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Union County, Missouri, North Carolina

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

FOR

WESLEY SPRINGS

RECORDED
AND
VERIFIED
AMR

mail To:
Wallace, Pittman, Bee, Webb
attys.

DECLARATION OF COVENANTS
CONDITIONS AND RESTRICTIONS
FOR
WESLEY SPRINGS

This Declaration is made as of the 26th day of November, 2001, by CENTEX HOMES, a Nevada general partnership ("Declarant") with reference to the following facts:

WITNESSETH:

WHEREAS, Declarant is the owner of certain real property commonly known as Wesley Springs subdivision, (which property, together with such portions of the Additional Land, if any (as hereinafter defined), as Declarant may elect to add to such property by filing of a Map thereof and supplemental filing pursuant to Article 15 hereof, shall be hereinafter referred to as "Wesley Springs") located in Union County, North Carolina and more particularly described on Exhibit A attached hereto and made a part hereof. Declarant intends to improve Wesley Springs as a planned residential development by dividing such property into Lots appropriate for single-family dwellings; and

WHEREAS, Declarant owns or may hereafter own real property in Union County, North Carolina located adjacent to the property hereinabove described (which, if applicable to this Declaration, is more particularly described on Exhibit B attached hereto and made a part hereof and referred to herein as the "Additional Land"). Declarant may, in its sole discretion and without obligation, by one or more supplemental filings pursuant to Article 15 hereof, make all or any portion of the Additional Land, if any, subject to this Declaration and a part of Wesley Springs; and

WHEREAS, Declarant intends to develop Wesley Springs under a common scheme and general plan for its improvement and maintenance; and

WHEREAS, for this purpose Declarant intends to (and with respect to the Additional Land, if any, reserves the right to), subject the initial Maps of Wesley Springs as described on Exhibit A, and so much of the Additional Land, if any, as shall, from time to time, be annexed in accordance with the provisions of this Declaration, to the covenants, conditions, restrictions, easements, liens, charges, assessments and equitable servitudes set forth in this Declaration, for the benefit of Wesley Springs and the future owners of Lots therein; and

WHEREAS, Declarant deems it desirable for the management and administration of the planned development and for the preservation of the values and amenities of the planned development to incorporate the Wesley Springs Homeowners Association, Inc. as a nonprofit corporation under the laws of the State of North Carolina for the purposes of administering and the limitations, covenants, conditions, restrictions, easements, liens and equitable servitudes created by or imposed in accordance with the provisions hereof, collecting and disbursing the assessments and charges imposed in accordance with the provisions hereof, and exercising such other powers as may be authorized by this Declaration, by law, or by its Articles of Incorporation and Bylaws.

NOW, THEREFORE, Declarant hereby declares as follows:

ARTICLE 1 DEFINITIONS

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

1.01. Act. "Act" means and refers to the North Carolina Planned Community Act, Chapter 47F, North Carolina General Statutes.

1.02. Additional Land. "Additional Land" means the real property described on Exhibit B, if any shall be attached hereto, all or any portion of which may from time to time be made subject to this Declaration pursuant to the provisions of Article 15 hereof and which, when so subjected, shall become a part of the Property.

1.03. Appraisal. "Appraisal" means an appraisal by a member of the Appraisal Institute of the National Association of Real Estate Boards (or, if such Institute is not then in existence, a like organization).

1.04. Articles. "Articles" means the Articles of Incorporation of the Association, including any amendments thereto.

1.05. Association. "Association" means the Wesley Springs Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.

1.06. Board. "Board" means the Board of Directors of the Association.

1.07. Bylaws. "Bylaws" means the Bylaws of the Association, including any amendments thereto.

1.08. City. "City" means the City of Charlotte in Mecklenburg County in the State of North Carolina.

1.09. Common Area. "Common Area" means all real property owned by or held in trust for the benefit of the Association for the common use and enjoyment of its Members, and all improvements and facilities constructed thereon for such purposes, including, but not limited, to any signage, irrigation and/or drainage facilities, pond, pump station and related facilities, fountain, water feature, landscaping, lighting, swimming pool, wading pool, green or natural area, walking paths or trails, picnic area, putting green, club house, sports complex, ballfield, playground, gazebo or other amenity constructed on portions of the Property designated "Common Open Space", "Common Area", "Amenity Area" or other similar designation on Map(s) of the Property recorded in the County. "Common Area" shall also include (i) any public road, right-of-way or cul-de-sac in the Property which has been dedicated to the public on Map(s) of the Property recorded in the County but not accepted for public maintenance by the appropriate governmental entity, and (ii) any median or planting area and related signage, irrigation facilities and lighting constructed by Declarant within rights-of-way within the Property. Declarant hereby grants to the Association an

easement over any road, right-of-way or cul-de-sac within the Property which shall automatically terminate upon dedication to and acceptance for public maintenance by the appropriate governmental entity.

1.10. Completion of Sales. "Completion of Sales" means the earlier of (a) the conveyance of all Lots in the Property to purchasers other than a successor Declarant hereunder, or (b) the expiration of the later of (i) ten (10) years from the closing of the first sale of a Lot by Declarant, (ii) three (3) years from the conveyance of the first Lot in the Phase most recently made subject to this Declaration (provided, however, if Declarant is delayed in developing the Property, constructing improvements or selling Lots and dwellings due to strikes or work stoppages, shortages of materials, supplies, fuel, power, or energy; moratoria or suspensions on issuance of land use permits and approvals or affecting the availability of water, sewer, power or other utilities or necessary services; inclement weather; civil strife; major disaster or other cause beyond Declarant's reasonable control, said ten (10) year period shall be extended by the period of any such delay), or (iii) at such time as Declarant records a Notice of Termination of Sales in the public records of the County.

1.11. County. "County" means Union County in the State of North Carolina.

1.12. CPI. "CPI" means The Consumer Price Index For All Urban Consumers of the United States Bureau of Labor Statistics (All Items) for the City of Charlotte, Mecklenburg County, North Carolina.

1.13. Declarant. "Declarant" means Centex Homes, a Nevada general partnership, and any successor or assign to whom Declarant assigns its interest as Declarant hereunder in whole or in part by instrument recorded in the official records of the County.

1.14. Declaration. "Declaration" means this Declaration and all amendments or supplements hereto.

1.15. FHA. "FHA" means the Federal Housing Administration.

1.16. Insurance Trustee. "Insurance Trustee" means a national banking association or title company licensed to do business in North Carolina as may be designated by the Association to hold and disburse funds as trustee for the Association and the Owners, as provided in this Declaration.

1.17. Lot. "Lot" means any numbered lot or plot of land, together with any improvements thereon, which is shown upon any Map covering the Property, or a part thereof, which is not dedicated right-of-way or Common Area.

1.18. Map. "Map" means a recorded subdivision plat of a portion of the Property recorded in the County Public Registry.

1.19. Member. "Member" means a member of the Association.

1.20. Mortgage. "Mortgage" means a mortgage or deed of trust which constitutes a first lien upon a Lot given to a bank, savings and loan association or other institutional lender for the purpose of securing indebtedness incurred to purchase or improve a Lot.

1.21. Mortgagee. "Mortgagee" means the holder of the beneficial interest in any Mortgage.

1.22. Notice and Opportunity for Hearing. "Notice and Opportunity for Hearing" means giving at least fifteen (15) days' prior notice of a proposed action and the reasons therefor, and an opportunity to be heard by the Board, orally or in writing, not less than five (5) days before the effective date of the proposed action.

1.23. Owner. "Owner" means the record owner, whether one or more persons or entities, of fee simple title to any Lot, and shall include Declarant as to any Lot owned by Declarant. "Owner" shall not include any person or entity who holds an interest in a Lot merely as security for the performance of an obligation or as a tenant.

1.24. Person. "Person" means an individual, corporation, partnership, limited liability company, trustee or other legal entity capable of holding title to real property.

1.25. Property. "Property" means the portion of Wesley Springs described on Exhibit A and, when and if subjected to the terms and provisions of this Declaration by Declarant acting in its sole discretion, all or any portion of the Additional Land, if any, and any other real property subjected to this Declaration by Supplemental Declaration recorded pursuant to Article 15 hereof.

1.26. Phase. "Phase" means the real estate shown on each Map of the Property, including the portion of Wesley Springs described on Exhibit A, as recorded in the County Public Registry.

1.27. Rules and Regulations. "Rules and Regulations" means reasonable and nondiscriminatory rules and regulations as may be adopted from time to time by the Association, provided notice of such rules and regulations has been given to Owners in accordance with the requirements of this Declaration.

1.28. Special Declarant Rights. "Special Declarant Rights" means, without limitation, the rights as defined in Section 47F-1-103(28) of the Act for the benefit of a Declarant, including, but not limited to the following: the right to complete, repair, maintain, replace and operate improvements indicated on Maps of the Property; the right to exercise any development right; the right to maintain sales offices, manage offices, models and signs advertising the Property; the right to use easements through the Common Area and through any Lot or Lots for the purpose of making, repairing, maintaining, replacing and operating improvements within the Property, and the right to elect, appoint or remove any officer or Board member of the Association during any period of Declarant control.

1.29. Supplemental Declaration. "Supplemental Declaration" means a supplemental declaration of covenants, conditions and restrictions which shall be recorded for the purposes of annexing additional property, including all or any portion of the Additional Land, if any,

to the Property and causing such property to be subject to the scheme of covenants, conditions and restrictions contained in this Declaration.

1.30. Voting Power. "Voting Power" means the total number of votes held by Members (in a class of Members of the Association, or of Members, other than Declarant, as the case may be) whose membership at the time the determination of voting power is made has not been suspended in accordance with the provisions of this Declaration or the Rules and Regulations. Voting Power shall be computed by including all such Members whether or not such Members are present in person or by proxy at a meeting. All voting specifications and requirements shall apply to the entire Property.

ARTICLE 2 SUBMISSION AND TERM

2.01. Submission. The Property shall be held, conveyed, hypothecated, encumbered, sold, leased, rented, used, occupied and improved subject to each and all of the limitations, covenants, conditions, restrictions, easements, liens, charges, assessments and equitable servitudes set forth herein, all of which are declared to be (a) in furtherance of a common scheme and general plan for the development, improvement and maintenance of the Property and (b) for the purpose of enhancing, maintaining and protecting the value, desirability and attractiveness of the Property. All of the limitations, covenants, conditions, restrictions, easements, liens, charges, assessments and equitable servitudes set forth herein shall run with, be binding upon and inure to the benefit of the Property, shall be binding on and inure to the benefit of each and every person having or acquiring any right, title or interest in the Property, shall be binding upon and inure to the benefit of the successors in interest of such persons, and shall inure to the benefit of the Association, its successors and assigns.

2.02. Incorporation of Declaration Into Instruments. Any deed or other instrument by which a Lot is conveyed shall be subject to the provisions of this Declaration and shall be deemed to incorporate the provisions of this Declaration, as amended from time to time, whether or not the deed makes reference hereto.

2.03. Term. This Declaration shall remain in force until terminated by the affirmative vote of eighty percent (80%) of the total Voting Power of the Association and the written consent of eighty percent (80%) of the Mortgagees, or such lesser percentage as may be required or permitted by the Act; provided, however, that if a two-class voting structure is in effect such action shall require the written approval of FHA.

ARTICLE 3 COMPLIANCE WITH MANAGEMENT DOCUMENTS

3.01. Compliance with Declaration and Other Documents. Each Owner, resident or tenant of a Lot shall comply with the provisions of this Declaration, the Bylaws, Rules and Regulations duly adopted by the Association, decisions and resolutions of the Association and its duly authorized representatives, all as may be amended from time to time, and failure to comply with any such provisions, decisions or resolutions, shall be grounds for an action to recover sums due for damages or for injunctive relief.

3.02. Resolution of Conflicts Between Documents. Each Owner covenants and agrees that the administration of the Property shall be in accordance with the provisions of this Declaration, the Articles, the Bylaws and Rules and Regulations duly adopted by the Association. If there are any matters of conflict or inconsistencies in the Bylaws, Articles and this Declaration, then the provisions of this Declaration shall prevail. In the event that anything shown on a Map for all or any portion of the Property is in any way inconsistent with provisions of this Declaration, then the provisions of this Declaration shall prevail. If a dispute arises among Owners in regard to the administration of the Property, then the provisions of this Declaration shall prevail.

ARTICLE 4 PROPERTY RIGHTS

4.01. Common Area Easements. Each Owner shall have a non-exclusive right and easement of use and enjoyment in and to the Common Area and of access to and from such Owner's Lot over any streets comprising a portion of the Common Area (if any), which rights and easements shall be appurtenant to and shall pass with the title to such Owner's Lot and subject to the following rights and restrictions:

- (a) The right of the Association, after Notice and Opportunity for Hearing, to limit the number of guests of an Owner, to charge reasonable fees with respect to the use of Common Area facilities, if any, and to limit the use of said facilities to Owners who occupy a residence in the Property.
- (b) The right of the Association to suspend the right of an Owner to use any Common Area facilities (i) for any period during which any fine against a Member or any assessment against such Owner's Lot remains unpaid; and (ii) after Notice and Opportunity for Hearing, for a period not to exceed thirty (30) days for any infraction of the Rules and Regulations;
- (c) The right of the Association, subject to the provisions of the Act (Section 3-112), to encumber or convey all or any part of the Common Area, provided however that if a two-class voting structure is in effect such action shall require the written approval of FHA.
- (d) The right of the Association to grant easements, leases, licenses and concessions through or over the Common Areas.
- (e) The right of the Association, subject to the provisions of the Act (Section 3-112), to borrow money to improve, repair, restore and reconstruct the Common Area and to place liens on the Common Area and otherwise encumber the Common Area for such purposes, provided however that if a two-class voting structure is in effect such action shall require the written approval of FHA.
- (f) The right of the Association to adopt Rules and Regulations governing use and enjoyment of the Common Area and the Property.

(g) The rights of the Association and of Declarant to the use of easements for ingress and egress over, in, to and throughout the Common Area.

4.02. Delegation. Any Owner may delegate his or her rights of use and enjoyment of the Common Area and any facilities thereon to the members of his or her family or household residing on his or her Lot and to his or her guests and invitees while in possession of his or her Lot, subject, however, to reasonable restrictions imposed by the provisions of this Declaration, the Bylaws and the Rules and Regulations. Provided the notice required by Section 4.03 of this Declaration has first been given to the Association, a tenant of an Owner, while residing on such Owner's Lot, shall be entitled to use and enjoy the Common Area and any facilities thereon and to delegate rights of use and enjoyment in the same manner as if such tenant were the Owner of such Lot. No such delegation shall release an Owner from his or her obligations hereunder, including, without limitation, the obligation to pay regular and special assessments.

Upon request, each Owner or tenant shall notify the Secretary of the Association of the names of all persons to whom such Owner or tenant has delegated any rights of use and enjoyment of the Common Area and the relationship that each such person bears to such Owner or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as the rights of Owners.

4.03. Tenants.

(a) Any Owner who rents or leases his or her Lot to a tenant shall not be entitled to use and enjoy any common facilities on the Common Area during the period the Lot is occupied by such tenant.

(b) No Owner shall lease or rent less than an entire Lot and no more than one family shall live on any one Lot. Except with respect to construction trailers or model homes which may be used or occupied by Declarant, the Lots shall not be leased or rented for hotel or transient purposes and no rental agreement or lease shall be made for a period of less than sixty (60) days. Subject to the foregoing restrictions, Owners shall have the right to lease or rent their Lots, provided that any lease or rental agreement between an Owner and a tenant shall be in writing and shall provide that it is in all respects subject to the provisions of this Declaration, the Bylaws, and the Rules and Regulations and that any failure by the tenant to comply with such provisions shall be a default under the rental agreement or lease. However, the failure of any lease or rental agreement to so provide shall not excuse any person from complying with the provisions of this Declaration, the Bylaws, and the Rules and Regulations.

(c) In the event an Owner shall rent or lease his or her Lot such Owner shall immediately give to the Association in writing:

- (i) the name of the tenant and the Lot rented or leased;
- (ii) the current address of such Owner;

- (iii) a true and complete copy of the lease or rental agreement; and
- (iv) the certification of the Owner that the tenant has been given a copy of this Declaration, any applicable amendments, the Bylaws and the Rules and Regulations and that such tenant has been advised of any obligations he may have thereunder as a tenant.

(d) In no event shall any lease or rental agreement release or relieve an Owner from the obligation to pay regular and special assessments to the Association, regardless of whether the obligation to pay assessments has been assumed by the tenant in such lease or rental agreement.

4.04. Reciprocal Easements. There shall be reciprocal appurtenant easements between each Lot and such portion or portions of the Common Area as may be adjacent thereto and between adjacent Lots for the flow of rainwater from gutters and downspouts; provided, however, that no such easement shall unreasonably interfere with the use and enjoyment of the Common Area or any adjacent Lot. If any Common Area or Lot improvement encroaches upon a Lot because of the placement, construction, reconstruction, repair, movement, setting or shifting of the improvements constructed by Declarant, or reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist to a distance of not more than one (1) foot as measured from any point on the common boundary between the Common Area and the Lot or between Lots, as the case may be, along a line perpendicular to such boundary at such point; provided, however, that in no event shall such an easement exist for willful encroachments. If any Lot encroaches upon the Common Area as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the Property, an easement for the encroachment and for its maintenance shall exist so long as it remains.

4.05. Utility Easements. Any easements for installation, maintenance, use or repair of public utilities or drainage facilities which are dedicated on any Map of the Property, reserved under any deed of any Lot, or created by Declarant in some other way shall be kept free of buildings, and within such easements no structure shall be placed or permitted to remain which may damage or interfere with the installation, maintenance, use or repair of such public utilities or drainage facilities, or which may damage, interfere, or change the direction or flow of drainage in the easements. Notwithstanding anything contained herein to the contrary, any easement dedicated on any Map of the Property, reserved under any deed of any Lot, or created by Declarant in some other way and labeled "PDE" or "Private Drainage Easement" shall be maintained by the Owner(s) of any affected Lot(s) to the extent so encumbered by said easement. All such easements at all times shall be accessible to Declarant until the Property is completed and at all times shall be accessible to all persons installing, repairing, using or maintaining such utilities and drainage facilities.

4.06. No Subdivision of Lots: No Time-Sharing. Other than that effected by Declarant in preparing and recording Maps, there shall be no further subdivision or partition of any Lot nor shall any Owner other than Declarant, or any other person acquiring any interest in a Lot seek any partition or subdivision thereof. There shall be no time-sharing or other co-ownership which allows multiple Owners sequential possessory interests in a Lot.

4.07. Sale of Common Area. Except as otherwise provided in this Declaration, no sale, transfer, dedication, hypothecation, partition, subdivision, abandonment, release or alienation of the Common Area shall, or may be, effected except as provided in the Act, provided further, however, that if a two-class voting structure is in effect written approval of FHA shall also be required.

4.08. Rules and Regulations. The Association shall have the right to adopt, publish and enforce Rules and Regulations governing the Property, the use and enjoyment of the Common Area, and any facilities thereon, and the personal conduct thereon of the Owners, their guests, invitees, members of their families or households and tenants. Such Rules and Regulations shall be reasonable, shall not discriminate against Declarant (or have an adverse impact on Declarant or upon the sale of Lots or the construction of improvements thereon), and must be consistent with this Declaration, the Articles and the Bylaws. Rules and Regulations shall not be effective until written notice thereof has been given by mailing a copy of the Rules and Regulations, postage prepaid, at least ten (10) days before the effective date of the Rules and Regulations, to each Owner addressed to the Owner's address last appearing in the books of the Association.

4.09. Enforcement. Unless otherwise limited by the terms and provisions of the Act, the Association shall have the right, after Notice and Opportunity for Hearing, to levy fines for infraction of the provisions of this Declaration or the Rules and Regulations, provided (a) the Member shall have been warned in writing of a previous infraction within the preceding one (1) year, and (b) the fine conforms to the provisions of Section 9.11.

ARTICLE 5 COMMON AREA EASEMENTS AND RIGHTS OF WAY; ENCUMBRANCES

5.01. Dedications. The Association shall have the power to grant easements in, on, over, through and across the Common Area for any public or quasi-public improvements or facilities and their appurtenances, including, without limitation, street, sewer, drainage, water, gas and sprinkler improvements and facilities, provided (a) any such easement does not unreasonably interfere with the use and enjoyment of the Common Area or any Lot, (b) the prior written consent of Declarant shall be obtained so long as Declarant owns any Lot, and (c) as long as there are two (2) classes of memberships in the Association, prior written approval of FHA shall be obtained. Each Owner, by accepting a deed to a Lot, expressly grants to the Association an irrevocable power of attorney for the purpose of granting such easements in, on, over, through and across the Common Area. The President or other duly designated officer of the Association may execute, acknowledge and record in the official records of the County a certificate stating that the Board is the attorney in fact for the Owners for the purpose of such grant and that such power of attorney is properly exercisable in accordance with this Declaration. The acts of the Board in exercising its power of attorney shall be conclusively binding on all Owners. The power of attorney herein granted shall include authority to do such acts incidental to such grant and to incur such expenses as may be necessary or convenient in connection therewith. The Board, by resolution, shall instruct the appropriate officers of the Association to make, execute and deliver on behalf of any Owner, as his or her interest may appear, any and all instruments, certificates and documents, including but not limited to, releases, waivers, deeds, escrow

instructions and conveyances of every kind and nature, as may be deemed necessary or convenient for such dedication or grant.

5.02. Encumbrances. The Association shall have the right to borrow money to improve, repair, restore and reconstruct the Common Area and to place liens on the Common Area and otherwise encumber the Common Area for such purposes (a) if a two-class voting structure is in effect, upon the written consent of eighty percent (80%) of the Voting Power of each class of Members of the Association, or (b) if a two-class voting structure is not in effect, upon the written consent of eighty percent (80%) of the total Voting Power of the Association and the written consent of eighty percent (80%) of the Voting Power of the Association residing in Members other than Declarant; or such lesser percentage as may be required or permitted by the Act. As long as there are two (2) classes of membership in the Association, any mortgaging of the Common Area shall require the approval of FHA.

ARTICLE 6 COMMON AREA AND LOT MAINTENANCE

6.01. Maintenance by Association. The Association shall repair and maintain the Common Area and any improvements, utilities and facilities located on the Common Area. The Association may, but shall not be obligated to, provide enhanced landscaping and maintenance to those areas and medians located within the rights-of-way for major streets located within the Property. Any maintenance or enhancement called for herein shall be subject to governmental authorities' rules and regulations in the County.

6.02. Maintenance by Owners. Each Owner, at all times, shall maintain, repair and otherwise be responsible for his or her Lot and the improvements thereon. Without limiting the generality of the foregoing, and subject to the requirements of Section 13.02 of this Declaration, an Owner shall be responsible for replacement and reconstruction of improvements on his or her Lot required because of damage or destruction by fire or other casualty, and each Owner shall maintain, repair and replace the surface and subsurface drainage facilities and appurtenances located on his or her Lot as may be necessary to maintain good and proper drainage of the property and other real property in the vicinity, except for such facilities the maintenance of which has been assumed by the County or other governmental entity. If any Owner, after Notice and Opportunity for Hearing, fails to maintain, repair and replace such drainage facilities and appurtenances as required herein, the Association, at the expense of such Owner, shall maintain, repair or replace such drainage facilities and appurtenances at the sole cost and expense of such Owner, and the Board, without the vote or written consent of Members, may levy a special assessment against such Owner to obtain reimbursement therefor as provided in Section 9.07.

No building or other structure shall be placed or permitted to remain on any Lot which may damage or interfere with the use, maintenance, repair or replacement of such drainage facilities and appurtenances and no Owner shall do any work, construct any improvements, place any landscaping or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Lots or Common Area as established in connection with the approval of the Map(s) of the Property by the County, except to the extent such alteration in drainage pattern is approved in writing by the Association and all public authorities having jurisdiction. All such drainage facilities and appurtenances shall

at all times be accessible to Declarant until the Property is completed and at all times shall be accessible to the Association and all persons installing, using, maintaining, repairing or replacing such drainage facilities and appurtenances. Declarant may from time to time present for recordation in the official records of the County instruments showing approximate locations of subsurface storm drainage facilities and of subsurface groundwater drainage facilities. If for any reason any such instrument is not accepted for recording, Declarant may deliver such instrument to the Association, and the Association shall maintain the same as part of its permanent records. In either event, each Owner shall be deemed to have notice of the location of such drainage facilities as may be shown in such instrument.

6.03. Negligence. The cost of repair or replacement of any improvement to be maintained and kept in repair by the Association, which repair or replacement is required because of the act or omission of any Owner, shall be the responsibility of and paid for by such Owner.

6.04. Right to Enter. After reasonable notice to the occupant, the Association or its agents shall have access over and upon any Lot when necessary in connection with any repair, maintenance, or replacement of improvements for which the Association is responsible or for the enforcement of this Declaration, and each Owner shall accept title to his or her Lot subject to such right of access of the Association or its agents.

6.05. Sign and Landscape Easement. Declarant, for itself, its successors and assigns, including but not limited to the Association, hereby reserves landscape and signage easements over any portion of any Lot designated as "Landscape Easement," "Sign Easement," "Landscape and Sign Easement" or other similar designation on Map(s) of the Property recorded in the County, for installation, construction, operation and maintenance of landscaping, berms, lighting and sprinkler systems, if any, monuments, fencing and signage on such areas. No fences, structures, driveways, plantings, swings or any other objects, temporary or permanent, shall be permitted in such easements other than those initially installed by Declarant, or its designated successor, without Declarant's prior written approval or, after all Lots are occupied by single family owners, the Association's prior written approval. The Association shall at all times have the right of access for its employees, agents and subcontractors over the above-described Easement areas for the purpose of landscaping, planting, mowing and maintaining the area and amenities within such easements. The owners of any Lot containing any portion of these Easements shall maintain the area not maintained or landscaped by the Declarant or the Association. The reservation of this Easement imposes no obligation on Declarant, its successors and assigns, or the Association, to continue to maintain the planting, landscaping or amenities within the described Easements.

ARTICLE 7 USE RESTRICTIONS

In addition to the architectural control restrictions set forth in Article 13 below, the following use restrictions apply to the Property:

7.01. Residential Use. Except as otherwise provided in this Declaration, Lots shall be used as a residence for a single family and for no other purpose. Except with respect to

construction trailers or model homes which may be used or occupied by Declarant, no Owner shall use or cause or permit to be used his or her Lot for any business, commercial, manufacturing or mercantile use or purpose, or for any other nonresidential use or purpose. The foregoing notwithstanding, it shall be expressly permissible for Owners to conduct certain business or commercial activities within their residence which do not conflict with local zoning ordinance restrictions and regulations. No such activity shall be conducted which shall unduly burden traffic flows within the Property or cause the parking of non-resident vehicles upon the street for unreasonable or excessive periods of time. It shall be within the discretion of the Board to determine, on a case-by-case basis, which commercial and business related activities will be compatible with the residential nature of the subdivision.

7.02. Unlawful Activity. No unlawful activity shall be conducted on any Lot or in any other part of the Property. Nothing shall be done within the Property that is an unreasonable annoyance, inconvenience or nuisance to the residents of the Property, or that unreasonably interferes with the quiet enjoyment of occupants of Lots. No doorways, walkways or streets shall be obstructed in any manner which would interfere with their use for ingress or egress in the event of fire, earthquake or other emergency.

7.03. Parking. Unless otherwise permitted by the Rules and Regulations no boat, trailer, recreational vehicle, camper or commercial vehicle shall be parked, stored or left (a) on any part of the Common Area, (b) in any driveway, or (c) on any other part of a Lot unless the same is fully enclosed within the garage located on the Lot. Any automobile, motorcycle or truck shall be parked, stored or left wholly within the garage located upon the Lot, except to the extent a garage is already occupied to capacity, in which case such vehicle may be parked temporarily in the driveway but for no more than 24 consecutive hours. This restriction shall not apply to sales trailers, construction trailers, or other vehicles which may be used by Declarant and its agents and contractors in the conduct of their business prior to Completion of Sales. No boat, truck, trailer, camper, recreational vehicle or tent shall be used as a living or dwelling area within the Property. No repairs to or maintenance of any automobile or other vehicle shall be made or performed on any driveway within the Property, except in the case of emergency and except as may be permitted by the Rules and Regulations.

7.04. Signs and Curtains. No Owner shall place on or about any window any metallic foil or other coating, substance or material which similarly acts as a reflector of light nor shall an Owner place newspapers or bed sheets in any window. No Owner shall display, hang, store or exhibit any signs outside of the dwelling on any Lot or in any dwelling so as to be visible from outside the Lot, other than as may be permitted by the Rules and Regulations. Notwithstanding the foregoing, one sign of customary and reasonable dimensions, conforming to such reasonable standard as may be adopted by the Board, advertising a Lot for sale or rent may be placed by the Owner on his or her Lot in such manner that it will be visible from outside the Lot. The prohibitions in this Section shall not apply to Declarant or its agents, who may erect such signs as Declarant deems desirable to promote the sale of Lots.

7.05. Antennas. As provided in Article 13, except for such as are covered by, and installed in strict compliance with, the requirements of the Telecommunications Act of 1996,

as amended, no Owner shall construct, install, erect or maintain any outside television or radio pole or receiving antenna, including a satellite dish antenna, and no outdoor television antenna or satellite dish may be erected or installed by an Owner or permitted by an Owner to remain on his or her Lot, without the express written approval of the architectural control committee.

7.06. Laundry. No laundry or wash shall be hung to dry (or for any other purpose) at any place visible from outside such Lot.

7.07. Fences. No fence or wall shall be erected upon any Lot unless plans therefor have been approved, in advance, by the architectural control committee pursuant to the provisions of Article 13. In addition, no fence or wall shall be erected on any Lot closer to the street than the line formed by the exterior face of the rear wall of the dwelling, extended from the rear corners thereof to each of the side lot lines of the Lot, or the side street setback line of the Lot, as the case may be; except that, temporary decorative fencing may be installed by the builder of a model home. Notwithstanding the foregoing, in the case of a dwelling having a side service entrance, fencing may be erected on the service entrance side of said Lot along a line three feet to the front of such entrance from the dwelling to the side Lot line (or side street setback, if applicable) and similarly placed on the opposite side of the dwelling. No fence or wall erected on any Lot may exceed (6) feet in height. Unless constructed of brick or stone masonry, no fence or wall shall have more than eighty percent (80%) of any 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. Chain link fencing is expressly prohibited.

7.08 Pets.

(a) No animals shall be raised, bred or kept on any Lot or the Common Area, except that dogs, cats, or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes. The number of household pets generally considered to be outdoor pets, such as dogs, cats, et cetera, shall not exceed three (3) in number except for newborn offspring of such household pets which are under nine (9) months of age. No animal shall be allowed if such animal constitutes an unreasonable annoyance, inconvenience or nuisance to any other Owner. If the Board receives any complaint that an animal constitutes an unreasonable annoyance, inconvenience or nuisance, including, but not limited to a complaint that an Owner's animal is being neglected, improperly treated, or not properly restrained upon such Owner's Lot, or if upon Common Area, not properly leashed, the Board shall afford the Owner of such animal Notice and Opportunity for Hearing, and if the Board finds that such animal constitutes an unreasonable annoyance, inconvenience or nuisance, the Board may require that such animal be removed from the Property.

(b) The Board may adopt Rules and Regulations concerning animals which are more restrictive than the provisions of this Declaration, including (if not already mandated by applicable laws of the County) rules requiring that all animals be kept on a leash when in the Common Area and/or that animals be restricted to designated areas within the Common Area and that Owners be responsible for cleaning up any mess that a pet creates within the Common Area. The Board may adopt a rule

prohibiting certain pets, which is more restrictive than the provisions of this Declaration, except that such rule shall not apply to animals residing in the Property at the time such rule is adopted. In any event, the Board at any time may require that any animal found to be an unreasonable annoyance, inconvenience or nuisance be removed as provided in Section 7.08(a).

7.09. Trash and Vegetation. No trash, rubbish, garbage or other waste material shall be kept or permitted upon any Lot or the Common Area, except in sanitary containers located in an appropriate area screened and concealed from view (except for the periods immediately preceding and subsequent to pick up by the applicable disposal service). No weeds, vegetation, rubbish, debris, garbage, waste materials or materials of any kind whatsoever shall be placed or permitted to accumulate on any Lot or any portion of the Property which would render it unsanitary, unsightly, offensive, or detrimental to any property in the vicinity thereof or to the occupants of any property in such vicinity. Grass, hedges, shrubs, vines and mass planting of any type on any Lot or any portion of the Property shall be kept trimmed and shall at regular intervals be mowed, trimmed and cut so as to appear neat and attractive. Trees, shrubs, vines and plants which die shall be promptly removed.

7.10. Nuisance. No noxious or offensive activity shall be carried on in or upon any part of the Property nor shall anything be done thereon which may be or become an unreasonable annoyance, inconvenience or nuisance to the residents of the Property or unreasonably interfere with the quiet enjoyment of occupants of Lots. No Owner shall permit anything to be done or kept on his or her Lot which would result in the cancellation of insurance on said Lot or any other residence or any part of the Common Area or which would be in violation of any law.

7.11. Outbuildings and Above-Ground Pools. In no event shall any outbuilding or other exterior improvement be constructed on any Lot in the front or side yards, as determined by the building lines applicable to the Lot. No above-ground swimming pool shall be permitted upon any Lot.

7.12. Declarant's Rights. Notwithstanding anything to the contrary contained in this Article or elsewhere in this Declaration, Declarant, its agents, employees and contractors shall not be restricted or prevented by this Declaration from doing, and Declarant, its agents, employees and contractors shall have the right to do such things or take such actions as they deem necessary, advisable or convenient for completion and improvement of the Property as a residential community and for the sale, rental or other disposition of Lots in the Property. The rights of Declarant, its agents, employees and contractors shall include, without limitation:

- (a) The right and easement of ingress in, over and upon the Common Area for the purpose of performing on any part or parts of the Property acts deemed necessary, advisable or convenient for the completion and improvement of the Property as a residential community and for the sale, rental or other disposition of Lots;
- (b) The right to erect, construct, maintain, demolish or remove structures and other improvements on any Common Area as they deem necessary, advisable or

convenient for the completion and improvement of the Property as a residential community and for the sale, rental or other disposition of Lots; and

(c) The right to use Lots and improvements owned by Declarant as models, sales offices and contractor's offices and to construct and display promotional, informational and directional signs and other sales aids on or about any portion of the Property.

The rights reserved under this Section shall terminate one (1) year after the Completion of Sales. Amendment of this Section shall require (a) if a two-class voting structure is in effect, the vote or written consent of seventy-five percent (75%) of the Voting Power of each class of Members of the Association and the written approval of FHA or (b) if a two-class voting structure is not in effect, the vote or written consent of both seventy-five percent (75%) of the total Voting Power of the Association and of the total Voting Power of the Association residing in Members other than Declarant. Further, no amendment of this Section can be made without the written approval of Declarant.

7.13. Right to Enter. Any governmental agency, including, but not limited to the County, its agents, and employees, shall have the right of immediate access to the Common Area at all times if necessary for the preservation of public health, safety and welfare.

ARTICLE 8 MEMBERSHIP AND VOTING RIGHTS

8.01. Governing Body. The Association shall be the governing body for all Owners with respect to the management, administration, maintenance, repair and replacement of the Property, as provided by this Declaration and the Bylaws.

8.02. Membership. Membership in the Association shall be composed of and limited to Owners. Each Owner, including Declarant, shall automatically be a Member of the Association and entitled to vote as set forth below. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon termination of ownership, an Owner's membership shall automatically terminate and be automatically transferred to the new Owner of the Lot.

8.03. Voting. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of Declarant; provided, however, that Declarant shall become a Class A Member when its Class B membership ceases as provided hereinafter. 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 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. Class B Member shall be Declarant which shall be entitled to three (3) votes for each Lot owned; provided that Declarant's Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier: (a) the conveyance by Declarant of seventy-five percent (75%) of all Lots in the Property to Owners other than a successor Declarant for use as a residence; or (b) ten (10) years after the first Lot is conveyed to an Owner for use as a residence.

8.04. Commencement of Voting Rights. Voting rights attributable to an ownership interest shall not vest until the assessment against that interest has been levied by the Association as provided in Article 9; provided, however, that voting rights shall be immediately vested with respect to the approval of any amendments to this Declaration.

8.05. Declarant's Voting Rights. Declarant shall have the right to cast votes attributable to Lots owned by Declarant on all matters submitted to a vote of the Members.

ARTICLE 9 COVENANTS FOR ASSESSMENTS

9.01. Covenant to Pay Assessments; Lien. Declarant, for each Lot owned by Declarant, hereby covenants to pay, and every Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay, to the Association such regular annual assessments or charges and such special assessments or charges as may be levied by the Association pursuant to the provisions of this Declaration. The amount of any such annual or special assessment plus any other charges thereon, such as interest, late charges and costs (including attorneys' fees), as such may be provided in this Declaration, shall be and become a lien upon the Lot assessed when the Association causes to be recorded in the official records of the County a notice of assessment, which notice shall state:

- (a) The amount of such assessment and such other charges thereon as may be authorized by this Declaration;
- (b) A description of the Lot against which the same has been assessed; and
- (c) The name of the record owner of the Lot assessed.

Such notice shall be signed by an authorized representative of the Association. Upon payment of such assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Association, at the Owner's cost and expense, shall cause to be recorded a further notice stating the satisfaction and the release of the lien thereof. The lien provided for herein shall be prior to all other liens recorded subsequent to the recording of such notice of assessment. The lien may be enforced by foreclosure in accordance with North Carolina law, or in any other manner permitted by law. The

Association shall have power to purchase the Lot at a foreclosure sale and to hold, lease, mortgage and convey the same.

9.02. Personal Obligation. Each regular annual or special assessment, together with any late charges, interest, collection costs and reasonable attorneys' fees, shall be the personal obligation of each person or entity, other than any Mortgagee, who held an ownership interest in the Lot at the time such assessment was levied. If more than one Person held an ownership interest in the Lot at such time, the personal obligation to pay such assessment or installment respecting such Lot shall be both joint and several. No Owner may exempt himself or herself from payment of assessments, or installments, by waiver of the use or non-use of common facilities within the area or of any other portion of the Common Area or by abandonment or leasing of his or her Lot.

9.03. Use of Assessments. Regular annual or special assessments paid by Declarant and other Owners shall be used to pay for operation, maintenance, preservation, enhancement, repair and improvement of the Common Area, other purposes reasonably related to the foregoing, and to promote the recreation, health, safety and welfare of the Owners. In addition, such assessments shall be used to pay the cost of administration of the affairs of the Association, including payment of applicable taxes, and for the preservation of the Association's existence, to the extent properly allocable to the performance and exercise of the Association's duties and powers under this Declaration. The foregoing is intended as an authorization of the Association and shall not be construed to require expenditure of Association funds for any particular purpose.

9.04. Reserve Funds. The Board shall establish and maintain reserves in accordance with standard accounting practices and procedures for Common Area replacements and maintenance and the initial budget of the Association. Each budget subsequently adopted by the Board shall provide for funds to be placed in reserves in at least the amount of reserves established in the initial budget unless a lower level of reserves is approved by the vote or written consent of a majority of the Voting Power of (a) if a two-class voting structure is in effect, by the vote or written consent of a majority of the Voting Power of each class of Members or (b) if a two-class voting structure is not in effect, by the vote or written consent of a majority of the total Voting Power of the Association. Funds deposited in reserve for a particular purpose shall be held for that purpose and shall not be expended for any other purpose without (i) if a two-class voting structure is in effect, the vote or written consent of a majority of the Voting Power of each class of Members, or (ii) if a two-class voting structure is not in effect, the vote or written consent of a majority of the total Voting Power of the Association, except that if the Board determines that funds held in reserve for a particular purpose exceed an amount reasonably required as a prudent reserve for that purpose, then, without the vote or written consent of Members, the excess may be allocated to any other reserve fund established by the initial budget of the Association and expended for the purpose for which such other reserve fund has been established.

9.05. Regular Assessments. The regular annual assessment for each Lot for the first assessment year shall be a maximum of \$450.00 per Lot owned by a Class A Member and \$50.00 per Lot owned by a Class B Member, if other than Centex Homes; provided, however, that if the first assessment year shall have fewer than twelve months, the foregoing amounts shall be proportionately reduced. On the first day of the month next following the

conveyance to the Association of all or part of the Common Area, the regular annual assessment (prorated for the number of months remaining in such assessment year) may be increased by the Board to an amount equal to the previous year's annual assessments times the greater of (a) ten percent (10%) or (b) the annual percentage increase in the CPI for the most recent twelve (12) month period for which the CPI is available. If the CPI is discontinued, then there shall be used the index most similar to the CPI which is published by the United States Government indicating changes in the cost of living. If the annual assessments are 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 annual assessments may be increased by that amount in a future year, by a vote of the Board of Directors, without a vote of the Members. Notwithstanding the foregoing, each Lot remaining under the ownership of Centex Homes shall be required to pay \$50.00 per year.

The Board shall fix the amount and due date of the regular annual assessment on a yearly basis at least sixty (60) days in advance of each assessment year. The Board may not impose a regular annual assessment which is more than ten percent (10%) greater than the regular assessment for the immediately preceding fiscal year without (a) if a two-class voting structure is in effect, the vote or written consent of a majority of the Voting Power of each class of Members of the Association or (b) if a two-class voting structure is not in effect, the vote or written consent of a majority of both the Voting Power of the Association and the Voting Power of the Association residing in Members other than Declarant. The ratio of the assessment established for Lots owned by Class A Members to the assessment established for Lots owned by Class B Members shall be three (3) to one (1). Written notice of the regular annual assessment shall be sent to every Owner who is not present at the time the regular annual assessment is so fixed. If the Board fails to so fix the regular annual assessment, the assessment applicable for the previous assessment year shall remain in effect until the Board shall fix a new regular annual assessment. Regular annual assessments shall be payable annually on the first day of each January or at such other time as the Board may fix. The Association shall, upon demand, and for a reasonable charge, furnish to any person having a legitimate interest a certificate signed by an officer of the Association stating whether the regular annual assessment and special assessments, if any, on a specified Lot have been paid and, if not, the amount due.

9.06. Special Assessments. In addition to the regular annual assessments authorized herein, the Board may levy, in any assessment year, a special assessment against all Owners 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 capital improvements and related fixtures and personal property on or comprising a part of the Common Area; provided, however, any such assessment shall be in the ratio of three (3) to one (1) for Lots owned by Class A Members and Class B Members, respectively, as provided in Section 9.05 above, and further provided in any fiscal year, special assessments which exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year may not be levied without (a) if a two-class voting structure is in effect, the vote or written consent of sixty-seven percent (67%) of the Voting Power of each class of Members of the Association or (b) if a two-class voting structure is not in effect, the vote or written consent of sixty-seven percent (67%) of both the Voting Power of the Association and the Voting Power of the Association residing in Members other than Declarant.

9.07. Assessment as Remedy. After Notice and Opportunity for Hearing, the Board, without the vote or written consent of Members, may levy a special assessment against an Owner as a remedy to reimburse the Association for costs (including attorneys' fees) incurred in bringing the Owner, his or her Lot or his or her residence into compliance with the provisions of this Declaration, the Bylaws or the Rules and Regulations.

9.08. Allocation of Assessments. Except as otherwise provided in this Declaration and except for the reduced assessments on Lots owned by Centex Homes, all regular and special assessments shall be levied equally against all Owners.

9.09. Commencement of Assessments. The regular annual assessments provided for herein shall commence as to all Lots in Wesley Springs on the first day of the month next following the conveyance of the first Lot improved with a dwelling to a purchaser (other than a successor Declarant) for use as a residence. The first assessment year shall be the period commencing on the date regular annual assessments commence and ending on the December 31 next following. The regular annual assessment for the first assessment year shall be prorated from the amounts fixed by the Board for a full twelve-month year, based on the number of months to be contained in the first assessment year. Subsequent assessment years shall be each successive calendar year, provided, however, that at any time the Board may change the assessment year to correspond to a fiscal year selected by the Board. Assessments of Lots within each Phase of the Property which is annexed in accordance with the provisions of Article 15 below shall commence on the first day of the month next following the conveyance of the first Lot improved with a dwelling to a purchaser (other than a successor Declarant) for use as a residence.

9.10. Revised Assessments. Subject to the provisions of Section 9.05, if at any time during the course of any year the Board shall deem the amount of the regular annual assessment to be inadequate or over adequate by reason of a revision of its estimate of either expenses or income or otherwise, the Board shall have the right, at a regular or special meeting, to revise the regular annual assessment for the balance of the assessment year. Any such revised assessment shall become effective on the first day of the month next following the date of adoption, and additional amounts payable shall be due (or refunds of overages shall be made by the Association) at such time as determined by the Board.

9.11. Delinquent Assessments; Fines. Any assessment not paid within ten (10) days after the due date shall be delinquent. The Board may require that any delinquent assessment bear a late charge to cover administrative expenses incurred as a result of the late payment of the assessment. Late charges on delinquent assessments and fines levied as provided in Section 4.09 may be imposed in an amount not to exceed \$150.00 per day (or such greater amount as may be permitted by the Act) for each day that the violation continues. The Association may bring a legal action against the Owner personally obligated to pay a delinquent assessment or fine and, after Notice and Opportunity for Hearing, the Association may suspend a delinquent Owner's membership rights in the Association while the assessment or fine remains unpaid. In any legal action to enforce payment of an assessment or fine, the Association shall be entitled to recover interest, costs and reasonable attorneys' fees.

9.12. Subsidy. Declarant will subsidize the difference between revenues received through annual assessments and all reasonable expenses of the Association until such time as Class B membership ceases to exist.

9.13. Capital Contribution. Notwithstanding any provision contained herein or in any other document or instrument to the contrary, every Owner (other than a successor Declarant) who purchases a Lot from Declarant shall pay to Declarant at the time of the closing of such purchase a non-refundable capital contribution fee in the amount of \$250.00, which amount may be held by Declarant, its successors or assigns in reserve for maintenance, repair, construction and replacement of capital assets and improvements within the Common Area and easement areas within the Properties. It is expressly provided herein that such capital contributions shall not be held in reserve for the benefit of the Owner paying such amount at closing, shall not be required to be held in an interest bearing account, and may be commingled by Declarant with its other funds.

ARTICLE 10 INSURANCE

10.01 Insurance Requirements under the Act. Section 47F-3-113 of the Act requires certain insurance to be carried by the Association and provides for the distribution of insurance proceeds, requires certain provisions for property and liability insurance and governs repairs made with insurance proceeds. In the event the insurance requirements of this Article 10 conflict with, or fail to incorporate, the provisions of Sections 47F-3-113 of the Act, the provisions of the Act shall apply and govern.

10.02. Duty to Maintain Insurance.

(a) The Association shall have the duty and the authority to maintain fire and extended coverage casualty insurance on the Common Area in an amount not less than the full insurable value thereof (based upon current replacement cost), and liability insurance with limits in and amounts adequate, under standards in the insurance industry existing from time to time, to protect the Association and the Owners in the event of property damage, personal injury or death occurring in or about the Property. The Board shall have the authority to settle or enforce on behalf of the Association and on behalf of the Owners, by legal action or otherwise, any claim arising under any insurance carried by the Association.

(b) Each Owner shall maintain casualty and personal liability insurance pertaining to his or her Lot, in such form and in such amounts as the Rules and Regulations may require.

(c) All policies of insurance carried by the Association or the Owners shall include a waiver of subrogation if such waiver can reasonably be obtained, unless otherwise provided in the Rules and Regulations.

(d) Notwithstanding any other provisions contained herein, the Association shall continuously maintain in effect such casualty, flood and liability insurance and a fidelity bond meeting the insurance and fidelity bond requirements for planned unit

development properties established by the Federal National Mortgage Association and Government National Mortgage Association, so long as either is a Mortgagee or Owner of a Lot within the Property, except to the extent such coverage is not available or has been waived in writing by the Federal National Mortgage Association or Government National Mortgage Association.

10.03. Proceeds of Insurance. The proceeds of casualty insurance carried by the Association shall be paid as follows:

(a) If such proceeds do not exceed Fifty Thousand Dollars (\$50,000), the proceeds shall be paid to and held by the Association as trustee for the Owners, Declarant and Mortgagees for disbursement in accordance with the provisions of this Declaration; and

(b) If such proceeds exceed Fifty Thousand Dollars (\$50,000), the proceeds shall be paid to and held by the Insurance Trustee in trust for the Association, Owners, Declarant and Mortgagees, for disbursement in accordance with the provisions of this Declaration.

Except as otherwise provided herein, casualty insurance proceeds shall be used for repair, replacement or reconstruction to the extent required to effectuate repair, replacement or reconstruction of the Common Area.

ARTICLE 11 DAMAGES AND DESTRUCTION

11.01. Damage to Lots. Restoration and repair of damage to any Lot (including, in accordance with the definition of "Lot," the improvements thereon) shall be made by and at the expense of the Owner thereof.

11.02. Damage to Common Area. Restoration and repair of damage to any Common Area shall be made at the expense of the Association unless, under the provisions of Section 47F-3-113(g), the repair or restoration is not required to be effected. If the work is to be accomplished, the Association shall promptly contract for the repair, restoration or reconstruction and, if necessary, collect from the Insurance Trustee any proceeds of insurance as received in accordance with Section 10.03. The difference, if any, between the insurance proceeds payable by reason of such repairs and the cost thereof may be recovered by one or more special assessments levied by the Board equally against all Owners.

Funds collected and held by the Insurance Trustee shall be disbursed by the Insurance Trustee for the purpose of repair, restoration or reconstruction in accordance with the terms and conditions of repair or reconstruction contract(s) between the Association and Persons engaged to perform the work. Funds from any special assessment shall be delivered to and held in trust by the Insurance Trustee and shall be held and disbursed for repair, restoration and reconstruction in the same manner as insurance proceeds. The Insurance Trustee may invest and reinvest funds held by it in a manner consistent with its duties as trustee. The Insurance Trustee shall be entitled to a reasonable fee for its services.

ARTICLE 12 EMINENT DOMAIN

12.01. Eminent Domain. Notwithstanding any provision contained herein to the contrary, in the event of a taking of all or any portion of a Lot or all any portion of the Common Area by eminent domain, or by conveyance in lieu thereof, the awards paid on account thereof shall be applied in accordance with Section 47F-1-107 of the Act. If all or any portion of the Common Area is taken by action in eminent domain (hereinafter called a "taking"), the Association shall give written notice of the proceedings to all Owners and Mortgagees, and the condemnation award shall be fairly and equitably apportioned among the Owners, Mortgagees and the Association as provided in the Act.

12.02. Repair, Restoration, Reconstruction. If only a portion of a Common Area facility is taken, the Board shall promptly contract for the repair, restoration or reconstruction of the Common Area facility to a complete architectural unit, to the extent such repair, restoration and reconstruction is reasonably necessary and practical. If the cost of repair, restoration and reconstruction of the Common Area exceeds the amount awarded by the court for such purposes, the difference may be recovered by a special assessment levied equally against all Owners.

ARTICLE 13 ARCHITECTURAL CONTROL

13.01. Architectural Control. No building, swimming pool, spa, statuary, flag pole, mailbox, basketball goal or other sports equipment (permanent or portable), fence, wall, gazebo, or any other structure or improvement shall be placed, erected, commenced, constructed, demolished, rebuilt or altered upon any Lot or attached or affixed to any improvement upon any Lot nor shall any exterior addition to or change or alteration of a residence building be made, including, but not limited to, color or painting of the exterior (other than maintenance to and touch-up painting to preserve the original exterior paint) or change of the type of exterior finish, the installation of aerials, satellite dishes, flags or awnings or the addition of any exterior attachment (such as a storm door) until an application, including plans and specifications showing the nature, kind, shape, height, materials, 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 three (3) or more Association Members who have been appointed by the Board; provided, however, that no such approval shall be required for alterations solely to the interior of any residential structure. The Board may require a reasonable fee to accompany each application for approval. Absent such approval, the proposed alteration or improvement may not be commenced. The restrictions herein contained shall have no application to the development, improvement, maintenance and repair of the Property by Declarant 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.

The installation of antennae and of satellite dishes or disks shall be permitted on a Lot if accomplished in strict compliance with the limitations and conditions imposed by the

Telecommunications Act of 1996, as amended from time to time, but no antenna or disk which in any dimension larger than prescribed by the Act or which is not installed in accordance with the advance notice requirements and location guidelines of the Act may be installed or maintained on any Lot except with the prior written approval of the Architectural Control Committee.

13.02. Reconstruction of Residences. In the event of damage or destruction to a residence by fire or other casualty, the Owner shall within four (4) months diligently commence to reconstruct such residence as soon as reasonably possible and substantially in accordance with the original plans and specifications thereof; provided, however, that such residence shall be restored so that the exterior appearances thereof substantially resemble their appearances in form and in color prior to such damage or destruction. Notwithstanding the foregoing, however, any Owner of a damaged residence may request permission from the Board or duly authorized architectural control committee to reconstruct or repair his or her residence in accordance with revisions in the plans and specifications. The Board or said committee shall grant such requests only in the event that the proposed change or deviation will materially benefit and enhance the entire Property in a manner generally consistent with the plan and development thereof.

ARTICLE 14 MORTGAGEE PROTECTION

14.01. Interpretation. In the event any provision of this Article 14 is inconsistent with or contrary to any other provision of this Declaration, the provisions of this Article 14 shall control.

14.02. Notices. Any Mortgagee of any Lot, by written notice to the Association setting forth the Lot encumbered, the Owner thereof and the address to which notices may be sent, may request and thereby be entitled to receive written notice from the Association of (a) any default which is outstanding for sixty (60) days or longer by the Owner of such Lot in the performance of his or her obligations under or in compliance with the provisions of this Declaration, the Bylaws or the Rules and Regulations, (b) any substantial damage to or destruction of the Common Area, including the improvements located thereon, or, if known to the Association, any substantial damage to or destruction of a Lot, including the improvements located thereon, and (c) any proposed or threatened taking by power of eminent domain of the Common Area or any portion thereof or of any Lot or portion thereof.

14.03. Mortgagee's Right to Information. Upon written request to the Association, a Mortgagee is entitled to: (a) inspect the books and records of the Association during normal business hours; (b) receive an annual financial statement of the Association within ninety (90) days following the end of any fiscal year of the Property; and (c) receive written notice of all meetings of the Association and to designate a representative to attend all such meetings.

14.04. Damage and Destruction Rights. In the event of substantial damage to or destruction of any Lot or improvements to a Lot or any part of the Common Area no provision of any document establishing the Property shall entitle the Owner of a Lot or other

party to priority over such Mortgagee with respect to the distribution to such Owner of any insurance proceeds.

14.05. Condemnation Rights. If any Lot or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation proceedings or is otherwise sought to be acquired by a condemning authority, no provision of any document establishing the Property shall entitle the Owner of a Lot or other party to priority over such Mortgagee with respect to the distribution to such Owner of the proceeds of any award or settlement.

14.06. Right of First Refusal. Any right given by an Owner of a Lot to any third person to purchase such Lot before it is offered for sale or sold to any other person (such right commonly known as a "right of first refusal") shall not be binding upon or enforceable against any Mortgagee acquiring such Lot pursuant to exercise of remedies provided for in the Mortgage, including foreclosure by judicial action or exercise of a power of sale, or by acceptance of a deed or assignment in lieu of foreclosure.

14.07. Subordination. No provisions contained in this Declaration shall defeat or render invalid the lien of any Mortgage which is made in good faith and for value. The lien of the assessments provided for herein shall be subordinate to the lien of any Mortgage recorded prior to the date any such assessment becomes due. This subordination shall apply only to assessments on a Lot which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure or exercise of power of sale. Any Mortgagee who acquires title to or comes into possession of a Lot pursuant to exercise of remedies provided for in the Mortgage, including foreclosure by judicial action or exercise of a power of sale, and any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments or charges against the Lot which have accrued prior to the time such Mortgagee or purchaser acquires title to or comes into possession of the Lot; provided, however, this exception shall not be applicable to any claim for assessments or charges levied by the Association against all Lots for the purpose of recovering any revenue lost by reason of the nonpayment of past due assessments upon such Lot; and provided further, that except as otherwise provided in this Section, all of the limitations, restrictions, covenants, conditions, easements, liens, charges, assessments, and equitable servitudes contained herein shall be binding upon any Owner whose title is derived through foreclosure sale, trustee's sale or otherwise. Except as provided above, the sale, transfer or conveyance of title to a Lot shall not relieve a selling Owner from personal liability for any assessments which became due and payable prior to such sale, transfer or conveyance, nor relieve such Lot from a duly recorded lien for any such prior unpaid assessment.

14.08. Payments by Mortgagees. Any Mortgagee, after at least ten (10) days' prior written notification to the Association of the items to be paid and the failure of the Association within such time to make payment, may pay, alone or in conjunction with other Mortgagees, delinquent taxes, liens or assessments which may be or become a charge against the Common Area, or any portion thereof, and any overdue premiums on policies of fire and extended coverage insurance for the Common Area and in the event of a lapse of such a policy of insurance, may pay premiums to secure a new policy. In the event such payments are made, the Mortgagee making such payment shall be entitled to immediate reimbursement from the Association to the extent of the payment made.

14.09. Professional Management. In the event that Declarant or the Association enters into any contract with any person or entity to provide management or maintenance services to the Property, such contract shall not exceed one (1) year and shall provide that the Association shall have the right to terminate the contract for cause upon thirty (30) days' written notice and without cause upon ninety (90) days' written notice, without payment of a termination fee.

ARTICLE 15 ANNEXATION

15.01. Right to Annex. Declarant shall have the right to annex to Wesley Springs subdivision, thereby bringing within the scheme of this Declaration and subject to the jurisdiction of the Association, part or all of the Additional Land; if any, provided, as long as there is at least one FHA insured loan on a Lot within the Property, such annexation is in accordance with the general plan for the Property previously approved by FHA. Annexation of any real property other than Declarant's annexation of the Additional Land shall require the vote or written consent of not less than sixty-seven percent (67%) of the total voting power of the Association residing in Members other than Declarant, provided, however, that if a two-class voting structure is in effect then such action shall require the written consent of FHA. Annexation of additional property may be accomplished in Phases.

15.02. Procedure for Annexation. Any annexation shall be made by recordation of a Supplemental Declaration covering the real property to be annexed. The Supplemental Declaration shall describe the real property to be annexed and state that annexation is being made pursuant to this Declaration for the purpose of extending the jurisdiction of the Association to cover the property described therein. The Supplemental Declaration may contain such complementary additions and modifications to the terms of this Declaration as may be necessary or desirable to reflect the different character, if any, of the Phase being annexed and as are not inconsistent with the general scheme of this Declaration. Annexation shall be effective upon recordation of the Supplemental Declaration and thereupon the real property described therein shall be subject to all of the provisions of this Declaration, to the extent made applicable by the Supplemental Declaration, and to the jurisdiction of the Association pursuant to the terms of this Declaration, the Articles and Bylaws.

15.03. Annexed Property. Each Owner of a Lot in an annexed Phase automatically shall be a Member of the Association and such Owners and annexed real property shall be subject to assessment by the Association for the benefit of the Property or any part thereof. Assessments of Lots in an annexed Phase shall commence upon the last to occur of: (a) commencement of regular annual assessments for the Property, and (b) the first day of the month next following the first conveyance of a Lot in such Phase to a purchaser, as provided in Section 9.09. The Association shall have the duties, responsibilities and powers set forth in this Declaration, the Articles and Bylaws with respect to annexed real property. Except as may otherwise be expressly provided in this Declaration or any Supplemental Declaration, the Property shall be managed and governed by the Association as an entirety. Assessments collected from Owners in the Property may be expended by the Association anywhere in the Property without regard to the particular Phase, area or subdivision from which such assessments came. All Owners shall have ingress and egress to and from all the Common Area throughout the Property and any Phase thereof and shall have use and enjoyment of any

Common Area facilities and other amenities contained within the Common Area throughout the Property, provided that any such use shall be subject to the provisions of this Declaration, any Supplemental Declaration, the Bylaws and the Rules and Regulations.

ARTICLE 16 INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify any and all persons who may serve or whom have served at any time as directors or officers of the Association against any and all expenses, including amounts paid upon judgments, counsel fees and amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or a party, which may be asserted against them or any of them, by reason of being or having been directors or officers or a director or an officer of the Association, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in any action, suit, or proceeding guilty of willful and intentional negligence or misconduct in the performance of his or her duties to the Association. Provided, however, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association.

The provisions hereof shall be in addition to and not exclusive of any and all other rights to which any director or officer may otherwise be entitled under any law, By-law, agreement, vote of Association Members or otherwise. In the event of death of any officer or director, the provisions hereof shall extend to such person's legal heirs, representatives, successors and assigns. The foregoing rights shall be available whether or not such person or persons were in fact directors or officers at the time of incurring or becoming subject to such expenses, and whether or not the proceeding, claim, suit or action is based on matters which antedate the adoption of this Declaration.

ARTICLE 17 MISCELLANEOUS PROVISIONS

17.01. Conflict with the Act: Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provisions of the Act, the provisions of the Act shall control unless the Act permits the Declaration to override the Act, in which event the Declaration shall control. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph or clause of this Declaration, or any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or effect of the rest of this Declaration, or the application of any such covenant, restriction, condition, limitation, provision, paragraph or clause to any other person or circumstance.

17.02. Interpretation of Declaration. Whenever appropriate, singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely the part in which they appear.

17.03. Law Controlling. This Declaration shall be construed and controlled by and under the laws of the State of North Carolina.

17.04. Power to Settle Claims. The Board shall have the power and authority to compromise, settle, release and otherwise adjust claims, demands, causes of action and liabilities in favor of the Association and the Owners, on behalf of the Association and Owners, as the case may be, provided any such claim, demand, cause of action or liability arises out of or relates to a condition or defect common to all or a majority of the Lots or improvements constructed thereon, or to the development, design, construction, condition, repair or maintenance of or damage or injury to or defect in the Common Area or part thereof, and the Association shall have the right and the power to make and receive all payments or other consideration necessary therefor or in connection therewith. For such purposes, the Board shall be, and hereby is, irrevocably appointed attorney in fact to act on behalf of all Owners upon such terms and conditions and for such consideration as may be approved by a majority of the Board.

17.05. Independence of Provisions. The provisions of this Declaration shall be deemed independent and severable. Invalidation or partial invalidation of any provision of this Declaration by judgment or court order shall not affect any other provision of this Declaration, and the remaining provisions shall remain in full force and effect.

17.06. Notices. Notices shall be in writing and shall be addressed as follows: (a) if to an Owner, to the address of his or her Lot; (b) if to Declarant, to Centex Homes, 5350 77 Center Drive, Suite 100, Charlotte, N.C. 28217; and (c) if to the Association, to 5350 77 Center Drive, Suite 100, Charlotte, N.C. 28217. The Association may designate a different address for notices by giving written notice of such change of address to all Owners and to Declarant. Declarant may designate a different address for notices by giving written notice of such change of address to all Owners and to the Association. Any Owner may designate a different address for notices by giving written notice of such change of address to the Association and to Declarant.

17.07. Headings. The headings used in this Declaration are for convenience and reference only and the words contained therein shall not be held to expand, modify, or aid in the interpretation, construction, or meaning of this Declaration.

17.08. Enforcement. The failure of any Owner to comply with the provisions of this Declaration, the Bylaws or the Articles shall entitle the Association, any Owner, or any of them, to maintain an action for the recovery of damages or injunctive relief or both, and such persons or entities, or any of them, shall have the right to enforce all limitations, restrictions, covenants, conditions, easements, liens, charges, assessments and equitable servitudes imposed by or pursuant to the provisions of this Declaration. Failure to enforce the provisions of this Declaration shall not be deemed a waiver of the right to do so thereafter. All remedies provided in this Declaration shall be cumulative and in addition to any other remedies available under law.

17.09. Equal Opportunity Housing. This Property provides equal opportunity housing. Each Lot sold shall be sold without regard to the race, creed, color, national origin, ancestry, religion, marital status, familial status, handicap, age or sex of the purchaser.

17.10. Amendments. This Declaration may be amended only in strict compliance with the Act, including, without limitation, Section 47F-2-117 of the Act, except that no Amendment altering or impairing Special Declarant Rights may be made without the written consent of the Declarant.

Notwithstanding the foregoing, and provided such amendment is not expressly prohibited by the Act, during any period in which a two-class voting structure is in effect, Declarant may amend this Declaration without the approval of any Member or Mortgagee provided the amendment does not materially alter or change any Owner's right to the use and enjoyment of such Owner's Lot or of the Common Area as set forth in this Declaration and the amendment does not adversely affect the title to any Lot. In the event that such amendment would materially and adversely affect the security, title and interest of any Mortgagee, such amendment shall be valid only upon the written consent of sixty-seven percent (67%) of the Mortgagees (based on one vote for each mortgage owned).

Should the Department of Veterans' Affairs, the Federal National Mortgage Association, or the Federal Home Loan Mortgage Corporation subsequently delete any of their respective requirements which necessitate the provisions of this Declaration or make such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Declaration to be recorded to reflect such changes.

Any other amendments of this Declaration shall require (a) if a two-class voting structure is in effect, the vote or written consent of sixty-seven percent (67%) of the Voting Power of each class of Members of the Association as such classes are set forth in the Bylaws and this Declaration and the written approval of FHA; or (b) if a two-class voting structure is not in effect, the vote or written consent of both sixty-seven percent (67%) of the Voting Power of the Association and the vote or written consent of sixty-seven percent (67%) of the Voting Power of the Association residing in Members other than Declarant; provided, however, that the percentage of the Voting Power (of each class of Members, of the Association, and of Members other than Declarant) necessary to amend a specific provision of this Declaration shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that provision.

Any amendment which establishes, governs, provides for or regulates any one of the following: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the Common Area; (iv) insurance or fidelity bonds; (v) right to use of the Common Area; (vi) responsibility for maintenance and repair of the Property; (vii) expansion or contraction of the Property or the addition, annexation or withdrawal of property to or from the Property; (viii) the boundaries of any Lot once conveyed by Declarant to an Owner; (ix) interests in the Common Area; (x) leasing of ownership interests; (xi) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his Lot; (xii) any provisions which are for the express benefit of Mortgagees; or (xiii) any other material amendment shall require written consent of sixty-seven percent (67%) of the Mortgagees (based on one vote for each Mortgage owned), and (a) if a two-class voting structure is in effect, the vote or written consent of sixty-seven percent (67%) of the Voting Power of each class of Members and the written approval of FHA, or (b) if a two-class voting structure is not in effect, the vote or written consent of sixty-seven percent (67%) of the total Voting Power of the

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Association, and the written consent of sixty-seven percent (67%) of the Mortgagees (based on one vote for each mortgage owned). Any Mortgagee who does not respond within thirty (30) days' request by the Association for consent to an amendment of this Declaration shall be deemed to have approved such request.

Any instrument amending this Declaration must contain a certification by the Secretary of the Association that the amendment has been correctly adopted in accordance with the provisions of this Declaration and be recorded in the official records of the County. Any such amendment shall be effective upon the date of recordation.

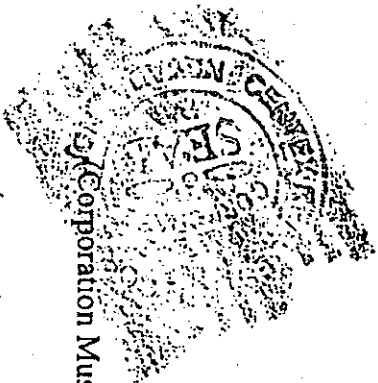
IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration as of the date first above set forth.

DECLARANT

CENTEX HOMES, (SEAL)
a Nevada general partnership

BY: Centex Real Estate Corporation,
a Nevada corporation, its managing
general partner

BY: 
Division President



Attest:


Assistant Secretary

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

ss

This 26 day of Nov, 2001, personally came before me
Michael McElroy, who, being by me duly sworn, says that he is the
Division President of Centex Real Estate Corporation (the "Corporation"), a Nevada
corporation, managing general partner of Centex Homes, a Nevada general partnership, that
the seal affixed to the foregoing instrument in writing is the corporate seal of the
Corporation, and that said writing was signed and sealed by him in behalf of said
Corporation, acting as managing general partner of Centex Homes. And the said Division
President, acknowledged the said writing to be the act and deed of said Corporation, acting
in its capacity as managing general partner of Centex Homes.

Debra M. Cravely
Notary Public In and For
The County of Mecklenburg and
State of North Carolina

My Commission Expires:

10-25-05

[NOTARIAL SEAL]



NORTH CAROLINA - UNION COUNTY
The foregoing certificate of
Debra M. Cravely

Notary (y) (ies) Public
is/are certified
to be correct.

JUDY G. PRICE, REGISTER OF DEEDS
BY: Debra M. Cravely
ASST./DEPT.

LIST OF EXHIBITS

1. Exhibit A: Description of Wesley Springs
2. Exhibit B: Description of Additional Land

EXHIBIT A

Legal Description

Lying and being in Union County, North Carolina and being all of the property depicted on map of Wesley Springs Subdivision, Phase I, recorded in Plat Cabinet G in File Nos. 767, 768, 794 and 795 in the Union County Public Registry.

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EXHIBIT B

Additional Land

All property immediately adjoining the land depicted on the record maps described on Exhibit A, the owners of which adjoining property are depicted by name on said record maps.

BYLAWS
OF

WESLEY SPRINGS HOMEOWNERS ASSOCIATION, INC.

**BYLAWS
OF**

WESLEY SPRINGS HOMEOWNERS ASSOCIATION, INC.

**ARTICLE 1
NAME AND LOCATION**

The name of the corporation is Wesley Springs Homeowners Association, Inc. The principal office of the corporation shall be located in Mecklenburg County, North Carolina.

**ARTICLE 2
DEFINITIONS**

The defined terms set forth in Article 1 of the Declaration of Covenants, Conditions and Restrictions for Wesley Springs ("Declaration"), recorded in the Union County Public Registry are incorporated herein by reference and, unless specifically provided herein, the capitalized terms used in these By-laws shall have the same meaning given them in the Declaration.

ARTICLE 3

MEMBERSHIP AND VOTING RIGHTS

The terms and provisions of Article 8 of the Declaration entitled "Membership and Voting Rights" are incorporated herein by reference.

ARTICLE 4

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year after the commencement of regular annual assessments as provided in Section 9.09 of the Declaration, but in no event shall the meeting be held later than four (4) months after the conveyance by Declarant of seventy-five percent (75%) of all Lots in the Property to Owners other than a successor Declarant for use as a residence. Subsequent regular annual meetings of the Members shall be held not less frequently than once each calendar year, at a date, time and place selected by the Board. If the day for the

annual meeting of the Members is a legal or religious holiday, a Saturday or a Sunday, the meeting shall be held at the same hour on the first working day thereafter.

Section 2. Special Meetings. Special meetings of the Members shall be promptly scheduled in response to a majority vote of a quorum of the Board, or upon receipt of a written request signed by Members representing not less than ten percent (10%) of the total Voting Power of the Association.

Section 3. Notice of Meetings. Written notice of annual and special meetings of Members shall be given by, or at the direction of, the Secretary of the Association or other person authorized to call the meeting, by mailing a copy of such notice, first-class postage prepaid, not less than ten (10) days nor more than sixty (60) days before such meeting, to each Member entitled to vote, addressed to the Member's Address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Notice of a meeting shall specify the place, date and hour of the meeting, and, the items on the agenda including the general nature of any proposed amendment to the Declaration or these Bylaws, any budget changes and any proposal to remove a director or officer. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to Members. Notice shall also be given to the Mortgagees on Lots at the address supplied by the Mortgagee to the Association, if any, and each such Mortgagee shall have the right to designate a representative to attend any meeting. Waiver by a Member in writing of the notice required herein, signed by him, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the beginning of any meeting of Members entitled to cast, or of proxy holders entitled to cast, ten percent of the total Voting Power of the Association shall constitute a quorum for any action, except as may otherwise be provided in the Articles, the Declaration or these Bylaws. The Members present at any duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. In the absence of a quorum, the Members entitled to vote at such meeting shall have the power, upon an affirmative vote of a majority of those Members present in person or by proxy, to adjourn the meeting to another time without notice (other than announcement at the meeting). Any adjournment for lack of a quorum shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed herein for regular meetings.

Section 5. Proxies.

(a) At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, dated and filed with the Secretary of the Association or other person designated at the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot or upon receipt by the Association of written notice of the death or incapacity of the Member who executed the proxy. Any proxy shall be invalid after expiration of eleven (11) months from the date it is executed.

(b) Any form of proxy or written ballot distributed to ten (10) or more Members shall afford an opportunity on the proxy or form of written ballot to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot or proxy is distributed, to be acted upon at the meeting for which the proxy is solicited or by such written ballot, and shall provide, subject to reasonable specific conditions, that where the Member solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith.

(c) Every form of proxy or written ballot, which provides an opportunity to specify approval or disapproval with respect to any proposal, shall also contain an appropriate space marked "abstain," whereby a Member may indicate a desire to abstain from voting on the proposal. A proxy marked "abstain" by the Member with respect to a particular proposal shall not be voted either for or against such proposal.

(d) In any election of Directors, any form of proxy or written ballot in which the Directors to be voted upon are named therein as candidates and which is marked by a Member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld shall not be voted either for or against the election of a Director.

(e) Failure to comply with this section shall not invalidate any corporate action taken, but may be the basis for challenging any proxy at a meeting and the superior court may compel compliance therewith at the suit of any Member.

Section 6. Location. Meetings of Members shall be held within the Property or as close thereto as possible.

Section 7. Action Taken Without a Meeting. Any action which may be taken by the vote of Members at a regular or special meeting, except the election of the Board, may be taken in the absence of a meeting by written consent.

ARTICLE 5

BOARD OF DIRECTORS

Section 1. Number. The affairs of the Association shall be managed and governed by a Board of up to five (5) Directors, who shall be Members of the Association, except that a partner, member, employee, officer or director of any partnership, limited liability company, corporation or association that is an Owner shall be eligible to serve as a Director.

Section 2. Term of Office. At the first meeting of the Association, the Members shall elect up to five (5) Directors; three (3) Directors for a term of two (2) years and two (2) Directors for a term of one (1) year. At each annual meeting thereafter, the Members shall elect successor Directors for Directors whose terms have expired, each to serve for a term of two (2) years; provided, however, that prior to the first annual meeting of the Members, Declarant shall have the right, without a meeting of Members or an election, to appoint successor Directors for Directors whose terms have expired, each to serve for a term of two (2) years.

Section 3. Removal. Directors may be removed from the Board, with or without cause, at any regular or special meeting of the Members called for such purpose, by a majority of the votes of the Members cast at such meeting, except no individual Director shall be removed if the number of votes cast against his removal would be sufficient to elect the Director if voted cumulatively at an election at which the same total number of votes were cast and the entire authorized Board were then being elected. In the event of death, resignation or removal of a Director, the remaining Directors may appoint his successor and his successor shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual reasonable expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Board shall have the right to take any action in the absence of a meeting which it could take at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Board. All such written consents shall be filed with the minutes of the proceedings of the Board and an explanation of the action taken shall be posted at a prominent place within the Property within three (3) days after the written consents of all Board members have been obtained.

ARTICLE 6

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board may be made by a nominating committee appointed by the Board prior to the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board, and two or more Members. 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 to be filled. Nominations may also be made from the floor at the annual meeting.

Section 2. Election. The first election of the Board shall be conducted at the first meeting of the Association and the authorized number of Directors shall be elected at that meeting. Election to the Board shall be by secret written ballot. Election of Directors shall be by cumulative voting in all elections in which more than two Directors are to be elected. The persons receiving the largest number of votes shall be elected. A Member shall be entitled to cumulate his or her votes for one or more candidates for the Board, if the candidate's name has been placed in nomination prior to voting, and if the Member has given notice at the meeting prior to the voting of his or her intention to cumulate votes. If any one Member has given such notice, all Members may cumulate their votes for candidates in nomination.

Section 3. Election of Director by Members Other than Declarant. Notwithstanding any contrary provision in this Article 6, from the first election of the Board, so long as a majority of the Voting Power of the Association resides in Declarant, or so long as there are two (2) outstanding classes of membership in the Association, Members other than Declarant shall be entitled to elect not less than one (1) Director. A Director who has been elected to office solely by the votes of Members other than Declarant may be removed from office prior to the expiration of his term of office only by the vote of at least a simple majority of the Voting Power residing in Members other than Declarant.

Section 4. Vacancies. Any vacancy on the Board caused by death, disability, resignation or increase in the number of Directors may be filled by appointment by a majority of the remaining Directors or by the sole remaining Director. Any vacancy on the Board caused by removal of a Director shall be filled by election pursuant to sections 2 and 3 of this Article.

ARTICLE 7

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board shall be held at such intervals as the Board considers necessary and desirable, but not less often than once

every year until after the first annual meeting of Members, and then not less often than once every three (3) months. Regular meetings shall be held at such place within the Property and at such hour as may be fixed from time to time by resolution of the Board. Notice of the time and place of regular meetings shall be posted at a prominent place or places in the Property, and shall be communicated to all Directors not less than four (4) days prior to the meeting; provided, however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or consent to holding of the meeting.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the president of the Association or by any two (2) Directors other than the president. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all Directors and posted in the manner prescribed for notice of regular meetings not less than seventy-two (72) hours before the scheduled time of the meeting; provided, however, that the notice need not be given to any Director who has signed a waiver of notice or consent to holding the meeting.

Section 3. Quorum. A majority of the number of 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 at which a quorum is present shall be regarded as the act of the Board.

Section 4. Open Meetings. Regular and special meetings of the Board shall be open to all Members of the Association; provided, however, that Members who are not Directors may not participate in any deliberation or discussion unless expressly so authorized by the vote of a majority of a quorum of the Board.

Section 5. Executive Session. The Board may, with the approval of a majority of a quorum of its members, adjourn a meeting and reconvene in closed executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE 8

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Except as may be specifically limited by the terms and provisions of the Act, the Board shall have power to:

- (a) Adopt, publish and enforce Rules and Regulations governing the Property, the use and enjoyment of the Common Area and any facilities thereon, and the personal conduct thereon of the Members, their guests, invitees, members of their families or households, and tenants, provided that (i) the Members may amend any such Rules and

Regulations adopted by the Board at any regular or special meeting of the Members called for such purpose (a) if a two-class voting structure is in effect, by the vote or written consent of sixty-seven percent (67%) of the total Voting Power of each class of Members and the within approval of FHA, or (b) if a two-class voting structure is not in effect, by the vote or written consent of sixty-seven percent (67%) of the total Voting Power of the Association; (ii) such Rules and Regulations shall be reasonable, shall not discriminate against Declarant, and must be consistent with the Declaration, the Articles and these Bylaws; and (iii) Rules and Regulations shall not be effective until written notice thereof has been given by mailing a copy of the Rules and Regulations, postage prepaid, at least ten (10) days before the effective date of the Rules and Regulations, to each Member addressed to the Member's address last appearing in the books of the Association.

(b) After Notice and Opportunity for Hearing by the Board, (i) suspend an Owner's rights as a Member of the Association, including his voting rights and right to use any Common Area facilities on the Common Area, for any period during which any fine against such Member or any assessment against such Member's Lot remains unpaid; (ii) impose monetary penalties as provided in the Declaration for any infraction of the Rules and Regulations or any violation of or failure to comply with the provisions of the Declaration or these Bylaws, provided the Member shall have been warned in writing of a previous infraction within the preceding one (1) year; and (iii) suspend an Owner's rights as a Member of the Association for a period not to exceed thirty (30) days for any infraction of the Rules and Regulations;

(c) Enforce and carry out provisions of the Declaration, these Bylaws and the Articles, and exercise all rights of the Association and the Board set forth in the Declaration, these Bylaws and the Articles;

(d) Pay any taxes or assessments which are or could become a lien on the Common Area or any portion thereof;

(e) Contract for casualty, liability and other insurance;

(f) Incur and pay expenses on behalf of the Association and contract for goods and services for the Common Area or any other real or personal property for which the Association is responsible and any other real or personal property for which the Association may be responsible or as to which the Association may have duties and obligations; provided, however, that: (i) no contract with a third person wherein the third person will furnish goods or services for the Common Area or any other real or personal property for which the Association is responsible or the Association shall exceed a term of one year (except for a management contract, the terms of which have been approved by the FHA or the Veterans Administration, or a contract with a public utility regulated by the Public Utilities Commission, in which case the contract shall be limited to the shortest term allowable by such public utility at the regulated rate, or prepaid casualty or liability insurance policies which shall not exceed three (3) years' duration, provided the policy

permits short rate cancellation by the insured); (ii) expenditures in the aggregate exceeding five percent (5%) of the budgeted gross expenses of the Association for any fiscal year of the Association shall not be incurred for capital improvements to the Common Area in any fiscal year; and (iii) any management agreement for the Property shall be terminable for cause upon thirty (30) days' written notice and without cause upon ninety (90) days' written notice, without payment of a termination fee. The restrictions contained in (i) and (ii) hereinabove shall not apply if the contract or expenditures are approved by the vote or written consent of sixty-seven percent (67%) of the Voting Power of each class of Members and the written approval of FHA so long as there are two classes of Members, and by sixty-seven percent (67%) of the Voting Power residing in Members other than Declarant when there is one class of Members.

(g) Delegate to committees, officers, employees and other agents of the Association reasonable powers to carry out the powers and duties of the Board; provided, however, that the Board shall not delegate the power to impose discipline against Members or to levy fines against Members;

(h) Prepare and distribute budgets and financial statements of the Association;

(i) Enter any Lot, at reasonable hours, after forty-eight (48) hours' notice and with as little inconvenience to the Owners as possible, in connection with any work or thing required or permitted to be performed or done by the Association by these Bylaws, the Declaration or the Rules and Regulations. In the event of emergency threatening injury to persons or property, or reasonable cause to believe there is such an emergency, the right of entry shall be immediate and may be exercised without notice, whether or not the Owner is present. The Association shall repair any damage caused by such entry;

(j) Employ a manager and such other employees as it deems necessary to carry out the powers and duties of the Association;

(k) Sell, transfer, dedicate, hypothecate, partition, subdivide, abandon, release or alienate the Common Area as permitted by the Act, provided however that if a two-class voting structure is in effect written approval of FHA shall be required;

(l) Exercise all the powers set forth in the North Carolina Nonprofit Corporation Code and the Act, except those reserved to the Members by the provisions of these Bylaws, the Articles or the Declaration; and

(m) Compromise, settle, release and otherwise adjust claims, demands, causes of action and liabilities on behalf of the Association and Owners, as the case may be, provided any such claim, demand, cause of action or liability arises out of or relates to a condition or defect common to all or a majority of the Lots or improvements constructed thereon, or to the development, design, construction, condition, repair or maintenance of or damage or injury to or defect in the Common Area or part thereof, and make and

receive all payment or other consideration necessary therefor or in connection therewith. For such purposes, the Board shall be, and hereby is, irrevocably appointed attorney-in-fact to act on behalf of all Owners upon such terms and conditions and for such consideration as may be approved by a majority of the Board.

Section 2. Non-Liability. A Director of the Board shall not be liable to the Members if he performs the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared and presented by:

- (a) One or more officers or employees of the Association whom the Director believes to be reliable and competent in the matters presented;
- (b) Counsel, independent accountants or other persons as to matters which the Director believes to be within such person's professional or expert competence; or
- (c) A committee of the Board on which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable inquiry, when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Section 3. Duties. The Board shall:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present to the Members, and any Mortgagee making written request therefor, the following:
 - (i) A pro forma operating statement (budget) for each fiscal year, which statement shall be distributed not less than forty-five (45) days and not more than sixty (60) days before the beginning of the fiscal year;
 - (ii) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Lot in the Property and an operating statement for the period from said date of such first closing to said accounting date, which balance sheet and statement shall be distributed within sixty (60) days after the accounting date. The operating statement shall include a schedule of assessments received and receivable identified by Lot number and Owner's name;

- (iii) An annual report, which annual report shall be distributed within one hundred twenty (120) days after the closing of the fiscal year, consisting of the following:
 - (A) A balance sheet as of end of the fiscal year;
 - (B) An operating (income) statement for the fiscal year;
 - (C) A statement of changes in financial position for the fiscal year; and
 - (D) The annual report shall be prepared by an independent public accountant for any fiscal year in which the gross income of the Association exceeds \$75,000 and, if not prepared by an independent accountant, the annual report shall be accompanied by the certificate of an authorized officer of the Association that the statements were prepared without audit from the books and records of the Association.
- (b) Supervise the officers, agents and employees of the Association in the proper performance of their duties;
- (c) As more fully provided in the Declaration and subject to any limitations contained therein:
 - (i) Fix the amount of the annual assessment against each Lot at least sixty (60) days in advance of each annual assessment period and, if necessary, revise such annual assessment;
 - (ii) Send written notice of each assessment to every Owner in advance of each annual assessment period, provided that failure to comply with the provisions of this subparagraph shall not invalidate any assessment, lien or obligation to pay such assessment; and
 - (iii) Take appropriate action against any Owner who is delinquent in the payment of any assessment to the Association, which action may include, but is not limited to, commencement of an action against the Owner for payment thereof and/or foreclosure of the lien against the Lot of such Owner.
- (d) Issue, or cause an appropriate officer to issue, upon demand by any person having a legitimate interest, a certificate setting forth whether or not any assessment has been paid, for which certificate a reasonable charge may be made by the Board;

(e) Procure and maintain liability, fire and extended coverage casualty insurance, as required by the Declaration, worker's compensation insurance, and such additional insurance and endorsements as the Board may deem desirable;

(f) Cause the Common Area, the amenities located thereon, any private streets, public streets or rights-of-way which have been dedicated but not yet accepted for maintenance by the appropriate governmental entity, and any other real and personal property for which the Association may be responsible or as to which the Association may have duties and obligations to be kept in a good state of maintenance and repair;

(g) Pay proper expenses of the Association; and

(h) Establish and maintain reserve funds for Common Area replacements and maintenance in accordance with the initial budget of the Association or such budgets as may subsequently be adopted from time to time by the Board. Funds deposited in reserve for a particular purpose shall be held for that purpose and shall not be expended for any other purpose without (i) if a two-class voting structure is in effect, the vote or written consent of sixty-seven (67%) percent of the Voting Power of each class of Members, or (ii) if a two-class voting structure is not in effect, the vote or written consent of sixty-seven percent (67%) of the total Voting Power of the Association, except that if the Board determines that funds held in reserve for a particular purpose exceed an amount reasonably required as a prudent reserve for that purpose, then, without the vote or written consent of Members, the excess may be allocated to any other reserve fund established by the Board and expended for the purpose for which such other reserve fund has been established.

ARTICLE 9

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and a vice-president, who shall at all times be members of the Board, 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 following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless such person sooner resigns, or is removed, or is otherwise disqualified to serve.

Section 4. Special Appointments. The Board may appoint 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 determine from time to time.

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 replaces.

Section 7. Multiple Offices. No person shall simultaneously hold more than one of any of the offices, except in the case of special offices created pursuant to section 4 of this Article 9; provided, however, that notwithstanding the foregoing, the offices of secretary and treasurer may be held by the same person.

Section 8. Duties. The duties of the officers shall be those usually vested in their respective offices, including the following:

(a) President: The president shall preside at all meetings of the Board and shall see that orders and resolutions of the Board are carried out;

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

(c) Secretary: The Secretary, or an assistant secretary elected and authorized by the Board, shall keep minutes of all meetings of the Board and of the Members and shall have custody and charge of the Association's corporate seal, minute books, membership transfer books, and such other books, papers and documents as the Board may prescribe; and

(d) Treasurer: The Treasurer, or an assistant treasurer elected and authorized by the Board, shall be responsible for Association funds and securities and shall keep or supervise the keeping by persons designated by resolution of the Board of books of account of Association receipts and disbursements.

Section 9. Checks and Drafts. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable by the

Association shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 10. Execution of Contracts and Other Documents. The Board by resolution may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or agreement or to pledge its credit to render it liable for any purpose or for any amount.

ARTICLE 10

BOOKS AND RECORDS

The membership register, books of account and minutes of meetings of the Members, Board and committees of the Board shall be made available for inspection and copying by any Member, any Member's duly appointed representative and any Mortgagee during normal business hours for a legitimate purpose, at such place or places within the Property as the Board may prescribe. The Board shall establish reasonable rules with respect to notice to be given to the custodian of the records by the Member or Mortgagee desiring to make the inspection; hours and days of the week when such an inspection may be made; and payment of the cost of reproducing documents requested by a Member or Mortgagee. The Declaration, the Articles and these Bylaws shall be available for inspection by any Member at the principal office of the Association, where copies may be obtained at reasonable cost. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical properties owned or controlled by the Association, including the right to make extracts and copies of documents.

ARTICLE 11

ASSESSMENTS

As more fully provided in the Declaration, each member, including Declarant, is obligated to pay to the Association annual and special assessments which are secured by a lien upon the Lot against which the assessment is made. Any assessments which are not paid within ten (10) days of the due date shall be delinquent. The Board may require that any delinquent assessment bear a late charge to cover administrative expenses incurred as a result of the late payment of the assessment. Late charges on delinquent assessments shall not exceed the rates set forth in the Declaration. The Association may bring an action at law against the Owner personally obligated to pay a delinquent assessment, or foreclose the lien against his Lot and, after Notice and Opportunity for Hearing, the Association may suspend a delinquent Owner's membership in the Association while the

assessment remains unpaid. In any action to enforce payment of an assessment, the Association shall be entitled to recover interest, costs and reasonable attorneys' fees. No Owner may exempt himself from payment or assessments by waiver of the use or enjoyment of all or any portion of the Common Area or abandonment of his Lot.

ARTICLE 12

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the name of the Association.

ARTICLE 13

AMENDMENTS AND INTERPRETATION OF DOCUMENTS

Section 1. Amendment. Any amendment of these Bylaws shall require (i) if a two-class voting structure is in effect, the vote or written consent of sixty-seven percent (67%) of the Voting Power of each class of Members as such classes of membership are set forth in the Declaration and these Bylaws and the written approval of FHA; or (ii) if a two-class voting structure is not in effect, the vote or written consent of both sixty-seven percent (67%) of the Voting Power of the Association and the vote or written consent of sixty-seven percent (67%) of the Voting Power of the Association residing in Members other than Declarant; provided, however, that no such amendment shall change any provision hereof where such provision is contained in or governed by the Articles or the Declaration, unless the applicable provisions of the Articles and/or Declaration are likewise amended as therein required, and provided further that the percentage of the Voting Power of the Association and of Members other than Declarant necessary to amend a specific provision of these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that provision. Any amendment which establishes, governs, provides for or regulates any one of the following: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the Common Area; (iv) insurance or fidelity bonds; (v) right to use of the Common Area; (vi) responsibility for maintenance and repair of the Project; (vii) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (viii) the boundaries of any Lot; (ix) interests in the Common Area; (x) leasing of ownership interests; (xi) imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer, or otherwise convey his Lot; (xii) any provisions which are for the express benefit of Mortgagees; or (xiii) any other material amendment shall require written consent of sixty-seven percent (67%) of the Mortgagees (based on one vote for each Mortgage owned), and (a) if a two-class voting structure is in effect, the vote or written consent of sixty-seven percent (67%) of the Voting Power of each class of Members, or (b) if a two-class voting structure is not in effect, the vote or written consent


of sixty-seven percent (67%) of the total Voting Power of the Association, and the written consent of sixty-seven percent (67%) of the Mortgagees (based on one vote for each mortgage owned). Any Mortgagee who does not respond within thirty (30) days' request by the Association for consent to an amendment of these Bylaws shall be deemed to have approved such request.

Section 2. Interpretation. In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the case of any conflict between the Articles and the Declaration, the Declaration shall control.

IN WITNESS WHEREOF, we, being all of the initial Directors of the Wesley Springs Homeowners Association, Inc., have hereunto set our hands this 14th day of May, 2002.



Mikell McElroy



Wes Patterson



Randall Sparger

CERTIFICATION

The undersigned, does hereby certify:

That I am the duly elected and acting secretary of Wesley Springs Homeowners Association, Inc., a North Carolina nonprofit corporation, and,

That the foregoing bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors of said corporation, held on the 14th day of January, 2002.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association this 14th day of January, 2002.


Secretary

WESLEY SPRINGS HOA
Rules and Regulations

I. General Policy

Pursuant to its authority under the *Declaration of Covenants, Conditions, and Restrictions for Wesley Springs*, the Architectural Review Committee (ARC) of the Wesley Springs Homeowners Association hereby issues the following *Rules and Regulations for Wesley Springs*. This document is also referred to as *Standards and Guidelines for Interpretation of the Declaration of Covenants, Conditions, and Restrictions for Wesley Springs*. These Standards and Guidelines are supplemental to the existing Declarations, and are not inclusive of all items upon which the Wesley Springs Architectural Review Committee or the Board of Directors of the Wesley Springs Homeowner's Association may act. It is intended to provide guidance to Owners regarding requirements for additions and modifications to property in Wesley Springs and matters of particular concern to the Architectural Review Committee in considering applications for approval of such additions and modifications. In addition, it sets forth various restrictions on other matters relating to the overall appearance of property in Wesley Springs.

Compliance with the guidelines and requirements of this Guide is required, but does not constitute the sole basis for review of applications for approval under Article VII of the Declaration, nor does it guarantee approval of any application. In reviewing each submission, the ARC may consider any factors it deems relevant. *Decisions may be based on purely aesthetic considerations*. Each owner acknowledges that determinations as to such matters are purely subjective and opinions may vary as to the desirability and/or attractiveness of proposed additions and modifications. To this end, it is important to note that decisions are made on a case-by-case basis, and although a modification or addition may have been approved in one instance, there is no guarantee that it will be approved again.

Unless otherwise specifically exempted by the Declaration or this guide *all proposed modifications and additions to homes and lots within Wesley Springs require application to and prior approval of the ARC*. Where this guide specifically permits an owner to proceed without prior approval, such permission shall only be effective so long as the owner complies with the requirements of this guide.

All requests for modifications must be submitted in writing to the Wesley Springs Homeowner's Association. A form is attached. A separate form must be submitted for each change being made (i.e. 1 form for a pool, 1 form for a fence, etc.)

Effective: October 31, 2008

Wesley Springs Homeowners Association

II. Maintenance

A. Performed by the Association

1. The Association is responsible for maintaining all areas of Common Open Space within Wesley Springs. All such area is the property of the Association.
2. No resident shall cause any object to be fixed to the common property (including the planting of any plant material) or in any manner change the appearance of the common property.
3. All improvements, including landscaping, located upon individual resident's lots are the responsibility of the resident to maintain. Residents are strongly encouraged to water new growth of grass upon their lots and to keep their lawns watered during the summer months in order to maintain an attractive appearance.
4. Residents are required to keep their property maintained in such a manner as to provide a neat and attractive appearance.

III. Improvements to Lots

A. General Guidelines

1. ALL improvements to lots require specific prior approval by the Architectural Review Committee, and will be approved or disapproved based on compliance with the Declarations, these Guidelines and / or the aesthetic discretion of the Board.
2. All projects should be completed within thirty (30) days of start date, unless not feasible due to the magnitude of the project.
3. Any utility additions must be underground and adhere to applicable code for such utilities.
4. All applications must include a detailed description of the planned project and must contain the following information, as applicable:

* Size of structure	*	Roof design
* Height	*	Roof material
* Wall material	*	Exterior finish
* Location	*	Quantity
* Utilities (water, electric)	*	Detailed drawing
* Estimated length of construction		

B. Outbuildings

1. Size: Size of outbuilding will be no larger than 12' x 14'
2. Height: For maximum 12' x 14' buildings, overall no greater than eleven feet (11') with a maximum eave height of seven feet (7').
3. Roof Design: single pitch (shed) roofs are not permitted.
4. Roof Materials: must be constructed of shingles that match those on the home.
5. Quantity: only one outbuilding per lot is permitted.

Wesley Springs Homeowners Association

6. Wall Material: exterior walls must be constructed of vinyl siding to match the home. No particleboard, standard plywood, cinder block, plastic or metal construction is allowed. If an exact match of the vinyl siding cannot be made, the ARC will consider a close match at their discretion.
 7. Exterior Finish: outbuildings must be trimmed and painted, in their entirety, in the same quality materials and colors of the home.
 8. Utilities: any utility facilities (water, sewer, electric, etc.) providing service to an outbuilding must be underground and adhere to applicable building code for such facilities.
 9. Foundation: only poured concrete foundations or continuous block foundations are permitted.
 10. Location: outbuildings are to be placed in the rear yard of a lot and are subject to the following restrictions:
 - a. The rear property line must be at least three (3) times larger than the largest outbuilding dimensions. For example, a 12' X 14' outbuilding requires a minimum forty-two-foot (42') rear property line (14' x 3).
 - b. Outbuildings must be placed at least six feet (6') from any property boundary as provided by zoning regulations and should contain sufficient clearance around all sides to permit appropriate maintenance.
 - c. Outbuildings should be placed no less than fifty feet (50') from the property line adjacent to the street side of a corner lot.
- C. Fences
1. Fencing must be constructed of wood or vinyl. Wood fencing may be painted white or left natural. Wood fencing may also be stained a natural color for protection. Stained colors must be approved by the ARC. Vinyl fencing must be white. Black, wrought iron (or similar vinyl fencing) is also approved for use by the board.
 2. Only picket style fencing or split rail style fencing may be approved. Split rail fencing may have two inch by four inch (2"x4") or larger wire mesh attached to the inside of the fence to contain pets.
 3. Picket fencing may not exceed six feet (6') in height and split rail fencing may not exceed five feet (5') in height.
 4. Chain link fencing in any form is strictly prohibited (including dog pens / runs).

Wesley Springs Homeowners Association

5. Fencing may have no more than eighty percent (80%) 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 (Refer to Section 7.07 of the DCCR's.) Eighty percent (80%) of a fence surface shall be defined as follows: for every one inch (1") of board there must be 0.2" of space (for example, a five inch (5") wide board would require one inch (1") of space between boards. *No perimeter fencing is allowed that completely blocks the view into the area being fenced.*
 6. The maximum board width allowed on picket style fencing is five and one half inches (5 ½").
 7. The "finished" side of all fencing must face outward.
 8. Fencing may not be erected any closer to the street than the side and / or rear setback line on lots adjoining streets. Consult your property survey for your setback lines.
 9. Fencing may NOT be erected on bermed areas of lots. i.e. no fence shall extend any higher on a berm than the "toe" (base) of the berm.
 10. Fencing may not be extended any closer to the street than the rear façade of a home, unless approved by the Committee due to the existence of a side service entrance.
 11. Privacy fencing around decks and patios may be approved (fencing that does not comply with the eighty percent (80%) spacing requirements) but must comply with all other fencing guidelines. Similar fencing may be approved to screen HVAC units. Any such fencing may NOT connect to any perimeter fencing on the property.
 12. Consult Section 7.07, page 13, of the *Declaration* for further information on fencing in Wesley Springs.
- D. Doghouses
1. Size: may not exceed four feet (4') wide by five feet (5') deep by four feet (4') high.
 2. Material: must be constructed of the same materials as described for outbuildings (see section 3B of this document). No plastic doghouses are allowed. If color cannot match house, alternate colors may be approved by the board on a case-by-case basis.
 3. Quantity: no more than two (2) doghouses are permitted on any lot.
- E. Driveway Additions
1. Material: must be constructed of concrete (no asphalt driveway will be approved).
 2. Location: a two-foot (2') minimum setback should be maintained from all property lines. Situations not permitting this setback will be reviewed by the Committee on a case-by-case basis. No circular driveways will be approved.

Wesley Springs Homeowners Association

F. Basketball Goals

1. **Material:** professional metal pole with fiberglass or Plexiglas backboard. Portable goals must be stored in the garage, or if space does not permit, behind the house when not in use.
2. **Quantity:** only one (1) goal per lot is permitted.
3. **Location:** must be located at least fifteen feet (15') from the street. Backboard may NOT be attached to the house. The goal must be oriented so that play occurs on your property.

G. Exterior Lighting

1. Freestanding security lights located in front and side yards may be approved, but are limited to six feet (6') in height.
2. Freestanding security lights located in rear yards may be approved, but are limited to ten feet (10') in height.
3. Eave-mounted floodlights may be approved.
4. Landscape lighting may be approved.

H. Swimming Pools

1. In-ground swimming pools may be approved, but require the installation of an approved perimeter fence enclosing the entire rear yard or an approved privacy or perimeter fence that surrounds the pool deck area.
2. Above-ground pools, with the exception of temporary "kiddie pools" in rear yards, are prohibited.

I. Signage

1. Only the following types of signs are permitted on any lot in Wesley Springs:
 - a. One temporary sign advertising the home for sale, provided the sign has a maximum face area of five (5) square feet on each side and, if freestanding, stands no more than four feet (4') off of the ground.
 - b. One security service sign located in the front yard and one located in the rear yard, provided the signs have a maximum face area of two (2) square feet.
 - c. Notification signage as may be required by legal proceedings or a governmental entity (such as a building permit).

J. Mailboxes

1. No brick mailboxes will be approved.

IV. Improvements to Structures

A. General Guidelines

1. ALL improvements to structures require specific prior approval by the Architectural Review Committee, and will be approved or disapproved based on compliance with the Declarations, these Guidelines and / or the aesthetic discretion of the Committee.
2. All projects should be completed within thirty (30) days of start date, unless not feasible due to the magnitude of the project.

Wesley Springs Homeowners Association

3. Any utility additions must be underground and adhere to applicable code for such utilities.
 4. All applications must include a detailed description of the planned project and must contain the following information, as applicable:
 - * Size of structure *
 - * Height *
 - * Wall material *
 - * Location *
 - * Utilities (water, electric) *
 - * Estimated length of construction *
 - Roof design
 - Roof material
 - Exterior finish
 - Quantity
 - Detailed drawing
- B. Additions**
1. Must adhere to all applicable building codes.
 2. Exterior surfaces must match those on existing structure.
- C. Decks / Patios**
1. Must adhere to all applicable building codes.
 2. Patios must be constructed of concrete, stone or brick pavers.
- D. Satellite Dishes**
1. Direct TV-type satellite dishes no larger than Twenty-Four inches (24") may be approved
 2. Approved dishes must be mounted to the house in a position not visible from the street (unless approved by the Committee due to reception issues as detailed in Section 7.05, page12, of the Declaration).
 3. No other types of television or radio pole, antenna, aerial or tower may be constructed, installed, erected or maintained on any lot in Wesley Springs.
- E. Exterior Painting**
1. Painting of exterior structure surfaces any color that is different than the color that is already on the house will only be approved on a case-by-case basis due to lack of color availability.

V. Aesthetics

- A. Flags**
1. One (1) flag up to four feet by six feet (4' X 6') in size attached to a flagpole mounted to the home may be approved. The pole may not exceed four inches (4") in diameter and sixty inches (60") in length.
 2. Only official flags of countries, states or licensed by education facilities and seasonal decorative flags may be displayed. Flags which display trademarks or advertising, battle flags and similar flags which, in the Board's judgement, are intended to, or tend to, incite, antagonize or make political statements (other than a statement of citizenship or country of origin of the residence of the dwelling) shall NOT be displayed.
 3. Approved flags shall be maintained in good condition and shall not be displayed if mildewed, tattered or faded beyond recognition.

Wesley Springs Homeowners Association

- B. Lawn Ornamentation
 - 1. Statues, fountains and figurines (including planter figurines) in front or side yards will not be approved.
- C. Window Treatments
 - 1. The following window treatments are NOT allowed in Wesley Springs:
 - a. aluminum foil window covers
 - b. solid black window coverings
 - c. bed sheets
 - d. newspapers
 - 2. Typical window treatments such as blinds, draperies, shades and plantation shutters are allowed.
 - 3. Window air conditioning units or fans are not allowed.
- D. Exterior Holiday Decorations
 - 1. Seasonal house decorations should be removed within thirty (30) days of the holiday.
 - 2. Christmas lighting is not permitted before Thanksgiving.
- E. Trash Removal
 - 1. Garbage cans and recycle bins must be stored in one of the following locations (stated in order of preference):
 - a. inside your garage
 - b. behind your house (screened from street view by your house)
 - c. behind an approved screening fence on the side of your house
 - 2. No refuse containers (of any type) may be stored in the front of your house.
 - 3. No garbage can or recycle bin should be placed at the curb any earlier than the night before collection and should be removed by midnight the day of collection.

VI. Parking

- A. Street Parking
 - 1. Except for occasional overflow parking, vehicles shall not be parked on the streets.
- B. Parking of Commercial Vehicles
 - 1. Commercial vehicles as defined by the Association are any vehicle with permanent markings, commercial advertising, and / or attachments. (Vehicles with removable signs or attachments must remove said items within one (1) hour from the time the vehicle is parked, unless the vehicle is only in the community for Association business or repairs or improvements to a Wesley Springs property and will be completed with such work during that same day.)
 - 2. Tractor trailer "rigs" (also referred to as transfer trucks, etc.) are prohibited.

Wesley Springs Homeowners Association

3. No commercial vehicles may be parked in Wesley Springs, with the exception of temporary parking for deliveries, repairs, etc. and for vehicles that are fully enclosed in the attached garage of a dwelling.
- C. **Parking of Recreational Vehicles**
1. Recreational vehicles may not be parked where they are visible from the street.
 2. Recreational vehicles as defined by the Association is any vehicle commonly referred to as or considered a recreational vehicle, including but not limited to campers, RV's, full-size conversion vans, etc.
 3. Boats and other water sports equipment, all-terrain vehicles, motorcycles and other off-road vehicles are not allowed in Wesley Springs unless fully enclosed in an attached garage or approved storage shed.
- D. **Vehicle Parking**
1. Only vehicles with valid and current registration may be parked/stored within sight of the street.
 2. No vehicles may be stored/covered with a tarp viewable from the street with the exception of manufacturer's fitted car covers in good condition.

VII. **Material Storage**

- A. Storage of materials of any kind that are visible from the street or neighboring yards is not allowed.
- B. Weeds, vegetation, rubbish, debris, garbage or waste materials are not allowed to be accumulated on any lot or Common Area with the exception of one (1) compost pile and/or one (1) firewood pile per lot.
1. Firewood piles are limited to two (2) cords, should be stacked no higher than four (4) feet and should be screened from public view.
 2. Compost piles are allowed unless the Board determines that such compost pile is unsightly or offensive.
 3. Both compost piles and firewood piles on corner lots must be located at the farthest possible point from the intersecting street.
- C. Toys should be stored out of sight from the street when not in use.

VIII. **Pets**

Generally, all pets should be kept under their owner's control at all times and in compliance with applicable leash laws.

1. All dogs should be contained on the owner's lot or leashed when off of the owner's property.
2. Owners are responsible for cleaning up any mess that a pet creates in any Common Area, as well as on any private property.
3. Owners are responsible for their animal's actions and are liable for any provable damages.
4. Each home is limited to three (3) pets.

Wesley Springs Homeowners Association

5. Animals being a nuisance to residents will not be tolerated – this includes issues with noise. Should an issue arise, please try discussing the situation with the animal's owner before calling Animal Control.

Wesley Springs Homeowners Association

IX. Disturbances / Nuisances

In matters that become a problem between neighbors in Wesley Springs, the Board may act upon some under the general powers conferred by the Declaration. In the rare event that a resident causes unreasonable noise or other disturbances that cannot be resolved by speaking with the neighbor, the appropriate public law enforcement agency should be contacted. (For disturbances related to pets of residents, please see Section VIII, subsection 5 of this document.)

A. Community Areas

1. No ATV, go-cart, or motorized dirt-bike is allowed to operate on any common area or sidewalk in the development. All other vehicles must operate under a 5 MPH speed limit. Persons failing to comply with this are subject to fines by the Home Owners Association, and/or reporting to local authorities.

X. Safety

A. Fire

1. Residents should use extreme caution when using grills on wood decks or in close proximity to structures or flammable landscape materials such as pine bark mulch or pine needles.
2. Smoke detectors should be located on each level of every home near sleeping areas and should be tested twice yearly.
3. The local fire department may be contacted for more tips on fire safety.

B. Children

1. Please observe speed limits and be alert for children playing that may dart into your path. Keep Wesley Springs safe for everyone.

C. Theft / Burglary

1. Please report any suspicious activity in the community to the police department.

XI. Dues

Dues in Wesley Springs are set yearly by the Board and are billed quarterly (subject to change yearly upon vote of the Board). Changes to yearly dues amounts are set sixty (60) days in advance of any assessment year. See Section 9.05, page 17 of the Declaration for more information on dues.

XII. Management Company

Hawthorne Management Company manages Wesley Springs. Hawthorne's duties include accounting services (collecting Association dues, mailing late notices, paying bills on behalf of the Association, etc.), handling homeowner complaints and inquiries and managing agents hired by the Board to perform landscaping services and other Common Area repair or maintenance.

Wesley Springs Homeowners Association

Hawthorne should be contacted in the event of any emergency or to answer any questions related to the Homeowner's Association. A 24-hour answering service is provided for *absolute emergencies*.

Key Information:

Hawthorne Management Company
P.O. Box 11906
Charlotte, NC 28220
(704) 377-0114
(704) 347-4475 (fax)

Community Manager: Rosalyn Cox
President: Joe Aiken

XIII. **Property Boundary Information**

Road right-of-ways span 40 to 60 feet. Your property begins where road right-of-way ends. The right-of-way/your property line is located approximately 8 to 11 feet behind the back of curb. The strip of land between the right-of-way and the back curb is generally considered part of your yard that you maintain, but it is not part of your property.

In addition, your lot has front, side, and rear yard restrictions that limit usage of these areas as specifically discussed in these guidelines and the Declaration.

NOTE: Refer to your survey for your front, rear and side setbacks.



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
WESLEY SPRINGS HOMEOWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 18th day of January, 2002.

IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 18th day of January, 2002



Elaine F. Marshall
Secretary of State

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Date Filed: 1/18/2002 2:37 PM
Elaine F. Marshall
North Carolina Secretary of State

ARTICLES OF INCORPORATION
OF
WESLEY SPRINGS HOMEOWNERS ASSOCIATION, INC.

ARTICLES OF INCORPORATION
OF
WESLEY SPRINGS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME

The name of the corporation shall be Wesley Springs Homeowners Association, Inc.

ARTICLE II

NONPROFIT QUALIFICATIONS AND
APPLICABILITY OF NORTH CAROLINA
PLANNED COMMUNITY ACT

This corporation does not contemplate pecuniary gain or profit to the members thereof and it is organized for nonprofit purposes. It is intended that this corporation (i) qualify as an exempt organization under the provisions of Chapter 55A of the North Carolina General Statutes, (ii) qualify as a homeowners association under the provisions of Section 528 of the Internal Revenue Code, and (iii) be bound by and comply with the terms and provisions of Chapter 47F of the North Carolina General Statutes (the "PCA"). No part of the net earnings of this corporation shall inure to the benefit of any private member or individual.

ARTICLE III

PURPOSE AND POWERS

This corporation is a not for profit corporation organized under the North Carolina Nonprofit Corporation Code. The purpose of this corporation is to engage in any lawful act or activity for which a corporation may be organized under the North Carolina Nonprofit Corporation Code, subject to the terms and limitations of the PCA. Its specific and primary purposes are to provide for the enforcement of the declaration of covenants, conditions and restrictions relating to, and the care, maintenance, preservation and architectural control of, certain real property in or about the planned development to be known as Wesley Springs which will be located in Union County, North Carolina, and to promote the health, safety and welfare of persons residing in said development. In furtherance of these purposes, but subject to the PCA, any restrictions in the declaration of covenants, conditions and restrictions (the "declaration") to be recorded upon the real property comprising the development and in the duly adopted bylaws of this corporation, this corporation shall have all powers granted and permitted pursuant to the terms of the Act, including the following:

- (a) to exercise all of the powers and privileges and to perform all of the duties and obligations of this corporation as set forth in the aforesaid declaration;
- (b) to fix, levy, collect and enforce payment by any lawful means of charges and assessments;
- (c) to pay all expenses of the business of this corporation, including all license and permit fees, taxes and other governmental charges levied or imposed against this corporation or the property of this corporation;
- (d) 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 this corporation;
- (e) to borrow money, and mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (f) to compromise, settle, release and otherwise adjust claims, demands, causes of actions and liabilities in favor of the corporation and the owners, or on behalf of the corporation and owners, as the case may be, provided any such claim, demand, causes of action or liability arises out of or relates to a condition or defect common to all or a majority of the lots or improvements constructed thereon, or to the development, design, construction, condition, repair or maintenance of or damage or injury to or defect in the common area of the development or part thereof, and to make an receive all payment or other consideration necessary therefor or in connection therewith; and

(g) to have an to exercise any and all powers, rights and privileges which a corporation organized under the North Carolina Nonprofit Corporation Code, and the PCA, by law may now or hereafter have or exercise.

No substantial part of the activities of this corporation shall consist of carrying on propaganda, or of otherwise attempting to influence legislation, and this corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

ARTICLE IV

FINANCE

Notwithstanding any of the above statements of purposes and powers, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this corporation.

ARTICLE V

INITIAL AGENT/REGISTERED AND PRINCIPAL OFFICE

The name of the corporation's initial agent for service of process is Mikell McElroy, and the address of the registered and principal office of the corporation is 5350 77 Center Drive, Suite 100, Charlotte, Mecklenburg County, North Carolina, 28217.

ARTICLE VI

BOARD OF DIRECTORS

The affairs of the corporation shall be managed by a board of up to five (5) directors.

The names and addresses of the persons who are to act in the capacity of directors until the selection of their successors are:

NAME	ADDRESS
Mikell McElroy	5350 77 Center Drive, Suite 100, Charlotte, North Carolina, 28217
Wes Patterson	5350 77 Center Drive, Suite 100, Charlotte, North Carolina, 28217
Randall Sparger	5350 77 Center Drive, Suite 100, Charlotte, North Carolina, 28217

ARTICLE VII

MEMBERS, VOTING RIGHTS AND ASSESSMENTS

This is a non-stock corporation. The authorized number and qualifications of members of this corporation, the different classes of membership, if any, the property, voting rights and privileges of members, the liability of members for assessments, and the method of collection thereof shall be as set forth in the declaration referenced in Article III hereof and in bylaws to be adopted by the directors of this corporation.

ARTICLE VIII

BYLAWS

The first directors of this corporation shall have the power to adopt bylaws for this corporation.

ARTICLE IX

DURATION

The term of existence of this corporation shall be perpetual. Its principal place of business is 5350 77 Center Drive, Suite 100, Charlotte, North Carolina 28217.

ARTICLE X

DISSOLUTION AND AMENDMENT

This corporation may be dissolved only in strict compliance with the provisions of the PCA. Any amendment of these Articles shall require the approval of the Board of Directors, and (i) if a two-class voting structure is in effect, the vote or written consent of not less than sixty-seven percent (67%) of each class of members of this corporation and written approval of the Federal Housing Administration; or (ii) if a two-class voting structure is not in effect, the vote or written consent of both sixty-seven percent (67%) of the voting power of this corporation and sixty-seven percent (67%) of the voting power of this corporation residing in members other than declarant under the aforesaid declaration; provided, however, that the percentage of the voting power of this corporation and of members other than said declarant necessary to amend a specific provision of these Articles of Incorporation shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that provision. Upon dissolution of this corporation, other than incident to a merger of 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 corporation was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted such similar purposes.

ARTICLE XI

INCORPORATOR

The name and address of the incorporator is Mikell McElroy, 5350 77 Center Drive, Suite 100, Charlotte, North Carolina 28217.

IN WITNESS WHEREOF, I, the undersigned incorporator have hereunto set my hand and seal this 14~~th~~ day of January, 2002.

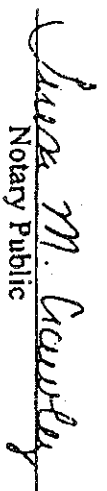

Mikell McElroy INCORPORATOR

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Teresa M. Cravely, a Notary Public for the County and State aforesaid, do hereby certify that Mikell McElroy personally appeared before me this day and acknowledged the execution of the foregoing instrument.

WITNESS my hand and official seal this 15~~th~~ day of January, 2002.


Notary Public

My Commission Expires:

10-25-05