

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
WALDEN RIDGE

THIS DECLARATION is made this 19th day of March, 1996, by BEST EQUITY VENTURES ORGANIZATION I, LLC, a North Carolina limited liability company, referred to in this instrument as "Declarant."

STATEMENT OF PURPOSE

Declarant is the owner of that certain parcel of land which is known as Walden Ridge located in Mecklenburg County, North Carolina, more particularly described in Exhibit A attached hereto and incorporated herein by reference (the "Submitted Property").

Declarant intends to develop the Properties (as hereinafter defined) under a common scheme and general plan for improvement and maintenance of the Properties.

It is in the best interest of Declarant, as well as to the benefit, interest and advantage of each person or other entity later acquiring any property in Walden Ridge that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the same be established, fixed and set forth and declared to be covenants running with the land.

Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of the real property in Walden Ridge and for the continued maintenance and operation of such recreational and common areas as may be provided.

DECLARATION

In consideration of the premises and for the purposes stated, Declarant hereby declares that all of the Submitted Property shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions (all of which are collectively referred to in this instrument as "restrictions"), which restrictions shall be construed as covenants running with the land and shall be binding on all parties having any right, title or interest in the described real property or any part thereof, and their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I: DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

Section 1. "Association" shall mean Walden Ridge Community Association, Inc., a nonprofit corporation organized and existing under the laws of the State of North Carolina, and its successors and assigns.

Section 2. "Board" shall mean the Board of Directors of the Association.

Section 3. "Builder" shall mean any person or firm in the business of building and selling homes to individuals and selected by Declarant to buy Lots and construct homes for sale in Walden Ridge, including, but not limited to, The Ryland Group, Inc.

Section 4. "Capitalized Terms." Unless otherwise specifically provided herein, the capitalized terms used in this Declaration shall have the meanings as are given to such terms in the By-Laws of the Association.

Section 5. "Common Area" shall mean all real property owned by the Association in Walden Ridge for the common use and enjoyment of members of the Association lying within the boundaries of the Properties including the Recreational Common Area. Common Areas, with respect to the Properties subject to this Declaration, shall be shown on the plats of Walden Ridge recorded in the Mecklenburg County Public Registry and designated thereon as "Common Area" or "Common Open Space."

Section 6. "Declarant" shall mean and refer to Best Equity Ventures Organization I, LLC, a North Carolina limited liability company, and any successor or assign to whom Best Equity Ventures Organization I, LLC assigns its rights and interests as Declarant hereunder in whole or in part by instrument recorded in the official records of Mecklenburg County, North Carolina.

Section 7. "Declaration" shall mean this Declaration and all amendments or supplements thereto.

Section 8. "FHA and VA" shall mean and refer to the Federal Housing Administration, U.S. Department of Housing and Urban Development, and the Veteran's Administration, respectively. If either or both of these federal agencies shall hereafter cease to exist or perform the same or similar functions they now serve, references hereto to FHA or VA shall be deemed to mean and refer to such agency or agencies as may succeed to the duties and services now performed by either or both of these departments.

Section 9. "Lot" shall mean any numbered plot of land to be used for residential purposes shown upon any recorded subdivision plat of the Properties subject to this Declaration.

Section 10. "Member" shall mean a member of the Association.

Section 11. "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of Walden Ridge, excluding those having such interest merely as security for the performance of an obligation.

Section 12. "Person" shall mean a natural person, as well as a corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.

Section 13. "Properties" shall mean the Submitted Property and such real property as may subsequently be brought within the jurisdiction of the Association.

Section 14. "Recreational Common Area" shall mean portion of the Submitted Property which Declarant conveys to the Association for the common use and enjoyment of its Members as recreational land, together with any and all improvements constructed thereon, including but not limited to a swimming pool, clubhouse and parking area.

Section 15. "Supplemental Declaration" shall mean a supplemental declaration of covenants, conditions and restrictions which shall be recorded for the purposes of annexing additional property to the Properties and causing such property to be subject to the scheme of covenants, conditions and restrictions contained in this Declaration.

Section 16. "Walden Ridge" shall mean the Submitted Property described in Exhibit "A", together with such additions thereto as may from time to time be designated by Declarant in accordance with Article II hereof, whether or not such additions are contiguous with or adjoin the boundary lines of the Submitted Property.

ARTICLE II: PROPERTY SUBJECT TO THIS DECLARATION

Section 1. The Submitted Property shall be held, transferred, sold, conveyed and occupied subject to this Declaration. Only the Submitted Property is hereby made subject to this Declaration; provided, however, Declarant shall have the right to subject other real property to these restrictions as provided in Section 2.2.

Section 2. Without further assent or permit, Declarant hereby shall have the right within seven (7) years from the date of this Declaration, exercisable from time to time, to subject other real property in order to extend the scheme of this Declaration to other property to be developed as part of Walden Ridge and thereby bring such additional properties within the jurisdiction of the Association, provided that the FHA and the VA determine that the annexation of such area is in accord with Declarant's general plan of development of Walden Ridge as previously approved by them, if such determination and approval are necessary. All such additional property shall be developed for single-family detached residential purposes with deeded lots and such annexation shall not result in more than a total of four hundred fifty (450) lots being developed by Declarant or its successors or assigns.

Section 3. Any addition of real property shall be made by filing of record one or more Supplemental Declarations in respect to the property to be then made subject to this Declaration, and the jurisdiction of the Association shall thereby then extend to such property and subject such addition to the assessments provided in this instrument for a just and proportionate share of the Association's expenses. Each Supplemental Declaration may contain such complementary additions and modifications of the covenants, conditions and restrictions contained herein as may be necessary to reflect the different character of the added properties and as are not inconsistent with the provisions of this Declaration.

Section 4. Upon the opening of any recreational facility by Declarant for use by the Owners, Declarant shall convey the Recreational Common Area to the Association. The recreational facilities in the Recreational Common Area are collectively referred to herein as the "Recreational Area" and comprise a portion of the Common Area.

ARTICLE III: PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot subject to the provisions of this Declaration, including but not limited to the following:

(a) The right of the Association to limit the use of the Common Area to Owners, their families and guests;

(b) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid, or for any infraction of the Association's published rules and regulations, if any;

(c) The right of the Association to dedicate 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 Members of the Association. No such dedication or transfer shall be effective after the total votes outstanding in the Class A Membership equal the total votes outstanding in the Class B Membership unless the members entitled to at least two-thirds (2/3) of the vote appurtenant to Class A Lots and Class B Lots agree to such dedication or transfer and signify their agreement by a signed and recorded written document, provided that this paragraph shall not preclude the Board from granting easements for the installation and maintenance of electrical, telephone, cable, water and sewerage utilities and drainage facilities upon, over, under and across the Common Area without the assent of the membership if such easements are requisite for the convenient use and enjoyment of the Properties.

(d) The Board shall have the right to dedicate or transfer all or any part of the Common Area to third parties provided the Association acquires in return other Common Area of equal or greater value.

(e) The right of the Board, in its discretion, to permit use of any recreational facility located in the Recreational Common Area by Persons other than Owners, their families, lessees and guests upon payment of use fees established by the Board.

Section 2. Delegation and Use. The right and easement of enjoyment granted to every Owner in Section 3.1 of this Article may be exercised by members of Owner's family and guests thereof. An Owner may delegate to his tenants his rights of enjoyment in and to the Common Area and such facilities thereon as may be provided, in accordance with the Association's Bylaws and rules and regulations, if any.

ARTICLE IV: MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Each Owner, including Declarant, shall automatically be a Member of the Association. No person or entity who is not an Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon termination of ownership of a Lot, an Owner's membership shall automatically terminate and be automatically transferred to the new Owner of the Lot.

Section 2. Voting. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of Declarant and Builder; provided, however, that Declarant and Builder shall become a Class A Members when their Class B memberships cease as provided hereinbelow. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an ownership interest in any Lot, all such persons shall be Members, but no more than one vote shall be cast with respect to any Lot. The vote for any such Lot shall be exercised as the Members holding an interest in such Lot determine among themselves. In the event of disagreement, the decision of Members holding a majority of the interest in such Lot shall govern. Unless otherwise notified by a co-owner as to a dispute between the co-owners regarding their vote prior to the casting of that vote, the vote of any co-owner shall be conclusively presumed to be the majority vote of the Owners of that Lot.

Class B. Declarant and Builder shall be the Class B Members, and shall be entitled to three (3) votes for each Lot owned. Declarant's and Builder's Class B membership shall cease and be converted to Class A membership on the happening of one of the following events, whichever occurs earlier:

- (1) when the total number of votes of the Class A Members equals the total number of votes of the Class B Members; provided, that the Class B membership shall be reinstated with all rights, privileges and responsibilities if, after conversion of the Class B Members to a Class A Member hereunder, additional land containing Lots is annexed to the existing property;
- (2) seven (7) years from the date of this Declaration; or
- (3) when Declarant, at its option, so determines.

Section 3. Suspension of Rights. During any period in which a Member shall be in default in the payment of any annual, special or other periodic assessment levied by the Association, the voting rights of such Member may be suspended by the Board until such assessment is paid. In the event of violation by a Member of this Declaration or any rules or regulations established by the Board, such Member's voting rights may be suspended by the Board after a hearing. Such hearings shall only be held by the Board or a committee thereof after giving a Member fifteen (15) days' prior written notice specifying each alleged violation and setting the time, place and date of the hearing. Determination of the violation shall be made by a majority vote of the Board or the committee

thereof. During any period in which a Member shall be in default in the payment of any monthly, special or other periodic assessment levied by the Association or in violation of any rules or regulations established by the Board, such Member shall be subject to a late charge imposed by the Board pursuant to Section 5.8 which shall be the personal obligation of the person who is the Owner of such Lot at the time when the fine was levied.

ARTICLE V: COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Purpose of Assessment. The assessments levied by the Association shall be used:

(a) to provide funds for maintenance, upkeep, landscaping and beautification of the Common Area in Walden Ridge; (b) to provide services for the Members to promote the health, safety and welfare of the residents of Walden Ridge, and in particular for the acquisition, improvement and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area, including but not limited to the cost of repair, replacement and additions thereto; (c) for the payment of taxes assessed against the Common Area, for insurance related to the Common Area, including of attorneys, accountants and other professionals to represent the Association when necessary or useful, and the employment of security personnel; (d) the providing of any service which is not readily available from any governmental authority related to the use, occupancy and enjoyment of the properties and which the Association shall decide to provide; and (e) for the repayment of all funds advanced by Declarant to the Association to fund operating deficits of the Association until such time as the collection of assessments by the Association is sufficient to cover the operating expenses of the Association.

Section 2. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a Deed therefor, whether or not it shall be so expressed in said Deed, is deemed to covenant and agree to pay to the Association:

(a) Monthly assessments ("Monthly Assessments") for the purposes specified in Section 5.1 in the amount hereinafter set forth; and

(b) Special assessments ("Special Assessments") for the purposes specified in Section 5.1 as may be approved by the Members as provided in Section 5.5, to be established, and collected as provided herein.

No assessment shall be due except with respect to Lots shown on a recorded subdivision plat. In order to secure payment of the Monthly and Special Assessments, such charges as may be levied by the Association against any Lot, together with interest, costs of collection and reasonable attorneys' fees, shall be a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment, together with interest, fines, late charges, costs of collection and charge is made, attorney's fees shall also be the personal obligation of the person who is the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an Owner's successor in title unless expressly assumed by them. Such assumption shall not relieve an Owner of his obligation for any assessment.

Section 3. Exempt Property. The assessments, charges and liens created under this Article shall not apply to the Common Area, nor shall they apply to any Lot the title to which is vested either in any first mortgagee subsequent to foreclosure or in the Secretary of Housing and Urban Development or the Administrator of Veterans Affairs or any other state or federal governmental agency which acquires title by reason of such agency's guarantee or insurance of a foreclosed mortgage loan; provided, however, that upon the resale of such property by such first mortgagee or such governmental agency the assessments shall thereafter again accrue on such Lot. Any Lot which Declarant may hereafter designate for common use as part of the Common Areas shall be exempt from assessment, and all land granted to or used by a utility company or local public authority shall likewise be exempt from the assessments created herein.

Section 4. Maximum Monthly Assessments. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner other than Declarant and Builder, the maximum Monthly Assessment shall be Thirty and 83/100 Dollars (\$30.83) on each Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner other than Declarant and Builder, the maximum Monthly Assessment may be increased each year not more than ten percent (10%) above the maximum Monthly Assessment for the previous year without a vote of the Members.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner other than Declarant and Builder, the maximum Monthly Assessment may be increased above ten percent (10%) of the previous year's Monthly Assessment by a vote of two-thirds (2/3) of each class of the Association Members who are entitled to vote at a meeting duly called for this purpose.

(c) The Board may fix the Monthly Assessment at an amount not in excess of the maximum herein provided.

Section 5. Special Assessments. In addition to the Monthly Assessment authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of the Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 4 and 5 of Article V. Written notice of any meeting called for the purpose of taking any action authorized under Sections 4 and 5 of this Article V shall be sent to all Association Members not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence in person or by proxy of Members entitled to cast sixty percent (60%) of all the votes of each class shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be two-thirds (2/3) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than six (6) months following the preceding meeting.

Section 7. Date of Commencement of Monthly Assessments; Due Dates; Certificate of Payment. The Monthly Assessments shall commence as to all Lots at the discretion of the Board,

but not later than January 1, 1998. From the date on which the Monthly Assessments commence on a Lot until the first day of the month following the earlier of (i) the issuance of a certificate of occupancy for the residential dwelling on such Lot or (ii) actual occupancy of the Lot, the Declarant and Builder shall be liable for Monthly Assessments at a rate which is one-third of the rate otherwise payable. The first Monthly Assessment shall be adjusted according to the number of days remaining in the calendar month when filed. At least fifteen (15) days before January 1 of each year, the Board of Directors shall fix the amount of the Monthly Assessment against each Lot and in the event the Board elects not to fix such assessment rate as herein provided, the amount of the prior year's Monthly Assessment shall remain in effect. Written notice of any change in assessment rate shall be sent to every Owner. The Monthly Assessments shall, subject to the Member's approval as set forth in Section 5.5, be due and payable in advance on the first day of each month and the due dates for the payment of Special Assessments shall be established by the Board. 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 to date.

Section 8. Effect of Non-Payment of Assessment. Remedies of the Association. Any assessment not paid within fifteen (15) days after the due date shall be delinquent and shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate permitted by law, whichever is less. In addition, the delinquent Owner shall pay such late charge as may have been theretofore established by the Board to cover administrative expenses incurred as a result of the late payment of the assessment.

No charge may be imposed more than once for the delinquency of the same payment, provided, however, that the imposition of a late charge on any delinquent payment shall not eliminate or supersede charges imposed on prior delinquent payments. All late charges shall be non-cumulative. The Association, or its agent or representative, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot to which the assessment relates, and interest, costs and reasonable attorneys' fees for such action or foreclosure shall be added to the amount of such assessment to the extent permitted by applicable law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of its Lot.

Section 9. Subordination of the Lien to First Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first priority deed of trust or first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any first mortgage pursuant to a foreclosure thereof or under a power of sale or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof.

Section 10. Collection Upon Sale to Homeowner. Upon the initial sale of a Lot to an Owner other than Declarant or Builder, the purchaser shall pay to the Association at the closing of the sale that amount of money that is equal to that portion of the Monthly Assessment attributable to the balance of the month in which the closing takes place. Any amounts prepaid by the Declarant or Builder shall be refunded by the Association. Any Special Assessment made before, but falling due after, the date of closing of the sale of a Lot to an Owner other than Declarant or Builder shall be

*
paid in full to the Association by the purchaser at the closing of the sale. In addition, upon the initial sale of a Lot to a purchaser other than Declarant or Builder such purchaser shall pay an amount equal to One Hundred Fifty and No/100 Dollars (\$150.00) as a contribution to the working capital of the Association. This amount shall be in addition to, not in lieu of, the regular Monthly Assessment as to such Lot, and shall not be considered an advance payment thereof. This amount shall be paid to the Association at the closing of the sale of each Lot as aforesaid for use in covering operating expenses and other expenses incurred by the Association pursuant to the terms of this Declaration.

ARTICLE VI: USE RESTRICTIONS

Section 1. Land Use and Building Type. All Lots in Walden Ridge shall be known and described as residential lots and shall be used for residential purposes only. No structure shall be erected, altered, placed or permitted to remain on any Lot other than one detached single-family dwelling not to exceed two and one-half stories in height and a private garage or carport for not more than three (3) cars and other outbuildings incidental to the residential use of the Lots.

Section 2. Building Setback Lines. No building shall be erected on any Lot nearer to any front street right-of-way line or side street right-of-way line than the minimum building setback lines shown on the recorded plat. No building shall be located nearer than six (6) feet to any interior side lot line except that a garage or carport erected behind the rear line of the main residential structure may be erected as close as five (5) feet to any interior side lot line other than a side street right-of-way line. For purposes of determining compliance or noncompliance with the foregoing building line requirements, porches, terraces, eaves, wing-walls, and steps extending beyond the outside wall of a structure shall not be considered as part of the structure; provided, however, that this provision shall not be construed to authorize or permit encroachment of any structure on a Lot upon any easement shown on the recorded plat or reserved herein or upon any other Lot.

Section 3. Architectural Control. No building, fence, wall, stuary or other structures shall be erected, placed, or altered on any Lot until the construction plans and specifications, the exterior color, and a plan showing the location of the structure have been approved by the Declarant, its successors or assigns, as to quality of workmanship and materials, harmony of external design with existing structures, and as to location with respect to topography and finish grade elevation. No dwelling erected on any Lot shall have an exterior siding of concrete block or fire brick. No garage, carport, room, building, utility shed or similar structure customarily incident to the residential use of the Lots, whether attached or detached from the main dwelling, shall be erected, placed, altered or permitted to remain on any Lot unless the design, plans, exterior color and location of the same shall have been approved in writing by the Declarant, its successors or assigns. If the Declarant fails to approve or disapprove such design, plans and location within thirty (30) days after receipt of written plans and specifications, then further approval will not be required but will be deemed to have been waived. Declarant shall be entitled to stop any construction in violation of these restrictions so long as Declarant owns any Lot or Lots within the subdivision above named or other sections of the subdivision known as Walden Ridge as may be shown on other maps recorded in the Mecklenburg County, North Carolina, Public Registry. Notwithstanding the foregoing, there shall be no limitation on and no approval shall be required with reference to design and location of any

porch, stoop or terrace which may be added to the main dwelling. Any accessory structure must be located to the rear of the main dwelling.

Section 4. Unintentional Violation. In the event of the unintentional violation of any building setback line requirements as set forth above, Declarant hereby reserves the right, by and with the consent of the owner or owners for the time being of the Lot affected by such unintentional violations, to change the building setback line requirements set forth in this instrument; provided, however, that such change shall not be in violation of any provisions of the zoning provisions of the City of Charlotte or County of Mecklenburg.

Section 5. Lot Area and Width. No residential structure shall be erected or placed on any Lot having an area of less than 9,000 square feet or a width of less than 60 feet at the front building setback line.

It says it is subject to all on who own's development
Section 6. Temporary Structure. No trailer, basement, tent, shack, garage, barn, or other outbuilding erected on any Lot shall at any time be used as a residence, temporarily or permanently, nor shall any structure of a temporary character be used as a residence. Mobile house trailers, or off wheels, vehicles or enclosed bodies of the type which may be placed on or attached to a vehicle, known generally as "campers" commercial vehicles of any kind operated by a member of the household occupying the dwelling on the Lot and any boats and boat trailers shall not be parked on the street or within the front or side street setback lines. This provision shall not apply to construction or sales trailers of Builder used in connection with home construction and marketing.

Section 7. Dwelling Size. The minimum heated square footage of a dwelling may not be less than 1200 square feet.

Section 8. Animals and Pets. No animals, livestock or poultry of any kind shall be kept, raised, bred, pastured, or maintained on any Lot, except the usual household pets which may be kept, thereon for the sole pleasure and use of the occupants, but not for any commercial use or purpose and no more than three (3) pets over the age of six (6) months shall be permitted at any time. Birds shall be confined in cages. The Board may adopt rules and regulations concerning animals which are more restrictive than set forth in this Declaration, including rules requiring that all animals be kept on a leash in the Common Area and that animals be restricted to designated area within the Common Area and that Owners are responsible for cleaning up any mess that a pet creates within the Common Area. The Board may adopt rules prohibiting certain animals, except that such rule shall not apply to animals residing in Walden Ridge as the time such rule is adopted.

Section 9. Nuisances. No offensive or illegal activity shall be carried on upon any Lot, nor shall anything be done thereof which is or may become an annoyance or nuisance to any other Owner. 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 that will cause such Lot to appear in any unclean or untidy condition or that is unsightly; nor shall any substance, thing or material be kept upon any Lot that will emit a foul odor or that will cause any noise that will or might disturb the peace and quiet of the occupants of surrounding Lots. No trash, rubbish, stored materials, wrecked, unlicensed or inoperable vehicles, or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure. However, the foregoing shall not be construed to prohibit temporary deposits

of trash, rubbish and other such debris for pick up by governmental and other similar garbage and trash removal service units, and shall not apply to reasonable and normal construction debris of Builder during the course of dwelling construction. In the event any Owner fails or refuses to keep his Lot free from unsightly objects, weeds or underbrush in a manner satisfactory to a majority of the Board of Directors of the Association, the Association may, through its agent or representative, thereof at his property requesting the Owner to comply with the requirements of this paragraph, enter and remove all such unsightly objects, debris or other vegetation at such Owner's expense and such Owner, by acquiring any Lot subject to this Declaration, agrees to pay such costs incurred by the Association in the enforcement of this paragraph promptly upon demand. No such entry as provided herein shall be deemed a trespass.

Section 10. Clotheslines, Garbage Cans, Etc. All garbage cans, lawn mowers and similar equipment shall be kept in an enclosed structure or screened by adequate planting or fencing so as to conceal same from view from streets. Incinerators for garbage, trash or other refuse shall not be used nor permitted to be erected or placed on any Lot. No clotheslines shall be permitted on any Lot.

Section 11. Metal Garages, Carports, Buildings and Accessory Structures. No metal carport, metal garage, metal utility building or metal accessory structure of any kind shall be erected on any Lot or attached to any residence building located on the Lot.

Section 12. Fences. Fences, boundary walls and hedges not exceeding six (6) feet in height may be located in the area between the front corner of the house and the rear lot line of the Lot on which the house is located. No fences, boundary walls or hedges shall be located in the area between the street right-of-way and the front corner of the house or, if a corner lot, in the area between the side street right-of-way line and the minimum building setback lines shown on the recorded plat. No chain link or solid, stockade type fences shall be permitted.

Section 13. Signs. No sign, billboard or advertising sign of any description shall be erected, placed or permitted to remain upon or above any Lot with the exception of a single sign stating "For Rent" or "For Sale", which sign shall not exceed two feet by three feet in dimension, shall refer only to the Lot on which displayed, and shall be limited to one sign per Lot. Provided, however, that this restriction shall not apply to signs erected by the Declarant or its assigns to advertise the property during the construction or sales period of the Lots, and one or more entrance signs erected by the Declarant to identify the subdivision.

Section 14. Basketball Goals and Brick Mailbox Structures. No basketball goals or brick mailbox structures shall be placed in the public rights-of-way adjacent to any of the Lots in Walden Ridge.

Section 15. Removal of Obstructions.

(a) The Declarant, its successors or assigns, without notice, may remove any obstructions of any nature located within road rights-of-way or other Common Open Space (including but not limited to trees, shrubs, fences, basketball goals and mailboxes) which, in the opinion of the

Declarant, its successors or assigns, either might produce a hazard or might interfere with the ability or willingness of the State of North Carolina or the applicable municipality (or agency or department thereof) to take over the responsibility for maintenance of the roads.

(b) The Declarant, its successors or assigns, shall have the right, in its sole discretion, to charge back the actual cost to it of removing obstructions against the Owner who directly or through his agents, contractors or invites caused or permitted the obstruction to be placed in the road right-of-way or other Common Open Space, and such Owner shall indemnify and save the Declarant, its successors or assigns, harmless from all liability, claims, damages and expenses imposed upon the Declarant, its successors or assigns, at law or in equity, caused by or resulting from the placement of the obstruction in the road right-of-way or other Common Open Space. In the event that the Owner responsible for such charge or liability as aforesaid, fails and refuses, after demand by the Declarant, its successors or assigns, to pay said charge or liability, then the Declarant, its successors or assigns, shall have a lien against such Owner's Lot thereon and may enforce collection of the charge or liability, together with reasonable attorneys' fees, by any and all remedies afforded by law or in equity, including without limitation the filing of a notice of lien and perfecting the same as provided by applicable law, to the end that such charge or liability shall become a charge against the said Lot or dwelling unit.

Section 16. Antennas and Dishes.

No radio or television transmission or reception towers, antennas, dishes or disks shall be erected on any Lot, except that one dish or disk not exceeding two (2) feet in diameter shall be permitted subject to the following limitations: (a) dishes or disks may not be located in the area between the street right-of-way and the front corner of the house or, if a corner lot, in the area between the side street right-of-way line and the minimum building setback lines shown on the recorded plat, (b) dishes or disks must be screened from view from all public street rights-of-way, and (c) in all events the location of any dishes or disks and the proposed method of mounting and screening the same must be approved by the Declarant, its successors or assigns prior to installation.

Section 17. Use of Common Areas. No planting or gardening by individual Owners shall be done upon any Common Area. Except for the right of easement of enjoyment in and to the Common Areas herein given to each Owner, Owners are hereby prohibited and restricted from using any of the Common Area except as may be allowed and prescribed by the Board of Directors of the Association or as expressly provided for herein. It is Declarant's intent that this paragraph inure to the mutual benefit of all Owners within the Properties.

Section 18. Maintenance.

(a) Exterior maintenance, upkeep and repair to the dwelling on each Lot, yard, fence, walkway and shrubbery shall be the sole responsibility and expense of the Owner of the Lot subject to such reasonable requirements as may from time to time be established by the Association to insure the continuity and harmony of exterior design of Walden Ridge. Should a majority of the Board of Directors of the Association determine that any Owner has failed or refused to discharge properly his obligations with respect to such maintenance, upkeep and repairs, the Association, through its agent or representative, may provide same as it may deem necessary and proper.

(b) All Lots, together with the exterior of all improvements thereon, shall be maintained in a neat and attractive condition by their respective Owners. Such maintenance shall include, but shall not be limited to, painting, repairing, replacing or caring for roofs, gutters, downspouts, building surfaces, trees, shrubs, walks or other exterior improvements. In the event an Owner shall fail to maintain the premises and the improvements thereon in a manner satisfactory to the Board of Directors of the Association, the Association may, through its agent or representative, after approval by two-thirds (2/3) vote of the Board, have the right to enter upon said Lot and repair, maintain and restore the Lot and the exterior of the buildings and any other improvements thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject and the Owner shall be personally liable to the Association for the costs of such maintenance, and the cost, until paid, shall be a permanent charge and lien upon such Lot, enforceable to the same extent and collectible as provided for in Article V. Such entry as provided herein shall not be a trespass, nor shall the Association be liable for doing anything reasonably necessary or appropriate in connection with carrying out those provisions, provided such entry shall be at reasonable times and places so as not to interfere with the right of quiet enjoyment of the individual Lot Owner.

ARTICLE VII: EASEMENTS

Section 1. General. Each Lot now or hereafter subjected to this Declaration shall be subject to all easements shown or set forth on the recorded plat or plats of survey upon which such Lot is shown. No structure of any type shall be erected or placed upon any part of a Lot or the Common Area which will interfere with rights and use of any and all easements shown on said recorded plat.

Section 2. Utility and Drainage. An easement on each Lot is hereby reserved by Declarant for itself and its successors and assigns along, over, under and upon a strip of land ten (10) feet in width along the rear lot lines of all Lots shown on recorded plats, and easements five (5) feet in width along the front and side lot lines of all Lots shown on recorded plats, in addition to such other easements as may appear on a recorded subdivision plat for Walden Ridge. The purpose of these easements shall be to provide, install, maintain, construct and operate drainage facilities now or in the future and utility service lines to, from or for each of the Lots. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities, or which may change the direction or flow of drainage channels in the easements except for party walls located on a portion of the side line or lines of a Lot. The easement area of each and all improvements in it shall be maintained continuously by Owner, except for those improvements for which a public authority or utility company is responsible. With ten (10) days prior written notice to Owner, Declarant may exercise the right to remove obstructions in such easements upon Owner's failure to do so. For the purpose of this covenant, Declarant reserves the right to modify or extinguish the herein reserved easements along any Lot lines when it determines in its sole discretion that adequate reserved easements are otherwise available for the installation of drainage facilities and/or utility service lines. For the duration of these restrictions, no such utilities shall be permitted to occupy or otherwise encroach upon any of the easement areas reserved without first obtaining the prior written consent of Declarant; provided, however, local service from utilities within easement areas to residences constructed upon any such Lots may be established without first obtaining separate consents therefor

from Declarant. The Association may likewise reserve and grant easements for the installation and maintenance of sewerage, utility and drainage facilities in, across, under and over the Common Area.

Section 3. Control of Signs. Declarant shall have the right to place permanent and temporary directional and advertising signs for Walden Ridge on the Common Area and unsold Lots until one hundred percent (100%) of the Lots have been sold.

Section 4. Emergency. There is hereby reserved without further assent or permit and to the extent allowed by law, a general easement to all firemen, ambulance personnel, policemen and security guards employed by Declarant and all similar persons to enter upon the Properties or any portion thereof, in the performance of their respective duties.

ARTICLE VII: ARCHITECTURAL CONTROL

No Building, pool, fence, wall, solar panel, antenna, deck, patio or other structure or improvement on any Lot shall be erected, constructed, demolished, or altered until an application, including plans and specifications showing the nature, kind, shape, height, material, color, and location of the same, shall have been submitted to and approved in writing by the Board or an architectural control committee which has been empowered by the Board to approve such applications and comprised of not less than three (3) and no more than five (5) persons who have been appointed by the Board; provided, however, that no such approval shall be required for alterations to the interior of any residential structure. The Board may require a reasonable fee to accompany each application for approval. If the Board or such architectural committee, having not theretofore approved or disapproved an application, fails to approve or disapprove an application within ten (10) day following receipt of written notice of failure to act, which written notice is given at least thirty (30) days following receipt of the initial application, the application shall be deemed approved. The restrictions herein contained shall have no application to the development, improvement, maintenance and repair of the Property by Declarant, Builder or by the Association, and neither the Board nor the architectural control committee shall have any power or authority to review or require modifications in plans and specifications for construction or installation of improvements by Declarant or Builder.

ARTICLE IX: GENERAL PROVISIONS

Section 1. Covenants Running with the Land. All provisions of this Declaration shall be construed to be covenants running with the land, and with every part thereof and interest therein, and every Owner or any other person or legal entity claiming an interest in any Lot, and his heirs, executors, administrators, successors and assigns, shall be bound by all of the provisions of this Declaration.

Section 2. Duration. The covenants, conditions and restrictions of this Declaration shall be binding for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive and additional periods of ten (10) years each.

Section 3. Amendment. This Declaration may be amended or terminated during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the

Owners, and thereafter may be amended or terminated by an instrument signed by not less than seventy-five percent (75%) of the Owners. Any such amendment or termination shall not be effective until an instrument evidencing such change has been filed of record in the Mecklenburg County Public Registry.

Section 4. FHA/VA Approval. In the event the Declarant or, its successors or assigns, has arranged for and provided purchasers of Lots with FHA insured or VA mortgage loans, then as long as any Class B Member exists, as provided in Article IV hereof, the following actions will require the prior approval of the Federal Housing Administration or the Veterans Administration: (i) annexation of additional properties, other than as provided in Article II hereof, (ii) deed, mortgage or dedication of Common Area to persons other than the Association, and (iii) amendment of this Declaration.

Section 5. Enforcement. If any Owner shall violate or attempt to violate any of these restrictions, failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the Board of Directors on behalf of the Association, or, in proper case, by an aggrieved Owner. Any failure by the Association or any other Owner to enforce any of the foregoing restrictions or other provisions shall in no event be deemed a waiver of their right to do so thereafter. Invalidity of any covenant, condition or restriction or other provision of this Declaration shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.

Section 6. Headings. Headings are inserted only for convenience and are in no way to be construed as defining, limiting, extending or otherwise modifying or adding to the particular paragraphs to which they refer.

Section 7. Unintentional Violation of Restrictions. In the event of unintentional violation of any of the foregoing restrictions with respect to any Lot, the Declarant or its successors reserves the right (by and with the mutual written consent of the then Owner or Owners of such Lot) to change, amend, or release any of the foregoing restrictions as the same may apply to that particular Lot.

Section 8. Severability. The provisions of this Declaration are severable and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder hereof.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed under seal on the day and year first above written.

BEST EQUITY VENTURES ORGANIZATION I,
LLC [SEAL]

By: *J. Bart Hopper* [SEAL]
J. Bart Hopper
General Manager

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

This 19 day of March, 1996, before me, the undersigned Notary Public for the County and State aforesaid, personally came J. BART HOPPER, General Manager of BEST EQUITY VENTURES ORGANIZATION I, LLC, and acknowledged that he signed and sealed the foregoing instrument on behalf of said company.

WITNESS my hand and notarial seal or stamp this 19 day of March, 1996.

Elizabeth A. Byrne
My Commission Expires ~~April 13, 1997~~ March 13, 1996

My Commission Expires: _____