B lots, or (ii) on December 30, 2007 or (iii) when the Declarant voluntarily relinquishes majority control of the Association by a duly recorded instrument.

**Section 3. Availability of Documents.** The Association shall maintain current copies of the Declaration, the Bylaws and other rules concerning the Development as well as its own books, records, and financial statements available for inspection by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by lots. All such documents shall be available upon reasonable notice and during normal business hours. In addition, any Mortgagee may, at its own expense, have an audited statement prepared with respect to the finances of the Association.

**Section 4. Management Contracts.** The Association is authorized and empowered to engage the services of any person, firm or corporation to act as managing agent of the Development at a compensation to be established by the Board of Directors and to perform all of the powers and duties of the Association. Provided, however, that the term of any such agreement with a managing agent shall not exceed one (1) year and shall only be renewed by agreement of the parties for successive one (1) year terms. Any such contract shall be terminable by the Association with or without cause upon ninety (90) days' prior written notice to the manager without payment of a termination fee.

**Section 5. Maintenance.**

(a) Certain features that are deemed common amenities, being of benefit to all lots, shall be maintained exclusively by the Association. Said common amenities shall include, without limitation, entrance walls or signs and landscaping, interior parks, pool, clubhouse, furniture, picnic tables, parking areas, private roads, streets and sidewalks, common walks, signs, landscaping, and landscape furniture. Except as set forth below in Section 5(b), the Association shall also maintain all utilities and all storm and drainage easements located within the Common Areas, together with common amenities not maintained by public entities or utilities. The Association shall not be responsible for the maintenance of any lots or the improvements within the boundaries thereof. The Owner shall be responsible for same.

(b) In addition to maintenance of the Common Areas and common amenities within the development as set forth in Section 5(a) above, the Association shall provide exterior maintenance upon each Townhome lot which is subject to assessment hereunder as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building services, trees, shrubs, grass, walks and other exterior improvements, provided such exterior maintenance shall not include the replacement or repair of window glass, hardware, exterior lighting on the lots nor the cleaning of patios, walkways or stoops on the lots. The determination of the need, quality, extent and cost of such maintenance and repair shall be made by the Board of Directors of the Association, which determination shall be reasonable and made upon consistent and non-arbitrary principles adopted by the Board. If the need for maintenance or repair arises which is caused by insurable damages from fire or other casualties or caused by the willful or negligent act of a Townhome lot Owner, his tenant or their families, guests, invitees or employees, the cost of such maintenance or repair shall be added to and become a part of the assessment to which such Townhome lot owned by such Owner is subject. The Association may, in its discretion, delay commencement of the maintenance and repairs required by such casualty, or willful or negligent acts, until the cost thereof is paid by the applicable Owner to the Association.

**Section 5a. Working Capital Fund.** The Association may establish a working capital fund equal to the aggregate of two months' annual assessments (as described in Article V hereof) for each lot. If established, each lot's share of said working capital fund shall be collected and transferred to the Association at the time of the closing of the initial sale of each lot to a party other than a Declarant. The working capital fund shall be maintained in a separate account for the use and benefit of the Association and shall be used to meet unforeseen expenditures or to acquire furniture, equipment or services deemed necessary or desirable by the Board of Directors. All sums paid into the working capital fund are in addition to and not in lieu of regular assessments for common expenses.

**Section 7. Reserve Fund.** The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of all Common Areas, and all improvements thereon, which the Association is obligated to maintain. Such reserve fund shall be maintained out of the annual assessments described in Article V hereof.

**ARTICLE V**

**COVENANT FOR ASSESSMENTS**

**Section 1. Creation of the Lien and Personal Obligation for Assessments.** The Declarant, for each lot owned within the Properties, hereby covenants, and each Owner of any lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association annual assessments or charges and special assessments for capital improvements, established and collected as hereinafter provided. Any such

EX 3110PG423

assessment or charge, together with interest, costs, and reasonable attorney's fees, shall be a charge and a continuing lien upon the lot against which each such assessment or charge is made. Each such assessment or charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such lot at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them.

**Section 2. Purpose of Annual Assessments.** The annual assessments levied by the Association shall be used as follows:

(a) to maintain in a good and attractive condition the landscaping, including, without limitation, the mowing of lawns, planting and maintenance of shrubs, flowers and other plants, and watering on and within the boundaries of the Common Area;

(b) to maintain the clubhouse and pool in the Common Areas, any parks in the Common Areas and sidewalks or other common walks, common signs and development statement pieces or entrance ways (including any walls erected at said entrance ways);

(c) to maintain any and all drainage pipes, inlets, basins, ditches, swales and other facilities installed upon the Common Areas;

(d) to maintain all trails or paths, if any, in the Common Areas as a common amenity in a reasonably passable condition, free from falling trees, undergrowth and other obstructions; and to keep all dead, diseased or decaying trees, shrubs and bushes removed from such areas and to replace such items with new trees, shrubs and bushes;

(e) to maintain all recreational and related facilities, if any, located within the Common Areas as a common amenity; provided, that, the reference to said facilities herein shall not be construed to require said facilities to be constructed or installed in the Common Areas or elsewhere on the Properties;

(f) to keep all Common Areas clean and free from debris and to maintain same in a clean and orderly condition, and to maintain the landscaping therein, including any necessary removal and replacement of landscaping;

(g) to maintain the exterior portion of the improvements on each Townhome lot as set forth in Section 5(b) of Article IV hereof;

(h) to provide such security services as may be deemed reasonably necessary for the protection of the Common Areas, and any recreational and related facilities, if any, located within the Common Areas, from theft, vandalism, fire and damage from animals;

(i) to pay all ad valorem taxes levied against the Common Areas and any property owned by the Association;

(j) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;

(k) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws;

(l) to maintain a contingency reserve equal to 10% of the sum of the amounts described in the above subsections of this Section 2 in order to fund unanticipated expenses of the Association.

**Section 3. Maximum Annual Assessment.** Until January 1 of the calendar year following the conveyance of the first lot by a Declarant to another Owner,

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the maximum annual assessment shall be Four Hundred and No/100 Dollars (\$400.00) for each Detached Lot and One Thousand Three Hundred Twenty-Five and No/100 Dollars (\$1325.00) for each Townhome Lot.

(a) The maximum annual assessments established above may be increased, effective January 1 of each calendar year following the conveyance of the first lot by a Declarant to another Owner, without a vote of the membership by an amount not to exceed the greater of (i) five percent (5%) per year over the previous year or (ii) the percentage increase, if any, in the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for all cities over the immediately preceding twelve (12) month period which ended on the previous October 1. If the annual assessment is not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the assessment may be increased by that amount in a future year at the election of all members of the Board of Directors without a vote of the membership, in addition to the maximum increase permitted under the terms of the preceding sentence.

(b) From and after January 1 of the year immediately following the conveyance of the first lot to an Owner, said maximum annual assessments may be increased without limitation if such increase is approved by Members entitled to no less than sixty-seven percent (67%) of all of the votes (appurtenant to each class of lots) to which all Members are entitled. Such voting may be represented in person or by proxy at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessments at amounts not in excess of the maximum. If the Board of Directors shall levy less than the Maximum Regular Annual Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser Assessment, the Board may, by majority vote, levy a Supplemental Assessment. In no event shall the sum of the initial and Supplemental Assessments for that year exceed the applicable Maximum Regular Annual Assessment.

**Section 4. Special Assessments for Capital Improvements.** In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto provided that any such assessment requires the same assent of the Members as provided in Section 3(b) of this Article. Notwithstanding the foregoing, if the need for any special assessment relates solely to Common Areas serving the Owners of Townhome Lots, then such special assessment shall be assessed solely against the Townhome Lot Owners and not against the Detached Lot Owners and the required assent for such assessment shall only require the approval of the Owners of Townhome Lots entitled to no less than sixty-seven percent (67%) of all of the Townhome Lots.

**Section 5. Assessment Rate.** Both annual and special assessments must be fixed at a uniform rate for all lots. Notwithstanding the foregoing, a Declarant owning any lots shall pay twenty-five percent (25%) of the otherwise applicable annual or special assessment for any such lots until the occupancy of a dwelling constructed on such lot. Thereafter, the Declarant shall pay one hundred percent (100%) of such annual or special assessment until the applicable lot is sold to another Owner.

**Section 6. Notice and Quorum for Any Action Authorized Under Sections 3 and 4.** Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 4 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At such meeting the presence of Members or of proxies entitled to cast fifty percent



(50%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

**Section 7. Date of Commencement of Annual Assessments; The Dates.** The annual assessments provided for herein shall commence as to each lot upon the filing of this Declaration (or the filing of a Supplementary Declaration if relating to the Additional Properties) in the Union County Public Registry. The first annual assessment shall be adjusted and prorated according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified lot have been paid. A properly executed certificate of the Association as to the status of assessments on a lot is binding upon the Association as of the date of its issuance.

**Section 8. Effect of Nonpayment of Assessments; Remedies of the Association.** Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the delinquent Owner or foreclose the lien against the lot, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by not using the Common Areas or abandoning his lot.

**Section 9. Subordination of the Lien to Mortgages.** The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage on a lot or any mortgage or deed of trust to the Declarant. The sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to mortgage foreclosure or any proceeding in lien thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer; provided, however, that the Board of Directors may, in its sole discretion, determine such unpaid assessments to be an annual or a special assessment, as applicable, collectable pro rata from all Owners including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners notwithstanding the fact that such pro rata portions are caused by the annual assessment to be in excess of the maximum permitted under Section 3. No sale or transfer shall relieve the purchaser of such lot from liability for any assessments thereafter becoming due or from the lien thereof, but the lien provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as provided. No mortgages shall be required to collect assessments hereunder and a failure to pay assessments hereunder shall not constitute a default under any applicable mortgage on a lot.

#### ARTICLE VI

##### ARCHITECTURAL CONTROL

**Section 1. Plan of Design Approval.** No improvements shall be undertaken upon any lot, except by a Declarant, unless the plans and specifications and location of the proposed improvements shall have been submitted to the Architectural Committee established in Section 2 and expressly approved by same in writing. The terms of this Article VI shall not apply to the initial construction of improvements on a lot by a Declarant. The plans should also indicate the location of all existing trees on the lot in excess of 6 inches in diameter, such measurement to be taken four and one-half feet above grade. No

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subsequent alteration or modification of any existing improvements or construction, erection or installation of additional improvements may be undertaken or allowed to remain on any of the lots without the review and express written approval of the Architectural Committee, subject to Section 5 below.

**Section 2. Architectural Committee.** The Board shall designate the number of and appoint the members of the Architectural Committee on an annual basis. In the event of the death or resignation of any member of the Architectural Committee, the remaining members of the Architectural Committee, shall have full authority to designate and appoint a successor. Members of the Architectural Committee may be removed and replaced at any time with or without cause, and without prior notice, by the Board.

**Section 3. Procedures.** No improvement shall be erected, remodeled or placed on any lot, except by a Declarant, until all plans and specifications therefor and a site plan therefor have been submitted to and approved in writing by the Architectural Committee, as to:

- (a) quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, and facing of main elevation with respect to nearby streets;
- (b) conformity and harmony of the external design, color, type and appearance of exterior surfaces;
- (c) location with respect to topography and finished grade elevation and effect of location and use on neighboring lots and any improvements situated thereon and drainage arrangement; and

(d) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the Architectural Committee, or matters in which the Architectural Committee has been vested with the authority to render a final interpretation and decision.

Final plans and specifications (including a site plan showing the location of the contemplated improvements on the lot) for all improvements proposed to be constructed on a lot shall be submitted to the Architectural Committee for approval or disapproval. The Architectural Committee is authorized to request the submission of samples of proposed construction materials. Any modification or change to the Architectural Committee-approved set of plans and specifications (specifically including, but without limitation, the above-described site plan) must again be submitted to the Architectural Committee for its inspection and approval. The Architectural Committee's approval or disapproval as required herein shall be in writing. Once the Architectural Committee has approved the plans and specifications for the proposed improvements, the construction of such improvements must be promptly commenced and diligently pursued to completion and if such construction is not commenced within the time set therefor by the Architectural Committee in the written approval (but in no event later than two (2) years after such approval), such approval shall be deemed rescinded and before construction of improvements can thereafter be commenced on the lot in question, the plans and specifications therefor must again be approved by the Architectural Committee pursuant to this Article.

The Architectural Committee may from time to time publish and promulgate architectural standards bulletins which shall be fair, reasonable and uniformly applied in regard to the lots and shall carry forward the spirit and intention of these covenants, conditions and restrictions. Such bulletins shall supplement this Declaration and are incorporated herein by reference. Current copies of the architectural standards bulletins shall be available to interested persons at the principal office of the Association for a reasonable cost.

EX 3110PG427

**Section 4. Enforcement.** The Architectural Committee shall have the specific, nonexclusive right (but no obligation) to enforce the provisions contained in this Article and to prevent any violation of the provisions contained in this Article by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions contained herein.

**Section 5. Effect of Failure to Approve or Disapprove.** If the Architectural Committee fails to approve or disapprove the design of any proposed improvements within thirty (30) days after plans and specifications therefor have been submitted and received, approval will not be required, and the requirements of this Article shall be deemed to have been fully satisfied; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Architectural Committee if they contain erroneous data or present inadequate information upon which the Architectural Committee can arrive at a decision. Notwithstanding the foregoing, the Architectural Committee shall have no right or power, either by action or failure to act, to waive or grant any variance relating to any mandatory requirements specified in the Declaration.

**Section 6. Right of Inspection.** The Architectural Committee shall have the right, at its election, to enter upon any of the lots during preparation, construction, erection, or installation of any improvements thereon to determine that such work is being performed in conformity with the approved plans and specifications.

**Section 7. Limitation of Liability.** Neither the Architectural Committee, the members thereof, nor Declarant shall be liable in damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of services performed pursuant to this Declaration.

**Section 8. Compensation.** No member of the Architectural Committee shall be entitled to compensation arising out of services performed pursuant to this Article. The Association shall reimburse members of the Architectural Committee for reasonable out-of-pocket expenses incurred by such members in the performance of their duties as members of the Architectural Committee.

#### ARTICLE VII

##### SPECIAL RESTRICTIONS AFFECTING COMMON AREA

**Section 1. Purpose.** It shall be the intent and purpose of these restrictions and covenants to maintain and enhance the Common Area, to afford and enhance recreation opportunities, and to implement generally the PROSPERITY PLACE master plan for development.

**Section 2. Building.** No building, tent, trailer or other structure, either temporary or permanent, except as noted elsewhere herein, shall be erected or caused to be placed on the Common Area except a "Sales Center" for the purpose of selling all lots in the Development.

**Section 3. Declarant's Right of Entry.** The Declarant reserves unto itself, its successors and assigns the right to go on, over and under the ground to erect, maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water or other public conveniences or utilities in the Common Area. These reservations and rights expressly include the right to cut any trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonable necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance.

**Section 4. Prohibition Against Dumping.** No dumping of trash, garbage, sewage, sawdust or other debris shall occur and no unsightly or offensive material shall be placed upon the Common Area, except as it is temporary and incidental to the bona fide improvement of the area in a manner consistent with its classifications as Common Area.

**Section 5. No Public Rights.** The establishment of the Common Area does in no way grant to the public or to the owners of any surrounding or adjacent land, the right to enter such Common Area without the express permission of the Association.

**Section 6. Rights Reserved by Declarant.** The Declarant expressly reserves to itself, its successors and assigns, every reasonable use and enjoyment of the Common Area, in a manner not inconsistent with the provisions of this Declaration.

**Section 7. Declarant's Actions Permissible.** Where the Declarant is permitted by these covenants to correct, repair, clean, preserve, clear out or do any action on any portion of the Properties, entering the property and taking such action shall not be deemed a breach of these covenants.

#### ARTICLE VIII

##### EASEMENTS

**Section 1. Easements Reserved by Declarant.** Declarant reserves for itself, its successors and assigns, a permanent easement in and the right at any time in the future to grant a permanent right-of-way over, under and along an area uniformly ten (10) feet in width along the rear of all lots and five (5) feet in width along the sidelines of each detached lot for the installation and maintenance of poles, lines, conduits, pipes and other equipment necessary or useful for furnishing electrical power, gas, water, sewer, telephone service or other utilities, as well as within those areas shown as easements on the Map. In the event that any lot is subdivided in accordance with the requirements of Section 1 in Article IX hereof, an easement uniformly ten (10) feet in width shall exist both along the rear and five (5) feet in width along the sidelines of the lot, both as shown on the Map and along the rear and sidelines of the subdivided lot, the Declarant may release the easement reserved along the rear or maintenance of any utilities or the drainage within the development. In the event two or more lots are combined into one building lot with the residence to be constructed over the common interior lot lines, the easements reserved along the sidelines shall be released, provided that the easements have not previously been used for the installation of utilities and their release shall not interfere with the drainage within the development. Each Owner, by his acceptance of a deed to a lot, and the Association by its acceptance of a deed to the Common Area, acknowledges such reservation and the right of Declarant to transfer such easements to the Association or to such utility companies as Declarant may choose. The easements reserved by the Declarant include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any similar action reasonably necessary to provide economical utility installation and to maintain the overall appearance of the development. Certain easements reserved by the Declarant and the Association for the benefit of themselves and others are shown on the Maps.

Declarant reserves the right and easement to erect permanent walls on the Common Area and lots (other than areas of the lots upon which buildings are constructed) for the purposes of providing screening, privacy, decoration, reticulation and topographical stability in connection with the overall plan and development of the Properties and the various lots located thereon.

Within any such easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or use of utilities, or which may change the direction of flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements, or which may otherwise interfere with the enjoyment of the easements for their intended purposes. In addition, the Declarant and the Association shall have the continuing right and easement to maintain all sewer and water lines located on the lots, including the right to go into dwellings and disturb the structure and floors thereof in order to maintain those lines located within or under said dwelling.

In addition, Declarant hereby reserves for itself, its employees, agents and successors and assigns such easements over the Common Area for purposes of temporarily storing construction materials or parking vehicles and equipment in connection with the construction of improvements on adjacent or contiguous property owned by Declarant.

**Section 2. Easements Reserved for the Association.** The Association is hereby granted an exclusive easement for the purpose of maintenance of landscaping over the Common Area. The amount, manner and maintenance of said landscaping shall be in the Association's absolute discretion.

The Association is hereby granted an easement for the installation and maintenance of utilities (including transformers) and other commonly beneficial amenities including, without limitation, mailboxes, trash containers and area lighting over the Properties and Common Areas.

**Section 3. Encroachments.** Each Owner of a lot with an exterior wall, roof or eave, including overhangs, a fence, concrete walk or concrete patio which encroaches on the Common Area owned by the Association and/or the unimproved portion of a lot of another lot Owner shall have an easement over that portion of the Common Area or adjacent lot affected by the encroaching wall, roof, eave, fence, walk or patio for the purpose of using said portion of the Common Area or adjacent lot for his own benefit and for the purpose of maintaining the encroaching structure in good condition and repair. In the event of a wall, roof, eave and/or fence encroachment, it shall be the responsibility of the Owner thereof to maintain the encroaching wall, roof, eave and/or fence in good condition and repair unless said responsibility is that of the Association as provided in this Declaration. Notwithstanding anything above to the contrary, this provision does not authorize any encroachments except those which exist by virtue of original construction by the Declarant or with Declarant's express approval.

**Section 4. Party Walls.** With respect to the Townhome lots, each wall built as a part of the original construction of the townhomes thereon and placed on the dividing line between the Townhome lots shall constitute a party wall and, to the extent not inconsistent with the provisions of this Section 4, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. The cost of reasonable repairs and maintenance of a party wall shall be shared by the Owners of the Townhome lots who make use of the wall in proportion to such use. If a party wall is destroyed or damaged by fire or other casualty, the adjoining Townhome lot Owners who use the wall shall restore it and they shall contribute to the cost of restoration thereof in proportion to such use, without prejudice, however, to the right of any such Owners to call for a larger contribution from the other Townhome lot Owners under any rule or law regarding liability for negligent or willful acts or omissions. Notwithstanding any other provision of this Section 4, any Townhome lot Owner who by his or her negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements. The right of any Townhome lot Owner to contribution from any other Townhome lot Owner under this

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Section 4 shall be apportioned to the land and shall pass to such Townhome Lot Owner's successors in title.

**Section 5. Subdivision Entrances.** Declarant, for itself, its successors and assigns, reserves an easement along Airport Road, for constructing, maintaining and reconstructing subdivision entrance signs, features, monuments, and fences, for the installation and maintenance of an irrigation system and lighting system for such entrances and for landscaping the area around such improvements. The property easement is reserved over the property designated on the recorded map as "sign or entrance easement" on said lots. The Owners of said lots shall maintain the area around the signs not maintained or landscaped pursuant to this easement. The reservation of this easement imposes no obligation on Declarant, its successors and assigns, to continue to maintain the landscaping and entrance improvements.

#### ARTICLE IX

#### RESTRICTIONS

**Section 1. Subdivision of Lots.** No lot shall be subdivided by sale or otherwise so as to reduce the total lot area shown on the Map, except by and with the written consent of the Declarant and provided same is also permitted under applicable governmental regulations and private restrictions affecting said lot.

**Section 2. Residential Use of Property.** All lots shall be used for residential purposes only and no structures shall be erected, placed or permitted to remain on any lot other than one single-family dwelling, and any necessary structure customarily incidental to such residential use. No garage constructed on any lot shall be used for living quarters of any kind either for guests, members of the family or domestic employees. The construction and maintenance of "garage apartments" on any lot is expressly prohibited. Notwithstanding the foregoing, a lot may be used by a professional home builder as a "model home" and for sales or marketing purposes so long as such professional home builder owns at least one other lot in the development or within another portion of VILLAGES OF WESLEY CHAPEL upon which is built, is being built, or is planned to be built, a home for sale to third parties.

**Section 3. Minimum Size of Dwellings.** Single-family detached dwellings shall contain not less than a minimum of 950 square feet of heated area for a single family dwelling. Single family townhome dwellings shall contain not less than a minimum of 1150 square feet of heated area. The minimum finished floor area herein referred to shall not include basements, attached or detached garages, unheated areas, carports or open porches of any type. No dwelling shall be greater than two (2) stories in height.

**Section 4. Builder Restrictions.** No building on a lot shall be located nearer to either sideline of each such lot not nearer to the rear line thereof than as shown on the building setback lines and sidelines shown on the Map. For the purposes of this covenant, eaves and stoops shall not be considered as a part of a building; provided, however, this shall not be construed to be deemed to permit the encroachment of any improvement onto another lot.

**Section 5. Building Line Requirements.** The minimum setback lines described hereinabove and as shown on the Maps are not intended to create uniformity to setback. They are meant to create a sense of spaciousness and to avoid monotony. For such purposes, it is the Declarant's intent that setback lines may be staggered where appropriate.

**Section 6. Outbuildings and Similar Structures.** No trailer, camper or other structure of a temporary nature shall be erected or allowed to remain upon any lot and no trailer, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence either temporarily or permanently

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upon any lot; provided, however, that this Section shall not be construed to prevent the Declarant from permitting any party building a structure upon any lot to erect or maintain temporary structures during construction. No wells shall be installed, used or maintained on any lot for human domestic consumption, nor shall any well be connected in any manner whatsoever to the water mains, laterals and piping serving the dwelling which furnish domestic water from sources beyond the boundaries of the lots.

**Section 7. Nuisances and Unsanitary Materials.** No noxious, offensive or illegal activity shall be carried on upon any lot, nor shall anything be done thereon which may be or become an annoyance to the neighborhood. No person may keep any animal upon any part of the lot except customary household pets upon such lot, provided that such pets are not kept, bred or maintained for any commercial purposes or in such a manner as to become a nuisance to the other Owners or residents of the Development.

**Section 8. Maintenance of Lots.** Except as may be maintained by the Association for Townhome Lots pursuant to Section 5(b) of Article IV hereof, each Owner shall keep his lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair, promptly repairing any damage thereto by fire or other causality. No clothesline may be erected or maintained on any lot. Each Owner shall further maintain the yard and landscaping on his lot in a clean and neat condition and shall keep his yard mowed and landscaping trimmed so as not to be unsightly. No lot shall be used in whole or in part for storage of rubbish of any character whatsoever nor for the storage of any property or thing which will cause any noise that will disturb the peace and quiet of the occupants of surrounding lots, and no trash, rubbish, stored materials, wrecked or inoperable vehicles, vehicles unlicensed for more than thirty (30) days, or similar unsightly items shall be allowed to remain on any lot outside an enclosed structure; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, or other debris for collection by governmental or other similar garage and trash removal units. In the event that any Owner fails or refuses to comply with any of the foregoing, the Declarant may demand that the Owner promptly comply with the same by mailing a notice thereof to the Owner at his address, specified in his contract to purchase such lot or by posting such notice on the lot. If the Owner has not complied therewith within five (5) days thereafter, the Declarant may enter and correct the same at Owner's expense. Each Owner, by acquiring a lot (s) subject to these restrictions, agrees to pay such cost promptly upon demand by Declarant. No such entry as provided herein shall be deemed a trespass.

**Section 9. Signboards.** No signboard, billboard, or advertising sign of any description shall be displayed upon or above any lot with the exception of:

(a) Signs displaying or marketing a lot as a "Model Home" and listing applicable sales information regarding the construction and sale of the homes on such lot and other lots, which signs shall not exceed four feet by eight feet in dimension, shall refer only to the lot on which displayed and shall be limited to one sign per lot;

(b) Signs stating "For Rent" of "For Sale" which signs shall not exceed two feet by three feet in dimension, shall refer to only the lot on which displayed and shall be limited to one sign per lot; and

(c) The name of the resident of any lot and the street address, the design of which shall be furnished to Declarant and shall be subject to approval by Declarant.

**Section 10. Antennas, Satellite Dishes or Dishes.** No satellite dishes or discs, radio or television aerial, antennas, towers or any other external electronic equipment or devices may be installed or maintained on any exterior of any structure erected on a lot or elsewhere upon any lot or within the property

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Without the prior written approval of Declarant, which approval Declarant may withhold in its sole and absolute discretion; provided, however, that satellite dishes which are eighteen (18) inches or less in size, ground mounted and screened from view from the street, may be installed without approval.

**Section 11. Fences.** No fence or wall shall be erected on any lot closer to the street than the side street setback or the back of the building facade except for temporary decorative fencing installed by the builder on a model home. Perimeter fencing and privacy fencing around patios, decks or pools may not exceed six (6) feet in height. Perimeter fencing, unless constructed of brick or stone masonry, shall not have more than seventy percent (70%) of its surface closed as viewed from a point on a line of sight perpendicular to the line formed by the line of the fence, except that this provision shall not be applicable to perimeter fencing, if any, located on the outer boundaries of the development. Chain link or other metal fencing is expressly prohibited, except that 2'x4" mesh may be used with split rail fencing to contain animals within a lot.

**Section 12. Metal Garages, Carports, Buildings, and Accessory Structures.** No metal carport, garage, building or accessory structure shall be erected on any lot or attached to any residence located on the lot. No building or accessory structure of any kind shall be placed on any lot, except a detached garage as permitted in Section 21 hereof, one (1) utility building or noncommercial greenhouse, similar in materials and color scheme of the house, may be located in the rear one quarter (1/4) of any lot so that it is directly behind the residence as viewed from a point on a line of sight perpendicular to the street. No chain link or metal fabricated animal enclosures other than split rail fencing with a 2'x4" mesh shall be placed on any lot.

**Section 13. Above Ground Pools.** No above ground pools shall be erected on a lot.

**Section 14. Basketball Goal Supports.** No basketball goal supports shall be erected or placed within any street right of way in the Development. Permanent goals must be submitted for approval.

**Section 15. Parking of Vehicles.** No commercial truck over one ton capacity, school bus, camper trailer, boat or boat trailer, recreational vehicle, or any other vehicle deemed to be unsightly shall be parked in the street, driveway, front yard, side yard or back yard of any lot except in a screened area between a residence constructed on a lot which cannot be seen from a line of sight perpendicular to the front line of such lot.

**Section 16. Construction Materials and Completion Dates.** All structures constructed or placed on any lot shall be built of substantially new materials and no used structure shall be relocated or placed on any such lot. No structure shall be constructed or moved onto any lot unless it shall conform to and be in harmony with existing structures in the Development and comply with the provisions of Article VI hereof. All structures constructed on any lot shall be completed within twelve (12) months from the commencement of such construction (commencement being defined as the date a building permit for such construction is issued).

**Section 17. Driveways.** All driveways for single family lots will be concrete.



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## ARTICLE X

## GENERAL PROVISIONS

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

**Section 2. Severability.** Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

**Section 3. FHA/VA Approval.** Notwithstanding anything to the contrary contained in this Declaration, as long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs: (i) annexation of additional properties, (ii) dedication of common area, and (iii) amendment of this Declaration.

**Section 4. Duration.** The covenants and restrictions of this Declaration shall run with and bind the land until December 31, 2024, after which time they shall be automatically extended for successive periods of ten (10) years.

**Section 5. Amendment.** This Declaration may be amended by an instrument signed by the Owners of not less than seventy-five percent (75%) of the lots.

**Section 6. Planned Community Act.** Except as otherwise required herein, all applicable required terms of the North Carolina Planned Community Act (the "Act") set forth in NCS Chapter 47P are incorporated herein by reference. To the extent any conflict exists between the terms hereof and a required provision of the Act, the required provisions of the Act shall govern and control such conflict.

IN WITNESS WHEREOF, Villages of Wesley Chapel has caused this instrument to be executed by its duly authorized Manager and its seal to be hereunto affixed, all the day and year first above written.

VILLAGES OF WESLEY CHAPEL, LLC, a North Carolina  
limited liability company (SRAL)

By: LandCraft Properties, Inc., a North Carolina  
Corporation, Manager

By:  President

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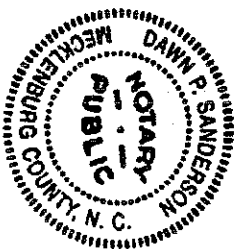
STATE OF NORTH CAROLINA  
COUNTY OF WICKLENBURG

I, Dawn P. Sanderson, a Notary Public, certify that Matthew A. McDonald, personally came before me this day and acknowledged that he (or she) is R.V., President of LANDCRAFT PROPERTIES, INC., a North Carolina corporation and Manager of VILLAGES OF WESLEY CHAPEL, LLC, a North Carolina limited liability company, and that he (or she) as R. V. President, being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal, this 13<sup>th</sup> day of June 2003.

Dawn P. Sanderson  
Notary Public

My commission expires: 10-30-07



NORTH CAROLINA-UNION COUNTY  
The foregoing certificate of  
Dawn P. Sanderson  
Notary Public

to be correct. \_\_\_\_\_  
Notary Public

JUDY O. PRICE, REGISTER OF DEEDS  
BY: Matt McDonald  
Assistant

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VILLAGES OF WESLEY CHAPEL  
CONSENT OF MORTGAGEE

WACHOVIA BANK, being the Beneficiary under that certain Deed of Trust from Declarant to New Salem, Inc., Trustee, conveying the property or portions thereof described in Exhibit A attached to this Declaration and made a part hereof, and recorded in Book 1555 at Page 102 in the Union County Public Registry, does hereby consent to the recordation of this Declaration and the imposing of the provisions hereof to said real property described in Exhibit A, and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Declaration, including all exhibits, attachments, supplements and amendments hereto, shall be superior to the lien of said Deed of Trust on said Property described in Exhibit A. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between said Beneficiary and Declarant, the relationship of partnership or of joint venture, nor shall said Beneficiary be deemed to have accepted in any way nor shall anything contained hereunder be deemed to impose upon said Beneficiary any of the liabilities, duties or obligations of the Declarant under the foregoing Declaration. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. The said Trustee also joins in and executes this Consent as Trustee of said Deed of Trust for the said purposes hereinabove set forth.

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the 13 day of April, 2003.

TRUSTEE:

NEW SALEM, INC.

David Parker (SEAL)  
CVP

BENEFICIARY:

WACHOVIA BANK

By: David Parker  
Vice President

EX 3110 PG 436

STATE OF NORTH CAROLINA  
COUNTY OF WICKLIFF CASTON

I, JOAN VALENIC, a Notary Public, certify that  
David Parter, personally came before me this day and acknowledged that he is Assistant  
Vice President of New Salem, Inc., Trustee, and that he as Assistant Vice President,  
being authorized to do so, executed the foregoing on behalf of the corporation.

Witness my hand and official seal, this 13 day of June, 2003.

Joan Valenic  
Notary Public

My commission expires: 7-21-07

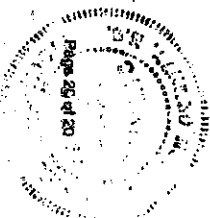
STATE OF NORTH CAROLINA  
COUNTY OF WICKLIFF CASTON

David Parter JOAN VALENIC, a Notary Public, certify that  
she) is Vice President of this day and acknowledged that he (or  
and that he (or she) as Vice President of WACHOVIA BANK, a corporation,  
executed the foregoing on behalf of the corporation. being authorized to do so.

Witness my hand and official seal, this 13 day of June, 2003.

Joan Valenic  
Notary Public

My commission expires: 7-21-07



**EXHIBIT A**  
**Villages of Wesley Chapel**  
**Legal Description - Phase A**

Lying and being in Monroe Township, Union County, North Carolina, and more particularly described as follows:

TO FIND THE BEGINNING POINT, Begin at a 1.25" iron pipe found on or near the southerly right of way margin of Airport Road S. R. 1349 (60' Public Road R/W), which iron pipe is also located at the northeasterly corner of property owned by John Michael Secrest as described in Deed Book 1126 at Page 241 in the Union County Public Registry and in a southerly corner of property owned by Bowie Motors of Monroe, Inc. pursuant to that certain deed recorded in Book 478 at Page 219 in said Registry; thence from said point with the southerly line of said Bowie Motors property (now or formerly) and the southerly boundaries of those certain properties of (i) John F. Caldwell et al pursuant to that certain deed recorded in Book 850 at Page 899 in said Registry, (ii) Charles R. Davis, Jr. pursuant to that certain deed recorded in Book 778 at Page 125 in said Registry, and (iii) Richard E. Helms et al pursuant to that certain deed recorded in Book 387 at Page 481 in said Registry North 78-19-24 East 476.91 feet to a new iron set within the right of way margins of the aforesaid Airport Road, THE TRUE POINT AND PLACE OF BEGINNING; thence from said Beginning Point and continuing within the aforesaid right of way margins of Airport Road four (4) calls and distances as follows: (1) with the southerly boundaries of the above-referenced Richard Helms property, that certain property of Joey L. Fur pursuant to that certain deed recorded in Book 706 at Page 310 in said Registry and the above-referenced Bowie Motors property North 78-19-24 East 534.37 feet to a mag nail set in a common corner of said Bowie Motors property and that certain property of GMMHB, LLC pursuant to that certain deed recorded in Book 1003 at Page 166 in said Registry; (2) with the southerly boundary of said GMMHB, LLC property North 77-44-24 East 954.54 feet to a mag nail set; (3) continuing with the southerly boundary of said GMMHB, LLC property North 73-34-24 East 297.98 feet to a mag nail set; and (4) continuing with the southerly boundary of said GMMHB, LLC property North 66-34-24 East 119.19 feet to a mag nail set; thence South 06-49-33 East 101.51 feet to a #4 rebar found (crossing a nail found at 27.41 feet) in the westerly boundary of that certain property of Joe R. Love and Betty J. Love pursuant to that certain deed recorded in Book 197 at Page 67 and in Book 216 at Page 565 in said Registry; thence with the westerly boundary of said Love property (now or formerly) and with the westerly boundaries of Larry R. Simons and Linda L. Malcomb pursuant to a deed recorded in Book 1107 at Page 396 and the property of Larry R. Simons pursuant to that certain deed recorded in Book 510 at Page 547 South 32-55-05 East 568.99 feet to a #4 rebar found in a common corner of said Larry Simons property and in the corner of that certain property of Kenneth D. Taylor and Donica S. Taylor pursuant to that certain deed recorded in Book 916 at Page 276 in said Registry; thence with the westerly boundary of said Taylor property (now or formerly) South 31-48-10 East 96.71 feet to an angle iron found in the common corner of said Taylor property and the property of Robert Dean Harrell pursuant to that certain deed recorded in Book 563 at Page 896 in said Registry; thence with the westerly boundary of said Harrell property (now or formerly) South 31-46-07 East 788.52 feet to a #5 rebar found in the common corner of said Harrell property and the property of Dennis Michael Reedy (reputed); thence with the westerly boundary of said Reedy

property (reputed, now or formerly) South 31-57-38 East 200.04 feet to a 1.25" flat bar found in the common corner of said Reedy property and the property of Dennis Michael Reedy pursuant to that certain deed recorded in Book 745 at Page 818 in said Registry; thence with the westerly boundary of said Reedy property (now or formerly) South 32-07-35 East 286.40 feet to a #4 rebar found in a common corner of said Reedy property and that certain property of Park Road Shopping Center pursuant to that certain deed recorded in Book 889 at Page 519 in said Registry; thence with the line of said Park Road Shopping Center Property (now or formerly) the following two (2) courses and distances: (1) South 06-09-38 West 979.09 feet to a stone by a 2" pipe; and (2) North 86-06-53 West 2068.84 feet to an axle found; thence North 30-23-10 West 375.12 feet to a new iron set; thence with a new line North 72-09-41 East 1334.74 feet to a new iron set; thence continuing with a new line North 71-15-20 East 693.18 feet to a new iron set in the centerline of that certain Duke Power Company 68' Right of Way as described in Deed Book 147 Page 256 of the Union County Public Registry; thence with the aforesaid centerline North 64-26-29 West 2732.30 feet to a new iron set within the right of way of the aforesaid Airport Road; the POINT AND PLACE OF BEGINNING; containing 81.783 acres, more or less, and shown as Phase A on that certain Boundary Division Survey prepared for LandCraft Properties, Inc. by Robert D. Bartlett, N.C.P.L.S., dated December 4, 2000, reference to which survey is hereby made for a more particular description of the property.

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**EXHIBIT A**  
**Villages of Wesley Chapel**  
**Legal Description - Phase B**

Lying and being in Monroe Township, Union County, North Carolina, and more particularly described as follows:

BEGINNING at a 1.25" iron pipe found on or near the southerly right of way margin of Airport Road S. R. 1349 (60' Public Road R/W), which iron pipe is also located at the northeasterly corner of property owned by John Michael Secret as described in Deed Book 1126 at Page 241 in the Union County Public Registry and in a southerly corner of property owned by Bowie Motors of Monroe, Inc. pursuant to that certain deed recorded in Book 478 at Page 219 in said Registry; thence from said Beginning Point with the southerly line of said Bowie Motors property (now or formerly) and the southerly boundaries of those certain properties of (i) John F. Caldwell et al pursuant to that certain deed recorded in Book 850 at Page 899 in said Registry, (ii) Charles R. Davis, Jr. pursuant to that certain deed recorded in Book 778 at Page 125 in said Registry, and (iii) Richard E. Helms et al pursuant to that certain deed recorded in Book 387 at Page 481 in said Registry North 78-19-24 East 476.91 feet to a new iron set within the right of way margins of the aforesaid Airport Road; thence with the centerline of that certain Duke Power Company 68' Right of Way as described in Deed Book 147 Page 256 of the Union County Public Registry South 64-26-29 East 2732.30 feet to a new iron set; thence with a new line the following two (2) courses and distances as follows: (1) South 71-15-20 West 693.18 feet to a new iron set, and (2) South 72-09-41 West 1,334.74 feet to a new iron set in the easterly boundary of the property of S. Wade Secret pursuant to a deed recorded in Book 213 at Page 312 in said Registry; thence with the easterly boundary of said S. Wade Secret property (now or formerly), and the easterly boundary of that certain property of John Michael Secret pursuant to a deed recorded in Book 1126 at Page 241 in said Registry North 30-23-10 West 1,986.84 feet to a 1.25" iron found within the right of way of the aforesaid Airport Road; the POINT AND PLACE OF BEGINNING; containing 54.414 acres, more or less, and shown as Phase B on that certain Boundary Division Survey prepared for LandCraft Properties, Inc. by Robert D. Bartlett, N.C.P.L.S., dated December 4, 2000, reference to which survey is hereby made for a more particular description of the property.



**NORTH CAROLINA**  
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**

**VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC.**

the original of which was filed in this office on the 8th day of November, 2002.



Document Id: 223105129

IN WITNESS WHEREOF, I have hereunto  
set my hand and affixed my official seal at the  
City of Raleigh, this 8th day of November, 2002

*Elaine F. Marshall*  
Secretary of State



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Date Filed: 11/8/2002 2:42:00 PM  
Elaine F. Marshall  
North Carolina Secretary of State

ARTICLES OF INCORPORATION  
OF  
VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC.  
A NON-PROFIT CORPORATION

The undersigned, being of the age of eighteen years or more, does hereby make and acknowledge these Articles of Incorporation for the purpose of forming a non-profit corporation under and by virtue of Chapter 55A of the General Statutes of North Carolina and the laws of the State of North Carolina.

ARTICLE I  
NAME

The name of the corporation is VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC. (hereafter referred to as the "Association").

ARTICLE II  
DURATION

The period of duration of the corporation is perpetual.

ARTICLE III  
PURPOSES AND POWERS

The purposes and powers for which the corporation is organized are as follows:

1. To operate and manage an exclusive residential community of single-family detached and townhome residences known as Villages of Wesley Chapel, located in Union County, North Carolina (hereinafter referred to as the "Subdivision").
2. To undertake the performance of, and carry out the acts and duties incident to the administration of the operation and management of the Association in accordance with the terms, provisions, conditions and authorizations contained in both these Articles and in the Declaration of Covenants, Conditions and Restrictions for Villages of Wesley Chapel (the "Declaration") which have been or will be recorded in the Public Records of Union County, North Carolina, at such time as the real property and the improvements thereon are submitted to said Declaration.
3. To make, establish and enforce reasonable rules and regulations governing the use of the subdivision development common elements, land, and other real and personal property which may be owned by the Association itself.
4. To make, levy and collect assessments against lot owners; to provide the funds to pay for common expenses of the Association as provided in the Declaration and to use and expend the proceeds of assessments in the exercise of the powers and duties of the Association; to use said assessments to promote the recreation, acquisition, improvement and maintenance

BK 3110 Pg 42

of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the common areas and facilities thereon, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management, supervision thereof, the maintenance of insurance in accordance with the Bylaws of the Association (the "Bylaws"), including the employment of attorneys to represent the Association when necessary for such other needs as may arise.

5. To maintain, repair, replace and operate the properties for which the Association is responsible.
6. To enforce by any legal means, the provisions of the Declaration, the Bylaws and the rules and regulations for the use of the Association property.
7. If deemed in the best interest of the Association by the Board of Directors, to contract for the management of the recreational property and to delegate to such manager or managers all powers and duties of the Association except those powers and duties which are specifically required to have approval of the Board of Directors or the membership of the Association.
8. To have all of the common law and statutory powers of a non-profit corporation and also those powers as set out in the Declaration and all powers reasonably necessary to implement the purposes of the Association.
9. To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association.
10. To borrow money, and with the assent of eighty percent (80%) of each class of members, mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.
11. To dedicate, sell or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Association's members. No such dedication or transfer shall be effective unless an instrument has been signed by eighty percent (80%) of each class of members, agreeing to such dedication, sale or transfer.
12. To participate in mergers and consolidations with other non-profit corporations organized for the same purposes or annex additional residential property and Common Area which is not provided for in the Declaration, provided that any such merger, consolidation or additional annexation shall have the assent of seventy-five percent (75%) of each class of members;

## ARTICLE IV MEMBERSHIP

3. The members of the Association shall have the right to vote for the election and removal of directors and upon such other matters with respect to which the right to vote is given to members under the Declaration or under the provisions of Chapter 55A of the General Statutes of North Carolina, the voting rights of the members being more particularly described in the Declaration and in the Bylaws of the Association.

(a) **Class A Members:** Class A members shall be all owners of Lots with the exception of those Lots owned by a Declarant, as hereafter defined. Each Class A lot shall entitle the Owner(s) of said Lot to one vote. When more than one person holds an interest in any Lot, all such persons or entities shall be considered members. The vote for such Lot shall be exercised as such parties determine, but in no event shall more than one vote be cast with respect to any such Lot. For purposes hereof, the "Declarant" shall mean and refer to Villages of Wesley Chapel, LLC and also shall mean and refer to any person, firm or corporation which shall also be designated as a "Declarant" by Villages of Wesley Chapel, LLC hereafter when such designee becomes vested with title to two

or more undeveloped Lots for the purpose of causing dwellings to be constructed thereon, and any such designee shall be a Declarant during such period of time as said party is vested with title to two or more such Lots (whether undeveloped or developed and unconveyed), but no longer; provided, however, if such designee thereafter defaults under its applicable agreement to purchase Lots from Villages of Wesley Chapel, LLC, then the designation of "Declarant" for such party shall be automatically terminated.

(b) **Class B Members.** The Class B member shall be the Declarant. The Class B memberships shall be converted to Class A memberships on the happening of any of the following events, whichever occurs earlier: (i) when the total votes outstanding in the Class A membership equals or exceeds the total votes outstanding in the Class B membership, (ii) December 30, 2007, or (iii) when the Declarant voluntarily relinquishes majority control of the Association by a duly recorded instrument. The Declarant shall be entitled to three (3) votes for each Class B Lot owned by it.

#### ARTICLE VI DIRECTORS

1. The number of Directors and the method of election of the Directors shall be fixed by the Bylaws; however, the number of Directors shall not be less than three (3).

2. The first election by the members of the Association for Directors shall not be held until after the Declarant has relinquished control of the Association as set out in the Declaration. Thereafter, the election of Directors shall take place at the annual meeting of the membership as provided in the Bylaws. After the Declarant has relinquished control, there shall be a special meeting of the membership for the purpose of electing a Board of Directors to serve until the next annual meeting and until new Directors are elected and qualified.

#### ARTICLE VII INITIAL BOARD OF DIRECTORS

The number of Directors constituting the initial Board of Directors shall be three (3) and the names and addresses of the persons who are to serve as the first Board of Directors are as follows:

NAME	ADDRESS
1. Matthew A. McDonald	Landcraft Properties, Inc. 201 North Tryon Street Suite 2650 Charlotte, North Carolina 28202

2. James P. Gilkey  
Landcraft Properties, Inc.  
201 North Tryon Street  
Suite 2650  
Charlotte, North Carolina 28202
3. Dawn P. Sanderson  
Landcraft Properties, Inc.  
201 North Tryon Street  
Suite 2680  
Charlotte, North Carolina 28202

#### ARTICLE VIII TAX STATUS

The Association shall have all the powers granted non-profit corporations under the laws of the State of North Carolina. Notwithstanding any other provision of these Articles, the Association hereby elects tax-exempt status under Section 528 of the Internal Revenue Code of 1986. The Association shall not carry on any activities prohibited by a corporation electing tax-exempt status under Section 528, or any corresponding sections or provisions of any future United States Internal Revenue law. It is further provided that no distributions of income of the Association are to be made to members, directors or officers of the Association; provided, however, that members of the Association may receive a rebate of any excess dues and assessments previously paid.

#### ARTICLE IX REGISTERED OFFICE AND REGISTERED AGENT

The address of the initial registered office of the corporation in the State of North Carolina is Landcraft Properties, Inc., 201 North Tryon Street, Suite 2650, Charlotte, Mecklenburg County, North Carolina 28202 and the name of its initial registered agent at such address is Matthew A. McDonald.

#### ARTICLE X PRINCIPAL OFFICE

The address of the principal office of the Association is Landcraft Properties, Inc., 201 North Tryon Street, Suite 2650, Charlotte, Mecklenburg County, North Carolina 28202.

#### ARTICLE XI INCORPORATOR

The name and address of the incorporator is William B. Kirk, Jr., Kirk Palmer & Thigpen, P.A., 1045 Providence Road, Suite 200, Charlotte, Mecklenburg County, North Carolina 28207.

**ARTICLE XII  
LIMITATION OF DIRECTOR LIABILITY**

To the fullest extent permitted by applicable law, no Director of the Corporation shall have any personal liability arising out of any action whether by or in the right of the Corporation or otherwise for monetary damages for breach of any duty as a Director. This Paragraph shall not impair any right to indemnity from the Corporation that any Director may now or hereafter have. Any repeal or modification of this Paragraph shall be prospective only and shall not adversely affect any limitation hereunder on the personal liability of a Director with respect to acts or omissions occurring prior to such repeal or modification.

**ARTICLE XIII  
DISSOLUTION**

The Association may be dissolved with the assent given in writing and signed by not less than seventy-five percent (75%) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

**ARTICLE XIV  
AMENDMENTS**

Any amendment to these Articles shall require the assent of seventy-five percent (75%) of each class of membership.

**ARTICLE XV  
FEA/VVA APPROVAL**

As long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs, as applicable, if either of said Administrations is insuring mortgage loans to purchasers of Lots in the Subdivision: (i) annexation of additional properties other than those defined as "Additional Properties" in the Declaration, (ii) mergers and consolidations, (iii) mortgaging of any portion of the Common Area, (iv) dedication of any Common Areas for public use, (v) dissolution of the Association, or (vi) amendment of these Articles.

ARTICLE XVI  
PLANNED COMMUNITY ACT

Except as otherwise provided herein, all applicable required terms of the North Carolina Planned Community Act (the "Act") set forth in NCGS Chapter 47F are incorporated herein by reference. To the extent any conflict exists between the terms hereof and a required provision of the Act, the required provisions of the Act shall govern and control such conflict.

IN WITNESS WHEREOF, the incorporator has hereunto set his hand and seal this 1<sup>st</sup> day of November, 2002.

William B. Kirk  
William B. Kirk, Jr., Incorporator

EXHIBIT "C" 3110 Pg 448

BYLAWS OF  
VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC.

ARTICLE I  
NAME AND LOCATION

Section 1. **NAME.** The name of the corporation is VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC., hereinafter referred to as the "Association."

Section 2. **LOCATION.** The principal office of the corporation shall be located in Mecklenburg County, North Carolina. The registered office of the Association may be, but need not be, identical with the principal office.

ARTICLE II  
DEFINITIONS

Section 1. **"Association"** shall mean and refer to VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. **"Common Area"** shall mean all real property (including the improvements thereto) and other property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association is all of the area labeled as "Common Area" or similar terms on the Maps and all privately maintained roads and cut-de-sacs thereon, if any.

Section 3. **"Declarant" or "Declarants"** shall mean and refer to VILLAGES OF WESLEY CHAPEL, LLC, a North Carolina limited liability company, and shall also mean and refer to any person, firm or corporation which shall also be designated as a "Declarant" by VILLAGES OF WESLEY CHAPEL, LLC hereafter when such designee becomes vested with title to two or more undeveloped Lots for the purpose of causing dwellings to be constructed thereon, and any such successor in title to VILLAGES OF WESLEY CHAPEL, LLC shall be a Declarant during such period of time as said party is vested with title to two or more such lots (whether undeveloped or developed and unconveyed), but no longer.

Section 4. **"Declaration"** shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Villages of Wesley Chapel applicable to the Properties which has been or will be recorded in the Mecklenburg County Public Registry.

Section 5. **"Detached Lot"** shall mean and refer to any plot of land, with delineated boundary lines, appearing on the Maps which are to be developed by the construction of single-family detached residences thereon.

Section 6. **"Development"** shall mean and refer to Villages of Wesley Chapel, a single-family detached and townhome residential development proposed to be developed on the Properties by the Declarant.



Section 7. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on the Maps with the exception of the Common Areas and public roads and streets. A "Lot" may be either a Detached Lot or a Townhome Lot as defined herein.

Section 8. "Maps" shall mean and refer to the map of the Phase I Property as described in Section 1 of Article II of the Declaration, and any map of the additional properties, as described in Section 2 of Article II of the Declaration (if all or any part of said additional properties are annexed pursuant to Article II of the Declaration) which may be recorded by Declarant in the Mecklenburg County, North Carolina, Public Registry hereafter.

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

Section 10. "Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a Lot.

Section 11. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 12. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot including the Declarant if it owns any Lots and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 13. "Properties" shall mean and refer to the "Phase I Property" as described in the Declaration as well as any additional real estate which may hereafter be made subject to the Declaration and brought within the jurisdiction of the Association, as provided for in Article II, Section 2 of the Declaration.

Section 14. "Townhome Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on the Maps which are to be developed as a townhome style residence with adjoining residential units and party walls.

### ARTICLE III ASSOCIATION MEMBERS

Section 1. ANNUAL MEETING OF MEMBERS. The annual meeting of the Members shall be held at the principal office of the Association, at an hour to be fixed by the President, on the second Thursday in January of each year (with the first annual meeting to occur on the second Thursday in January, 2003) for the purpose of electing directors and for the transaction of such other business as may be brought before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

Section 2. SUBSTITUTE ANNUAL MEETING. If the annual meeting shall not be held on the day designated in these Bylaws, a substitute annual meeting at the principal office of the

Association may be called in accordance with the provisions of Section 3 of this Article III. A meeting so called shall be designated and treated for all purposes as the annual meeting.

**Section 3. SPECIAL MEETINGS OF MEMBERS.** Special meetings of the Members may be held in the principal office of the Association, or elsewhere by consent of the Members, whenever called in writing by the President or any member of the Board of Directors of the Association or by Members representing twenty percent (20%) of the membership entitled to vote.

**Section 4. NOTICE OF MEETING.** Written or printed notices stating the time and place of meeting shall be mailed or delivered by the Secretary to each Member of record at the Member's last known address. The notice of each meeting shall be mailed or delivered by the Secretary not less than thirty (30) days nor more than sixty (60) days prior to the date set for such meeting and as to special meetings, the Notice shall indicate the purpose or purposes thereof.

**Section 5. QUORUM.** Unless otherwise specified in the Declaration, at any meeting of the Members, ten percent (10%) of the members entitled to vote, present in person or represented by proxy, shall constitute a quorum of the membership for all purposes. If a quorum is not present, the meeting may be adjourned to a later date by the affirmative vote of a majority of those present in person or by proxy. The quorum requirement at the next meeting shall be one-half of the quorum requirement applicable to the meeting adjourned for lack of a quorum. This provision shall continue to reduce the quorum by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

**Section 6. ORGANIZATION.** The President, or, in his or her absence, the Vice President, shall preside over all meetings of Members and the Secretary of the Association shall act as Secretary at all meetings of the Members; provided, however, in the Secretary's absence the President may appoint a Secretary for the meeting of the members.

**Section 7. VOTING.** Each Member of the Association, as defined in the Articles of Incorporation of said Association, shall be entitled to one vote on each matter submitted to a vote at a meeting of Members. The vote of a majority of the Members at a meeting of members at which a quorum is present shall be the act of the Members on that matter, unless the vote of a greater number is required by law or by the Declaration, the Association's Articles of Incorporation or these Bylaws. Cumulative voting shall not be allowed.

**Section 8. VOTING BY PROXY.** The vote allocated to a Member may be cast pursuant to a dated written proxy signed by the Member. A Member may not revoke a proxy except by written notice delivered to the person presiding over a meeting of the Association. A proxy terminates one year after its date, unless it specifies a shorter term.

**Section 9. WAIVER OF NOTICE.** Any Member may, at any time, waive notice of any meeting of the Members in writing and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member at any meeting of the Members shall constitute a waiver of notice by him of the time and place thereof except where a Member attends a meeting for the express

purpose of objecting to the transaction of any business because the meeting was not lawfully called. If all the Members are present at any meeting of the Members, no notice shall be required and any business may be transacted at such meeting.

**Section 10. INFORMAL ACTION BY MEMBERS.** Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the persons who would be entitled to vote upon such action at a meeting and filed with the Secretary of the Association to be kept in the Association's minute book.

#### ARTICLE IV BOARD OF DIRECTORS

**Section 1. NUMBER AND TERM OF OFFICE.** The business and affairs of the Association shall be managed by a Board of Directors of no less than three (3) persons, who need not be Members of the Association. Each director shall serve for a term of one (1) year or until his or her death, resignation, retirement, removal, disqualification or his or her successor is elected and qualified.

**Section 2. COMPENSATION.** No director shall receive compensation for any service he or she may render to the Association. However, with the prior approval of the Board, any director may be reimbursed for actual expenses incurred in the performance of his or her duties.

**Section 3. NOMINATION.** After the first election of directors, nominations for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. Nominations at the first meeting will be from the floor. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

**Section 4. ELECTION.** Except as provided in Section 5 of this Article IV, Directors shall be elected at the annual meeting of the Members by written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting shall not be allowed.

**Section 5. REMOVAL.** Any director may be removed from the Board, with or without cause, by a majority vote of the Members. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his or her predecessor. The Members may elect a director at any time to fill any vacancy not filled by the directors.

**Section 6. ACTION WITHOUT MEETING.** The Board shall have the right to take any action in the absence of a meeting which they could take at a duly held meeting by obtaining the written consent of all of the directors to the action. Any action so approved shall be filed in the corporate books and records and shall have the same effect as though taken at a meeting of the Board.

**Section 7. MEETINGS.** Meetings of the Board shall be held quarterly without notice, at such place and hour, as may be fixed from time to time by resolution of the Board. Special meetings of the Board may be called by any director after not less than five (5) days notice to each director.

**Section 8. QUORUM.** A majority of the Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting shall be regarded as the act of the Board.

**Section 9. CHAIRMAN.** A Chairman of the Board shall be elected by the Directors and shall preside over all Board meetings until the President of the Association is elected. Thereafter, the President of the Association shall serve as Chairman. In the event there is a vacancy in the office of Presidency, a Chairman shall be elected by the Board of Directors and shall serve until a new President is elected.

**Section 10. LIABILITY OF THE BOARD.** The members of the Board of Directors shall not be liable to the Owners for any mistake of judgment, negligence, or otherwise except for their own individual willful misconduct or bad faith. The Owners shall indemnify and hold harmless each of the members of the Board against all contractual liability to others arising out of contracts made by the Board on behalf of the Association unless any such contracts shall have been made in bad faith or contrary to the provisions of the Declaration or these Bylaws. It is intended that the members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Association, except to the extent that they are Owner(s).

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of Members or disinterested directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in such capacity, or arising out of his or her status as such, whether or not the Association would have the power to indemnify him or her against such liability.

The Association's indemnity of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association, as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall

be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his or her behalf by the Association, or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Article, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

**Section 11. POWERS AND AUTHORITY OF THE BOARD OF DIRECTORS.** Subject to the provisions contained herein and applicable law, the Board shall have the power and authority to exercise all of the rights and powers of the Association, including, but not limited to, the following powers:

- (a) To adopt rules and regulations governing the use of the Common Areas and facilities, the personal conduct of the Members and their guests thereon, and establish penalties for the infraction thereof;
- (b) To suspend the voting rights and right of use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association, and to suspend such rights, after notice and hearing, for infraction of published rules and regulations for a period of not to exceed 60 days;
- (c) To declare the office of a director to be vacant in the event such director shall be absent from three (3) consecutive regular meetings of the Board;
- (d) To employ a manager, an independent contractor, or other employees as is deemed necessary, and prescribe their duties;
- (e) To procure, maintain, and pay premiums on, insurance policy(s) and equitably assess the Members for their pro rata portion of such expense;
- (f) To impose and receive any payments, fees, or charges for the use, rental, or operation of the Common Areas or elements other than for service provided to Members;
- (g) To employ attorneys to represent the Association when deemed necessary;
- (h) To grant easements for the installation and maintenance of sewerage, utilities or drainage facilities upon, over, under and across the Common Areas without the assent of the membership when such easements are requisite for the convenient use and enjoyment of the Properties;
- (i) To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as the Board may deem expedient;

PK 3110 PK 454

- (j) To exercise all other powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration;
- (k) To exercise any other powers necessary and proper for the governance and operation of the Association; and
- (l) To have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Law of the State of North Carolina by law may now or hereafter have or exercise.

**Section 12. DUTIES OF THE BOARD OF DIRECTORS.** It shall be the duty of the Board to do the following:

- (a) To cause the Common Areas to be maintained, repaired, and replaced as necessary, and to assess the Members to recover the cost of the upkeep of the common elements;
- (b) To keep a complete record of all its acts and corporate affairs and present a statement thereof to the Members at the annual meeting, or at any special meeting when such statement is requested in writing by 25% of the Members;
- (c) To supervise all officers, agents and employees of the Association, and see that their duties are properly performed;
- (d) As more fully provided in the Declaration, to fix the amount of the annual assessment against each Lot at least thirty (30) days before January 1 of each year based on the projected budget for the annual assessment period;
- (e) To send written notice of each assessment to every Member at least thirty (30) days in advance of the due date for each annual assessment;
- (f) To foreclose any unpaid assessments and liens resulting therefrom against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Member personally obligated to pay the same;
- (g) To issue, or have issued, for a reasonable charge, a certificate setting forth whether or not any assessment has been paid; provided, however, that if a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;
- (h) To procure and maintain, at all times, adequate hazard insurance on the property owned by the Association and all property for which the Association has the duty to maintain, and sufficient liability insurance to adequately protect the Association and officers and directors thereof; and

(i) To cause all officers or employees, including officers and employees of professional management, having fiscal responsibilities to be bonded, as it may deem appropriate.

## ARTICLE V OFFICERS

**Section 1. OFFICERS.** The officers of the Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors, a Secretary, and a Treasurer, and such other officers as the Board may from time to time by resolution create.

**Section 2. ELECTION OF OFFICERS.** The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

**Section 3. TERM.** Each officer of the Association shall be elected annually by the Board and each shall hold office for one (1) year or until his or her death, resignation, retirement, removal, disqualification, or his or her successor is elected and qualifies.

**Section 4. SPECIAL APPOINTMENTS.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may, from time to time, determine.

**Section 5. RESIGNATION AND REMOVAL.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 6. VACANCIES.** A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he or she replaces.

**Section 7. MULTIPLE OFFICES.** The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

**Section 8. COMPENSATION.** No officer shall receive any compensation from the Association for acting as such.

## Section 9. POWERS AND DUTIES OF THE OFFICERS.

(a) The President shall be the principal executive officer of the Association and, subject to the control of the Board, shall supervise and control the management of the Association. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other

written instruments and shall co-sign all checks and promissory notes on behalf of the Association.

(b) The Vice President shall act in the place of the President in the event of his or her absence, or his or her inability or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board.

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the members of the Association together with their addresses and shall perform such other duties as required by the Board.

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the Board; shall sign all checks and promissory notes (such checks and promissory notes to be co-signed by the President) of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its annual meeting, and deliver a copy to each Member.

#### ARTICLE VI 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 Articles of Incorporation, Declaration and Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

#### ARTICLE VII COMMITTEES

The Association shall appoint a Nominating Committee as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

#### ARTICLE VIII ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eight percent (8%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the applicable Lot, and interest, costs and reasonable attorney's fees of any



such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his or her Lot.

**ARTICLE IX  
FORMS OF PROXY AND WAIVER**

**Section 1. FORMS OF PROXY.** The following form of proxy shall be deemed sufficient, but any other form may be used which is sufficient in law:

**VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC.**

Know all men by these presents that the undersigned member of Villages of Wesley Chapel Owners Association, Inc. (the "Association") hereby constitutes and appoints \_\_\_\_\_ the attorney and proxy of the undersigned to annual and special meetings of the members of the Association, at which I am not present, until the secretary of the Association receives from me a letter revoking this proxy and for and on behalf of the undersigned to vote as the undersigned would be entitled to vote if personally present, hereby ratifying and confirming all that said attorney and proxy shall do in the premises, and giving and granting unto said attorney and proxy full power of substitution and revocation.

Dated: \_\_\_\_\_,

\_\_\_\_\_  
Member

\_\_\_\_\_  
Witness:

**Section 2. FORM OF WAIVER OF NOTICE.** The following form of waiver of notice shall be deemed sufficient, but any other form may be used which is sufficient in law:

**VILLAGES OF WESLEY CHAPEL OWNERS ASSOCIATION, INC.**

We the undersigned (Board or Association Members) of Villages of Wesley Chapel Owners Association, Inc. do hereby severally waive notice of the time, place, and purpose of (the annual or a special) meeting of the Board or Association members of the said association, and consent that same be held at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock \_\_\_\_ M., and we do further consent to the transaction of any and all business of any nature that may come before the meeting.

Dated this \_\_\_\_\_ day of \_\_\_\_\_,  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ARTICLE X  
ARBITRATION**

Any claim which shall be made against one or more members of the Board of Directors shall be settled by arbitration except as otherwise provided herein, in the Declaration or under any applicable law, and judgment upon the award may be entered in any court having jurisdiction thereof. Such arbitration shall be commenced upon the delivery of such claim, in writing, to one or more members of the Board; and shall be before one disinterested arbitrator if one can be agreed upon, otherwise before three disinterested arbitrators, one named by the director(s), one by the Owner(s), and one by the two thus chosen. The arbitrator or arbitrators shall determine the controversy in accordance with the laws of North Carolina as applied to the facts found by him or them. If the Director(s) or the Owner(s) shall refuse or fail to so name an arbitrator within thirty (30) days after written notice from the other party requiring the naming of an arbitrator, then the arbitrator so named by the party not in default hereunder shall have the power to proceed to arbitrate and determine the matters in controversy as if he or she were an arbitrator appointed by both parties for that purpose and his or her award in writing signed by him or her shall be final. The rules of procedure for the arbitration hearing may be adopted by the Arbitrators. All arbitration proceedings hereunder shall be conducted in Charlotte, North Carolina.

**ARTICLE XI  
GENERAL PROVISIONS**

Except as otherwise provided herein or in the Declaration, these Bylaws may be amended or repealed and new bylaws may be adopted by the affirmative vote of a majority of the Board then holding office at any regular or special meeting of the Board and by a majority vote of the Members at a regular or special meeting of the Members at which a quorum is present, except that the Federal Housing Administration or the Department of Veterans Affairs shall have the right to veto amendments while there is Class B membership. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of conflict between the Declaration and these Bylaws, the Declaration shall control.

**ARTICLE XII  
PLANNED COMMUNITY ACT**

Except as otherwise provided herein, all applicable required terms of the North Carolina Planned Community Act (the "Act") set forth in NCGS Chapter 47F are incorporated herein by reference. To the extent any conflict exists between the terms hereof and a required provision of the Act, the required provisions of the Act shall govern and control such conflict.

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I hereby certify that the foregoing bylaws are the true and correct bylaws of the corporation  
as adopted on the 8<sup>th</sup> day of November, 2002.

  
Secretary