



FOR REGISTRATION REGISTER OF DEEDS
KIMBERLY S. HARGROVE
HARNETT COUNTY, NC
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COVER SHEET

Declaration of
TYPE OF DOCUMENT Covenants, Conditions &
Restrictions

PREPARED BY: _____

RECORDED IN HARNETT COUNTY
KIMBERLY S. HARGROVE
REGISTER OF DEEDS

UNRECORDED

**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
LAKESIDE MANOR
At CAROLINA LAKES – PHASE I**

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS (this "Declaration") is made and entered into this 18th day of March, 2008 by **VILLAGE PARK AT WINDING LANE, LLC**, a North Carolina limited liability company, hereinafter referred to as "Declarant."

WITNESSETH:

WHEREAS, Declarant is the developer of certain property in the County of Harnett, State of North Carolina, which is more particularly described as follows:

ALL of the land shown on the plats entitled "Lakeside Manor, Phase One" Recorded in Plat Book 2008, Page 87-93, in the Office of the Register of Deeds of Harnett County, North Carolina (the "Initial Plat"), dated February 1, 2008

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities, and opportunities in Lakeside Manor and for the maintenance of Lakeside Manor and improvements thereon; and

WHEREAS, it is the intent of the Declarant to cause the above-described property to be subjected to the easements, covenants, conditions, restrictions, charges, and liens set forth and/or described in this Declaration.

NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold and conveyed subject to the following easements, covenants, conditions, charges, and liens, which are for the purpose of protecting the value and desirability of, and which shall run with, such real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I.

DEFINITIONS

Without limitation of other capitalized terms defined herein, certain of the capitalized terms used in this Declaration are defined in and shall have the meanings given them in Exhibit B ("Definitions") attached hereto and incorporated herein by reference.

ARTICLE II.

PROPERTY

SECTION 1. PROPERTY SUBJECT TO THIS DECLARATION. The Property is hereby made subject to this Declaration, and the Property shall be owned, held, leased, transferred, sold, mortgaged, and/or conveyed by the Declarant, the Association, each Owner and each party owning record title to any of the Property subject to this Declaration and the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth in this Declaration.

SECTION 2. ADDITIONAL PROPERTY. Declarant shall have the right, at its election without the consent of any Owner, to bring within the coverage of this Declaration and the jurisdiction of the Association, any Additional Property. Such additions authorized shall be made by filing of record in the appropriate Office of the Register of Deeds, Supplementary Declaration of Covenants, Conditions and Restrictions with respect to such Additional Property. Each such Supplementary Declaration shall extend the scheme of this Declaration and the jurisdiction of the Association to such Additional Property and thereby subject such Additional Property to assessment for their shares of the Association's expenses. Such Supplementary Declarations may contain such complementary additions and modifications of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect the different character of the Additional Property and as are not inconsistent with the provisions of this Declaration. Nothing contained in this Section 2 however, shall be construed to obligate Declarant to bring any Additional Property within the coverage of this Declaration.

ARTICLE III.

RIGHTS IN COMMON AREAS

SECTION 1. OWNER'S EASEMENT OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Common Elements which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) the right of the Association to permit the use of and charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Elements;

(b) the right of the Association to suspend the voting rights by the Owner(s) of any Lot and/or the rights of such Owner(s) and the rights of such Owner(s)' household, tenants, guests and invitees to use any recreational facilities or other amenities or any of the other Common Elements (as long as necessary access and utility services are not impaired) for any period during which any assessment against such Lot remains unpaid and for any period during which such Lot or any Owner or occupant thereof is in violation of the terms of this Declaration or the published rules and regulations of the Association;

(c) the right of the Association to impose rules and regulations for the use and enjoyment of the Common Elements and improvements thereon, which regulations may further restrict the use of the Common Elements, and specifically including the right to make permanent and temporary assignments of parking spaces and to establish rules and regulations concerning parking and vehicular traffic flow on and along the streets and roadways, whether public or private, within or abutting the Properties which rules and regulations may restrict or prohibit on-street parking and may be enforced by towing at the expense of the vehicle's owner, by reasonable fine levied against the vehicle's owner and/or any Owner of a lot to which such violation reasonably may be attributed, or by any other reasonable method of enforcement established by the Board of Directors of the Association;

(d) subject to affirmative vote of eighty percent (80%) of the votes of the Class A Members and the vote of the Class B Member (for so long as Class B Membership exists), the right of the Association, in accordance with its Articles of Incorporation, to borrow money for the purpose of improving the Common Elements and in aid thereof to mortgage such Common Elements; provided that the rights of such mortgagee in the Common Elements shall be subordinate to the rights of the Owners hereunder; and

(e) subject to the affirmative vote of eighty percent (80%) of the votes of the Class A Members and the vote of the Class B Member (for so long as Class B Membership exists), the right of the Association to dedicate or transfer all or any part of the Common Elements to any public agency or utility for such purposes and upon such conditions as the Board of Directors may determine, provided that this paragraph shall not preclude the Association from either granting easements for the installation and maintenance of electrical, telephone, cablevision, water and sewerage, utilities and drainage facilities upon, over, under and across the Common Elements.

SECTION 2. DELEGATION OF USE. Any owner may delegate, in accordance with the Bylaws, his rights of enjoyment of the Common Area to the members of his family, his tenants or contract purchasers who reside on the Lot of such Owner.

SECTION 3. LEASE OF LOTS. Any Lease Agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the Lease shall be subject in all respects to the provisions of this Declaration, the Articles of

Incorporation, Bylaws, and rules and regulations of the Association and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease. All leases of Lots shall be in writing and shall have a term of not less than six months.

SECTION 4. CHANGES TO DECLARATION OR SUPPLEMENTARY DECLARATION REQUIRING DECLARANT'S CONSENT.

Notwithstanding anything contained herein to the contrary, it is expressly understood and agreed that, throughout Declarant's Development Period, the prior written consent of Declarant shall be required for any parties to modify, change or amend, in whole or in part, the terms and provisions of this Declaration or any Supplementary Declaration or to impose new easements, covenants, conditions, restrictions, charges or liens on any part of the Property.

ARTICLE IV.

FACILITIES

SECTION 1. RECREATIONAL AMENITIES. To the extent that Declarant develops any recreational amenities, such as walking trails, gazebos, volleyball courts, basketball courts, horseshoe courts, or other amenities, Owners shall enjoy the full use of such amenities as long as they are in good standing with the Association.

SECTION 2. RULES AND REGULATIONS. The Association may establish reasonable rules and regulations concerning the use of the Common Area and improvements located thereon. The Association may impose reasonable monetary fines and other sanctions for the violation of established rules and regulations and for the violation of any of the covenants and conditions contained in this Declaration, which monetary fines and sanctions shall be assessed and collected pursuant to the provisions of Article VII and XIII hereof. Copies of such rules and regulations and the amendments thereto shall be furnished by the Association to all Owners prior to the effective date thereof. All such rules and regulations shall be binding upon the Owners, their families, tenants, guests, invitees and agents until and unless such regulation, rule or requirement shall be specifically overruled, canceled or modified by the Board of Directors of the Association or by the Members of the Association entitled to cast at least two-thirds of the votes of the Association, who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during any Period of Declarant Control, Declarant must also consent to such action.

SECTION 3. LEASED FACILITIES. Without limiting Declarant's or the Association's general rights to develop, operate and manage the Property, Declarant is specifically permitted to cause the Association to lease (either directly or through assumption of one or more leases initially entered into by Declarant) such facilities as it shall determine, including without limitation street lights, upon such terms and for such duration as Declarant shall determine in its sole discretion.

ARTICLE VI.

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERSHIP. Every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot, including Declarant, any affiliated entity and any Featured Builder, shall be a voting Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Such membership shall be appurtenant to and may not be separated from ownership of any Lot. Except as otherwise provided in Section 2 below, on all matters which the membership shall be entitled to vote, the Member(s) owning each Lot shall be entitled to one vote. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves unanimously determine, but in no event shall more than one vote be cast with respect to any Lot.

SECTION 2. CLASSES OF MEMBERSHIP. The Association shall have two classes of voting membership:

Class A: The Class A Members shall be every Person who is a record owner of a fee or undivided fee interest in any Lot, except for Declarant or any affiliated entity during any Period of Declarant Control. Class A Members shall be entitled to one vote for each Lot owned.

Class B: The Class B Member shall be the Declarant. The Class B Member shall be entitled to 35 votes for each Lot shown on the Master Plan as developed or to be developed which has not been conveyed by Declarant or any affiliated entity to a Class A Member. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(i) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; provided, however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (ii) below, the Master Plan is amended to add additional lots developed or to be developed sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to 35 votes for each lot shown on the Master Plan as developed or to be developed which has not been conveyed by Declarant, an affiliate of Declarant or any Featured Builder to a Class A Member) greater than those of the Class A membership; or

(ii) 20 years after the date this Declaration is recorded in the Office of the Register of Deeds, Harnett County, North Carolina.

SECTION 3. QUORUM AND NOTICE REQUIREMENTS. Except as otherwise may be specifically set forth in this Declaration, the Articles of Incorporation or the Bylaws, the vote of a majority of all votes entitled to be cast by all classes of the Association Members, present or represented by legitimate proxy at a legally constituted

meeting at which a quorum is present, shall be the act of the Association. The number of votes present at a meeting of the Association Members that is properly called and that will be taken by the Association Members will be set forth in the Bylaws. Notice requirements for all actions to be taken by the Association Members shall be as set forth in the Bylaws. Notwithstanding the above, the affirmative vote of no less than two-thirds of all votes entitled to be cast by the Association Members shall be required in order for the Association to (1) file a complaint, on account of an act or omission of Declarant, with any governmental agency which has regulatory or judicial authority over the development of the Property or any part thereof, or (2) assert a claim against or sue Declarant.

SECTION 4. DECLARANT RIGHT TO REPRESENTATION ON THE BOARD OF DIRECTORS OF THE ASSOCIATION. During any Period of Declarant Control, Declarant shall have the right to designate and select all of the Members of the Board of Directors of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on the Board of Directors of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or Bylaws, and Declarant shall have the right to remove any person or persons selected by it to act and serve on the Board of Directors and to replace such person or persons with another person or other persons to act and serve in the place of any member or members of the Board of Directors so removed for the remainder of the unexpired term of any member or members of the Board of Directors so removed. Any Board of Directors member designated and selected by Declarant need not be a resident of the Properties. Except as otherwise provided in the Bylaws with respect to the filling of vacancies, any members of the Board of Directors which Declarant is not entitled to designate or select shall be elected by the Members of the Association.

ARTICLE VII.

COVENANT CREATION MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay: (a) to the Association: (i) annual and other assessments and charges provided for herein, together with interest, late fees, costs and reasonable attorney's fees; (ii) special assessments for capital improvements and other purposes, such assessments to be established and collected as hereinafter provided; and (iii) special individual assessments levied against individual Owners, as may be fixed, established and collected from time to time as herein provided; and (b) to the appropriate governmental taxing authority: (i) a pro rata share of ad valorem taxes levied against the Common Elements; and (ii) a pro rata share of assessments for public improvements to or for the benefit of the Common Elements if the Association shall default in the payment of either or both for a period of six months. All assessments and charges provided for herein, together with

interest, late fees, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the Property against which each such assessment is made. Each such assessment and charge, together with interest, any late fees, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such property at the time when the assessment fell due. No Owner may exempt himself from liabilities for such assessment or waive or otherwise escape liabilities for the assessments by the non-use or abandonment of his Property. The personal obligation to pay any such assessment, together with interest thereon, late fees, costs and reasonable attorney's fees shall pass to the successors in title of such Owner whether or not expressly assumed in writing by such successors; provided, however, that such personal obligation to pay assessments and other costs and charges shall not pass to mortgagees or trustees under mortgages of such Owner who succeed to the title of such Owner.

SECTION 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the acquisition, improvement and maintenance of Properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Elements or the Lots, including, but not limited to, the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of any taxes assessed against the Common Elements; the maintenance of open spaces and streets within the Common Elements which have not been accepted for dedication by a public authority, roadway medians and islands (including medians and islands located in dedicated rights-of-way within the Properties), drives and parking areas within the Common Elements; the Owner's share of the cost of maintaining the Club Facilities; the procurement and maintenance of insurance in accordance with the Bylaws; the payment of any ad valorem taxes assessed against the Common Area and any other property owned by the Association; the maintenance of bodies of water, if any, located within the Common Elements; the erection, maintenance and repair of signs, entranceways, landscaping and lighting within the Common Elements, road medians and islands; the cost of operating, maintaining and repairing any street lights erected by the Association or the Declarant in the rights-of-way of streets (whether public or private) or in any other easement provided therefore within the Properties; the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Elements; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements and those other portions of the Properties which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expenses.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Properties, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the Bylaws. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefore shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his Membership interest therein, except as an appurtenance to his Lot. When any Owner shall cease to be a Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operation and management of the Properties.

SECTION 3. ADOPTION OF BUDGET AND FIXING OF ANNUAL ASSESSMENTS; MAXIMUM ANNUAL ASSESSMENT.

(a) At least 30 days in advance of each annual assessment period, the Board of Directors of the Association shall establish an annual budget and fix the amount of the annual assessments in advance for the following year. Within 30 days after the adoption of any proposed budget, the Board of Directors of the Association shall provide to all of the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board of Directors of the Association shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 50 days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting the Owners of a majority of the Lots reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors of the Association.

(b) Until December 31st of the year of the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One Thousand and No/100 Dollars (\$1,000.00) per lot, and may be collected annually or in equal quarterly or monthly installments. The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall be established by the Board of Directors of the Association and may be increased without limit by the Board of Directors of the Association without approval by the Membership; provided, however, during any Period of Declarant Control, Declarant must also consent to such action. The maximum annual assessment amount set

forth above has not been calculated to include the costs of maintaining amenities to be constructed in phases after Phase One of Lakeside Manor, and Declarant anticipates that annual assessments will increase significantly after the construction of such amenities.

(c) The Board of Directors of the Association may fix the annual assessment, subject to the provisions of Section 7 of this Article.

SECTION 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS. In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Elements, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Members entitled to cast at least two-thirds of the votes of each class of Members of the Association who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, during the Declarant's Development Period, Declarant must also consent to such action. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a quarterly or monthly basis.

SECTION 5. SPECIAL INDIVIDUAL ASSESSMENTS. The Board of Directors of the Association may levy special assessments against individual Owners (1) for the purpose of paying for the costs of any construction, reconstruction, repair or replacement of any damaged component of the Common Area, including the roadways, occasioned by the acts of Owner(s), their families, tenants, guests, invitees or agents and not the result of ordinary wear and tear or (ii) for payment of fines, penalties or other charges imposed against an individual or separate Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws or any rules or regulations promulgated hereunder, including, without limitation, penalties assessed by the Architectural Control Committee pursuant to the Architectural and Landscape Guidelines, reimbursement to the Architectural Control Committee for any sums it expends on an Owner's behalf pursuant to the Architectural and Landscape Guidelines and reimbursement to the Association for all expenses incurred in connection with the enforcement of this Article. Provided, however, Declarant shall not be obligated to pay any special individual assessment except with Declarant's prior written approval. The due date for any special individual assessment levied hereunder shall be fixed in the resolution of the Board of Directors of the Association authorizing the special individual assessment. Upon the establishment of a special individual assessment, the Board of Directors of the Association shall send written notice of the amount and due date of such special individual assessment to the affected Owner(s) at least 30 days prior to the date such special individual assessment is due.

SECTION 6. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article shall be sent to all Members not less than 10 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled

to cast 10% of all the votes of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

SECTION 7. RATE OF ASSESSMENTS. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a quarterly or annual basis; provided, however, that so long as any Lot owned by Declarant, that does not have an occupied residence located thereon, the amount of the assessment for each such Lot shall be an amount equal to 25% of the annual and special assessments fixed for each Lot.

SECTION 8. DATE AND COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES. The annual assessments provided for herein shall commence as to a Lot on the first day of the month following the date such Lot is made subject to this Declaration. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Board of Directors of the Association and may be charged in advance to the purchaser of any Lot. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 9. WORKING CAPITAL ASSESSMENTS. In addition to the annual assessments authorized above, at the time of the closing of the first sale of each Lot to a purchaser other than Declarant, the purchaser(s) thereof shall pay to the Association an amount equal to two of the then current annual assessment established by the Association. Half of such funds shall be used by the Association to establish a Working Capital Fund and half of such funds will cover the first years Association current payment of regular assessments, the purpose of the first half of the money is to help insure that the Association will have sufficient monies available to meet its initial operational needs, unforeseen expenditures or long-term capital improvements and repairs to the Common Elements. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Declaration and these Bylaws.

SECTION 10. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessment not paid within 60 days after the due date shall bear interest from the due date at a rate from time-to-time established by the Association not to exceed the maximum legal rate provided by the State of North Carolina. In addition, the Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Board of Directors of the Association, for assessments not paid within 30 days after the due date and after notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association (except necessary rights of access and utility services) to Lots during any period that assessments or other amounts due and owing to the Association remain

unpaid for a period of 30 days or longer, which suspension may continue without further hearing until the delinquency is cured. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosure of a mortgage or deed of trust on real estate under power of sale, and interest, any late fees, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Elements or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

SECTION 11. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY ASSOCIATION. Upon default by the Association in the payment to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Elements or assessments for public improvements to the Common Elements, which default shall continue for a period of six months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within 60 days following receipt of notice of the amount due, then such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

SECTION 12. SUBORDINATION OF THE LIEN FOR ASSESSMENTS TO THE LIEN OF FIRST MORTGAGES. When the holder of a first mortgage or first deed of trust of record, or other purchaser of a Lot obtains title to the Lot as a result of foreclosure of a first mortgage or first deed of trust or deed in lieu of foreclosure, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Lot which become due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be common expenses collectible from all Owners including such purchaser, its heirs, successors, and assigns. The sale or transfer of any Lot which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure or any proceeding in lieu of foreclosure, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer; provided, however, no such sale or transfer shall relieve such Lot or the Owner thereof from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 13. EXEMPT PROPERTY. All property dedicated to, and accepted by, a public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be

exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE VIII.

ARCHITECTURAL AND LANDSCAPING CONTROL

SECTION I. IMPROVEMENTS. No improvements, alteration, repair, change in exterior material or color, excavation, change in grade, planting, landscaping, exterior decoration (including, without limitation, yard ornaments, figurines, statues, bird baths, houses and feeders, flags and similar items) or other work which in any way alters the exterior of any Lot or the improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant or an affiliate of Declarant, or any Featured Builder, to an Owner other than Declarant or an affiliate of Declarant, shall be commenced, erected or maintained upon any Lot and no building, fence, wall, residence or other structure shall be commenced, erected, maintained, improved, altered or removed, until the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography and as to compliance with the Architectural and Landscape Guidelines by the Board of Directors of the Association and by the Architectural Control Committee. Notwithstanding the foregoing, temporary seasonal exterior decorations shall not require the prior approval of the Board of Directors of the Association or the Architectural Control Committee, but if any such decorations are determined, in the sole discretion of the Board of Directors of the Association or the Architectural Control Committee, to be distasteful or otherwise disruptive of the aesthetics or visual harmony of the community, the Board of Directors of the Association or the Architectural Control Committee may require that such decorations promptly and permanently be removed. In the event that an Owner neglects or fails to remove any such decorations at the request of the Board of Directors of the Association or the Architectural Control Committee, the Association may provide such removal. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times for such purpose and the cost of such removal shall be added to and become a part of the assessment to which such Lot is subject. Notwithstanding the foregoing, nothing herein contained shall prevent or interfere with the right of Declarant to improve and develop the Properties, including the Lots, as Declarant chooses, so long as said development follows the general plan of development of the Properties from time to time approved by the Appropriate Local Governmental Authority. Accordingly, nothing herein shall require that Declarant seek or obtain the approval of the Architectural Control Committee for improvements erected on the Properties by or at the direction of Declarant. In addition, throughout Declarant's Control Period, Declarant may approve any plans and specifications rejected by the Board of Directors of the Association or the Architectural Control Committee for the construction or alteration of improvements on any Lot provided the construction or alteration approved by Declarant comports with the general scheme of development from time to time approved by the Appropriate Local

Governmental Authority. Such approval by Declarant shall operate and have the same effect (including the absence of any liabilities with respect to the granting of same) as approval by the Board of Directors of the Association or the Architectural Control Committee.

SECTION 2. COMPOSITION OF THE ARCHITECTURAL CONTROL COMMITTEE. During any Period of Declarant Control, members of the Architectural Control Committee shall be appointed by Declarant. Thereafter, or at such earlier date as Declarant releases its right to appoint the members of the Architectural Control Committee, the members of the Architectural Control Committee shall be appointed by the Board of Directors of the Association. The members of the Architectural Control Committee shall be appointed annually and will be composed of at least three individuals, the exact number of members of the Architectural Control Committee to be designated from time to time by the body having the authority to appoint such members (Declarant or the Board of Directors of the Association as the case may be). The members of the Architectural Control Committee need not be Owners of any of the Property. In the event of the death or resignation of any members of the Architectural Control Committee, the party or body then having the authority to appoint members to the Architectural Control Committee shall have full authority to designate and appoint a successor. Members of the Architectural Control Committee may be removed and replaced at any time, with or without cause, and without prior notice, by the party or body then having the power to appoint such members. Notwithstanding anything contained herein to the contrary, the Architectural Control Committee shall have the right, power and authority to employ and/or use the services of any architects, engineers or other professionals as it deems necessary or advisable, in its sole discretion, to carry out the duties and obligations of the Architectural Control Committee described herein.

SECTION 3. ARCHITECTURAL AND LANDSCAPE GUIDELINES. The Architectural Control Committee may from time to time promulgate Architectural and Landscape Guidelines. The Architectural and Landscape Guidelines shall be explanatory and illustrative of the general intent of the development of the Property and are intended as a guide to assist the Architectural Control Committee in reviewing plans and specifications for improvements. In any event, the Architectural and Landscape Guidelines shall not be binding upon the Architectural Control Committee, may be revised and amended at any time by the Architectural Control Committee, in its sole discretion, and shall not constitute, in every event, the basis for approval or disapproval of plans, specifications and other materials submitted to the Architectural Control Committee for approval as provided below. The Architectural Control Committee is also authorized to publish and promulgate from time to time, and revise and amend at any time in its sole discretion, construction rules to be followed by all Owners and builders performing work or constructing or installing improvements on any Lot or Common Area.

Dishwasher Provision: As a convenience for every association member, each house is required to have two (2) working dishwasher units installed in the kitchen of every house (referred to as "Dishwasher Provision"). Dishwasher Provision cannot be removed.

revised, waived, or altered for any reason unless at the annual Association's meeting there is 75% approval of all members of the Association to revoke the Dishwasher Provision. The only exception to the aforementioned is Declarant may remove or waive at any time for any reason via a written document the Dishwasher Provision for any or all members of the Association, and shall not be liable to any or all Association members or the Homeowners Association for any actions or inactions.

SECTION 4. PROCEDURES.

(a) Any Person desiring to make any improvement, alteration or change described in Section 1 above shall submit the plans and specifications therefore, showing the nature, kind, shape, height, materials and location of the same, to the Board of Directors of the Association or the Architectural Control Committee which shall evaluate such plans and specifications in light of the purposes of this Article. The Board of Directors or Architectural Control Committee may specify the level of detail to be included in the required plans and specifications, as well as the number of copies of same that shall be submitted. The Board of Directors or Architectural Control Committee may set a review fee or schedule of fees from time to time for the review (or re-review) of plans or other submissions.

(b) Upon approval by the Architectural Control Committee of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specifications, as approved, shall be deposited for permanent record with the Architectural Control Committee and a copy of such plans and specifications bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specifications shall not be deemed a waiver of the Architectural Control Committee's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of any such plans and specifications relating to any Lot, however, shall, except as provided below, be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specifications, as approved, and any conditions attached to any such approval. Notwithstanding the above provisions, such approval shall expire and require reconfirmation on a new approval after a new submittal process if construction is not commenced within twelve (12) months after approval or if, once commenced, the improvements are not substantially completed within eighteen (18) months after commencement. As a condition to the granting of approval of any request made under this Article, the Association may require that the Owner(s) requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Owner(s) shall evidence consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Owner(s), and any subsequent Owner(s) of the Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, are deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be a part of the

annual assessment or charge set forth herein, and subject to the lien rights described herein.

SECTION 5. LIMITATION OF LIABILITY. No member of the Architectural Control Committee shall be liable for claims, causes of action or damages (except where occasioned by willful misconduct of such member) arising out of or in connection with services performed hereunder. Neither the Architectural Control Committee nor the members thereof, nor the Association nor the members thereof, nor the Declarant, nor any officers, directors, members, employees, agents or affiliates of any of them, shall be liable for damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner (a) by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval of, or the failure to approve or disapprove of, any plans or specifications or the exercise of any power or right provided for in this Declaration or (b) for any defects in any plans or specifications approved by them, nor for any structural defects in any work done according to such plans and specifications. The approval of plans and specifications by the Architectural Control Committee or Declarant shall not be deemed or construed as a representation or warranty of the Architectural Control Committee or Declarant, or any officer, director, member, employee, agent or affiliate of any of them (i) that improvements constructed in accordance with such plans or specifications will comply with applicable zoning ordinances, building codes or other governmental or quasi-governmental laws, ordinances, rules and regulations, or (ii) as to the structural soundness, quality, durability, suitability, fitness or proper functioning of improvements constructed in accordance with plans and specifications; and any responsibility or liability therefore is hereby disclaimed. Every Person who submits plans and specifications, and every Owner agrees that he will not bring any action or suit against Declarant, the Association or the Architectural Control Committee, or the officers, directors, members, employees, agents or affiliates of any of them to recover any such damages and hereby releases, demises and quitclaims all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given. Declarant shall be the sole party responsible for the performance of Declarant's obligations under this Declaration, and no other Person, including, without limitation, any affiliate of Declarant, shall have any obligation or liability for Declarant's obligations under this Declaration.

SECTION 6. FEATURED BUILDERS. The Featured Builders, as defined in Article I above, will be identified from time to time by the Board of Directors or the Architectural Control Committee of the Association, in their sole discretion. The builders identified from time to time as Featured Builders may, and likely will, change over time. By contract, Declarant will require that Featured Builders comply with the elements of Declarant's program for Featured Builders. Therefore, all of the Lots to be conveyed by Declarant to a builder for construction for improvements on a Lot shall be conveyed to Featured Builders and all contracts for the construction of improvements by Owners likewise shall be with Featured Builders. The Board of Directors or the

Architectural Control Committee may require, in its discretion, that each Person submitting plans and specifications for the construction of improvements on any Lot also shall submit a copy of a fully signed contract for construction for such improvements between the Owner of the relevant Lot and a Featured Builder. In no event shall the plans and specifications for any improvements to be constructed on any Lot be deemed to have been properly submitted unless and until any and all fees required by the Architectural Control Committee or Board of Directors have been paid and until a copy of a fully signed contract between the Owner of the relevant Lot and a Featured Builder for construction of the improvements has been submitted to the Architectural Control Committee.

In no event shall the Architectural Control Committee, Board of Directors of the Association of Declarant, nor any of the officers, directors, members, employees, agents or affiliates of any of them, have any responsibility whatsoever for any actions or inactions by a Featured Builder. By way of illustration and without limiting the generality of the foregoing sentence, none of the foregoing parties shall have any liability or responsibility for any failure of a Featured Builder to comply with any legal requirements applicable to it or applicable to the construction of any improvements or the non-compliance of any Featured Builder with any contractual obligations that the Featured Builder may owe to any Owner, including the proper execution of its work or the proper escrow, accounting, deposit or the payment of any earnest money or other sum of money that Owner may deliver to any Featured Builder. The selection of the Featured Builder by the Owner shall be conclusive evidence that such Owner has independently satisfied itself with regard to any and all concerns that such Owner may have about the Featured Builder's qualifications. No Owner shall rely upon the advice or representation of the Architectural Control Committee, Board of Directors of the Association, Declarant or any of the officers, directors, members, employees, agents or affiliates of any of the them with respect to the selection of employment or retention of any Featured Builder.

In no event shall any improvements be undertaken on any Lot except pursuant to a bonafide contract with a Featured Builder who directly supervises, and controls the construction of such improvements. Each Owner, by acceptance of a deed for any Lot, acknowledges that this obligation to engage a Featured Builder to undertake the improvement of any Lot is binding upon each Owner and that a builder, in order to be included as a Featured Builder within the Properties, is agreeing to comply with the elements of Declarant's program for Featured Builders, including without limitation, a requirement that each Featured Builder pay such marketing and other fees and amounts that Declarant may require as an element of the Featured Builder program.

SECTION 7. MISCELLANEOUS. Members of the Architectural Control Committee will not be compensated for their services. The Association shall reimburse members of the Architectural Control Committee for their reasonable out of pocket expenses associated with the activities hereunder. All costs, expenses and attorneys' fees of the Architectural Control Committee, including those incurred in connection with the exercise of their enforcement or other powers as provided herein,

shall be borne by the Association; provided, however, nothing herein shall be deemed to negate the Association's right to an award of court costs, attorneys' fees and expenses.

ARTICLE IX.

MAINTENANCE

SECTION 1.

MAINTENANCE TO BE PERFORMED BY THE

ASSOCIATION. The Association shall maintain the Common Elements as follows: mow, seed and fertilize all grassed areas, mulch, prune all trees and shrubs and remove dead or diseased trees or shrubs, whether such trees or shrubs existed at the time Declarant or any affiliate of Declarant initially conveyed the Common Elements to the Association or were planted by the Declarant or the Association. Such maintenance shall not, however, include the maintenance to be performed by the Owners as provided in Section 2 below. The Association may provide such other Common Area maintenance, replacements and enhancements as the Board of Directors shall determine.

SECTION 2.

MAINTENANCE TO BE PERFORMED BY THE

OWNERS. Owner shall maintain the grounds to the front, sides and rear of each Lot (including portions thereof located within any public or private easements) as follows: mow, seed and fertilize all grassed areas, mulch, remove dead or diseased trees or shrubs, replace dead or diseased trees or shrubs and prune all trees or shrubs. Each Owner shall also be responsible for all maintenance for the improvements located on his or her Lot, including without limitation the following: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces (including doors and garage doors), steps, and other exterior improvements. Each Owner shall be liable and responsible for maintenance, repair and replacement, as the case may be, of all glass surfaces, window or door screens, any storm doors, air conditioning and heating equipment and all other equipment required to provide water, light, power, telephone, sewage and sanitary service to his Lot which is not publicly maintained. In the event that the Owner neglects or fails to maintain his or her Lot and/or his or her dwelling in a manner consistent with other Lots and dwellings within the Properties, the Association may provide such maintenance, and all cost incurred by the Association in providing such maintenance shall be included in a special individual assessment for such Lot and subject to the lien rights described in Article VII provided, however, that the Association shall first give written notice to the Owner of the specific items of maintenance or repair the Association intends to perform and the Owner shall have 45 days from the date of mailing of said notice within which to perform such maintenance himself or herself. The determination as to whether an Owner has neglected or failed to maintain his or her Lot and/or dwelling in a manner consistent with other Lots and dwellings within the Properties shall be made by the Board of Directors of the Association, in its sole discretion. The Architectural and Landscape Guidelines may provide for street cleaning and/or other maintenance necessitated by construction-related work within the Property and for the allocation of the costs thereof among the parties involved in such construction-related work, and all costs so allocated to an Owner shall be included in a special individual assessment for such Owner's Lot(s) and subject to the lien rights described in Article VII.

SECTION 3. EASEMENT TO PERFORM MAINTENANCE. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

ARTICLE VIII.

RESTRICTIONS

SECTION 1. LAND USE. No Lot shall be used except for single-family, ~~non-transient residential~~ purposes; provided, however, Declarant, any affiliated entity or any ~~Featured Builder~~, may use any Lot owned or leased by Declarant, any affiliated entity or any ~~Featured Builder~~, as a temporary sales office and/or model for the purposes of carrying on business related to the development, improvement and sale of the Properties or the ~~Additional Property~~. Declarant has authority to exempt any person from any land use regulation in this restrictive covenant document in Lakeside Manor by giving written consent to the owner of the parcel within Lakeside Manor. No trade, business or business activity of any kind shall be conducted upon a Lot or any part thereof except by Declarant as described hereinabove or except with the prior written approval of the Board of Directors of the Association. Provided, however, the Board of Directors of the Association may permit a business or business activity to be conducted on a Lot so long as such business, in the sole discretion of the Board of Directors of the Association, does not otherwise violate the provisions of this Declaration, does not create a disturbance and does not unduly increase traffic flow or parking congestion on the Property. The Board of Directors of the Association may issue rules regarding permitted business activities. Leasing of a residence on a Lot shall not be considered a business activity.

Unless specifically approved otherwise by the Architectural Control Committee, no building shall be erected, placed or permitted to remain on any Lot other than one detached single-family dwelling not to exceed two and one-half (2 ½) stories in height and one private garage for not more than three (3) cars (which shall be attached to the single-family dwelling unless the Architectural Control Committee approves a detached garage). The Architectural Control Committee shall have the right (but not the obligation) to allow dwelling heights greater than two and one-half (2 ½) stories on rear and/or side elevations due to steep topography, unique Lot configuration or other similar reasons. No Lot may be used for a hotel or other transient residential purposes. Every dwelling shall have an enclosed garage for not more than three (3) cars, unless otherwise specifically approved by the Architectural Control Committee.

SECTION 2. DWELLING SPECIFICATIONS. No dwelling shall be erected or allowed to remain on a Lot if the main structure, exclusive of open porches, decks and garages, contains less than the following square footage of heated floor area:

For 1-story residences: 1600 square feet;

For 1 ½-story residences 1800 square feet;
For 2-story and 2 ½-story residences 1900 square feet.

SECTION 3. NUISANCE. It shall be the responsibility of each Owner and occupant of a Lot to prevent the development of any unclean, unhealthy, unsightly or unkempt condition on his or her property. No Lot or the Common Elements shall be used, in whole or in part, for the deposit, storage or burial of any property or thing that will cause such property to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort or serenity of the occupants of surrounding property. No noxious or offensive activity shall be conducted upon any Lot or the Common Elements nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. There shall not be maintained on any Lot or other area within the Properties any plants or animals or device or thing of any sort whose activity or existence in any way is noxious, dangerous, unsightly, unpleasant or of a nature as may diminish or destroy the enjoyment of the Property or Lakeside Manor. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes, shall be located, installed or maintained upon the exterior of any Lot or Common Area unless required by law. No Lot or other area within Properties shall be used as a dumping ground for rubbish or as a site for the accumulation of unsightly materials of any kind, including, without limitation, broken or rusty equipment and discarded appliances and furniture. No outdoor clotheslines shall be permitted.

SECTION 4. MOTOR VEHICLES. No boat, marine craft, hovercraft, aircraft, trailer, camper, truck greater than one ton in size or motorized van used for commercial purposes (as distinguished from a van used as a passenger car) shall be parked within the right of way of any public or private street adjacent to any Lot or on any Lot, except that any of the above may be parked completely inside a garage. This restriction shall not apply to any vehicle, machinery or equipment temporarily parked and in use for the construction, maintenance or repair of a residence in the immediate vicinity of the parking area. No vehicles or similar equipment shall be parked or stored in an area visible from any street except passenger automobiles, passenger vans, motorcycles, and pick-up trucks that are in operable condition and have current license plates and inspection stickers. No inoperative motor vehicle may be parked or stored on any Lot or any public or private street or other area within the Properties for a period in excess of 72 hours. No passenger cars may be parked overnight within the right of way of any public or private street adjacent to any Lot or on any Lot, except in the driveway serving such Lot or inside a garage.

SECTION 5. ANIMALS. No animals, livestock or poultry of any kind shall be raised, bred, kept or maintained on the Common Elements or on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and further provided that they are kept and maintained in compliance with (1) all laws and

ordinances of the State of North Carolina, the County of Harnett and the Barbeque Township relating thereto; and (ii) such rules and regulations pertaining thereto as the Board of Directors of the Association or the Architectural Control Committee may adopt from time to time. Animal control authorities shall be permitted to enter the Property to patrol and remove pets and wild animals. No fenced dog enclosure or other structure for pets may be constructed or maintained on any Lot unless the same has been approved in writing by the Architectural Control Committee.

SECTION 6. OUTSIDE ANTENNAS. Except for a single satellite or microwave dish not to exceed eighteen (18) inches in diameter, no outside antennas or satellite dishes and no free standing transmission or receiving towers shall be erected on any Lot within the Properties without the prior written permission of the Architectural Control Committee. Any antenna or satellite dish erected on any Lot within the Properties shall be located within the rear yard of the approved "building envelope" on the Lot, shall be a color which blends with its surroundings, shall have a mast only as high as reasonably necessary to receive the intended signal, shall not be visible from any street and shall otherwise be screened from view and installed in such a location as the Architectural Control Committee shall approve.

SECTION 7. SUBDIVISION OF LOTS. No Lot shall be subdivided into a lot smaller than or different from the Lot shown on the recorded plat and no street shall be laid out across or through any Lot, except with the written consent of Declarant.

SECTION 8. SIGNS. No sign shall be placed or allowed to remain on any Lot except for one "For Sale" sign, or one other temporary sign to advertise a yard sale or other temporary activity on the Lot and such other temporary sign shall not be permitted to remain on any Lot for more than 72 consecutive hours. No sign deemed by the Association, the Architectural Control Committee or Declarant to be a nuisance or a detriment to the Properties or the Additional Property shall be permitted to be erected or to remain on any Lot. Notwithstanding the foregoing, during Declarant's Development Period, Declarant, any affiliate and any Featured Builder, shall have the right to erect and maintain signs within the Common Elements or on any Lot owned or leased by Declarant or such affiliate for the purpose of advertising and promoting the sale of such lots.

SECTION 9. MOBILE HOMES, MANUFACTURED HOMES, ETC. No mobile home, manufactured home, modular home, trailer or other like structure shall be located or installed on any Lot. As used in this Section, mobile home, manufactured home or modular home shall mean a structure, assembled in whole or in part in a location other than on the Lot itself, transportable in one or more sections, any section of which, during transport, is four feet or more in width and 10 feet or more in length, which may or may not be built on a permanent chassis and which is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. Notwithstanding the foregoing, Declarant, builders or contractors may maintain temporary improvements (such as a sales office and/or construction trailer) on any Lot during the construction and development period.

SECTION 10. FENCES OR WALLS. No fence, wall or other enclosure shall be constructed on any Lot without first obtaining the approval of the Architectural Control Committee. No fence on any Lot shall be permitted to extend nearer to any front street than the back building line of the residence located on that Lot or nearer to any side street than the side building line of the residence located on that Lot. No portion of any fence erected on any Lot may exceed six (6) feet in height. Once an approved fence or wall has been erected or installed along a side Lot boundary line which is a common boundary line with another Lot, such approved fence or wall shall be the only fence or wall that may be erected along this common boundary line, and the Owner who installs or erects such fence or wall shall finish both sides thereof. All fences shall be maintained in a structurally sound and attractive manner. Notwithstanding the foregoing, Declarant, its successors and assigns, and the Association shall have the right to erect chain link fences and any other type of fences and enclosures within the Common Elements for any purposes without the approval of the Architectural Control Committee, such fences and other enclosures to become a part of the Common Elements to be maintained by the Association.

SECTION 11. HVAC EQUIPMENT. No air conditioning or heating equipment or apparatus shall be installed on the ground in front of, or attached to any front wall of, any dwelling unit on a Lot. Additionally, air conditioning and heating equipment and apparatus on each Lot shall be screened from view of roadways.

SECTION 12. WASTE. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. During construction of improvements on a Lot, all rubbish and debris shall be stored and disposed of in accordance with the rules and regulations established by the Architectural Control Committee.

SECTION 13. NO SEPTIC TANKS OR WELLS. No septic tank shall be installed, used or maintained on any Lot. No well or individual water supply system shall be installed, used or maintained on any Lot for human domestic consumption nor shall any well be connected in any manner whatsoever to the water mains, laterals or piping serving the dwelling unit which furnish domestic water from sources beyond the boundary lines of the Lot. Notwithstanding the foregoing prohibition, the Architectural Control Committee may permit in writing the installation, use and maintenance of wells and pumps for irrigation purposes or ground water heat pump systems.

SECTION 14. RECREATIONAL AND OTHER EQUIPMENT.

(a) No recreational equipment on any Lot shall be located in such a manner as to constitute a nuisance or unsightly condition to adjoining Owners or to persons using the Common Areas.

(b) Children's play toys and other moveable equipment of any type (such as lawn mowers, garden tools, etc.) shall not remain repeatedly overnight within any front yard of any Lot, or within the side yards of any Lot located on a roadway corner, in such number or for such a long period of time as to create a continuing, unsightly condition.

SECTION 15. LAWN FURNITURE AND STATUES. No lawn furniture or decorative items, such as statuettes or renderings of animate or inanimate objects, shall be maintained in front or side yards of any Lot unless shielded from view by landscaping, a fence or wall approved in advance by the Architectural Control Committee.

SECTION 16. RESTRICTED ACTIVITIES IN COMMON AREAS. No cutting of vegetation, dumping, digging, filling, destruction or other waste shall be committed on the Common Areas. There shall be no obstruction of the Common Area, nor shall anything be kept or stored in the Common Area, nor shall anything be altered, or constructed or planted in, or removed from, the Common Area, without the prior written consent of the Association. Each Owner or occupant shall be liable to the Association and/or Declarant for any damage to any Common Area caused by the negligence or willful misconduct of the Owner or occupant or his family, tenants, guests, agents, employees or invitees. Provided, however, the provisions of this Section shall not apply to Declarant or any Featured Builder in connection with Declarant's construction or marketing activities on the Property.

SECTION 17. UNSIGHTLY OR UNKEMPT CONDITIONS. The pursuit of hobbies or other activities, including, without limitation, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any Lot other than in enclosed garages.

SECTION 18. PARKING. The Owner of a Lot will be responsible for providing such Owner's Lot a sufficient paved parking area for all vehicles normally parked and/or situated on or in regard to such Lot. All vehicles must be parked so as not to impede traffic or damage vegetation.

SECTION 19. GOVERNMENTAL REQUIREMENTS. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the construction of improvements on and/or use and utilization of any Lot shall continue to be applicable and shall be complied with in regard to the Lots. Each Owner shall comply with all laws, regulations, ordinances (including, without limitation, applicable zoning ordinances) and other governmental rules and restrictions in regard to the Lot or other portion of the Property owned by such Owner.

SECTION 20. OCCUPANTS BOUND. All provisions of this Declaration, the Bylaws and any and all rules and regulations, use restrictions or Architectural and Landscape Guidelines promulgated pursuant hereto or thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all occupants even though occupants are not specifically mentioned.

SECTION 21. INITIAL LANDSCAPING. All landscaping required by the Architectural Control Committee as part of the approved plans for the construction or renovation of a residence on a Lot must be completed as approved no later than ninety (90) days after the residence is occupied.

ARTICLE X.

EASEMENTS

SECTIONS 1. UTILITIES. Easements for installation and maintenance of utilities (including, but not limited to, telephone, electricity, gas, cable and satellite television, and fiber optic services) and drainage facilities are reserved as indicated on recorded plats. In addition, Declarant reserves, for itself and the Association, additional easements and rights-of-way for the installation and maintenance of utilities (including, but not limited to, telephone, electricity, gas, cable and satellite television, and fiber optic services) and drainage facilities over the rear 15 feet of all Lots and over each side and front 10 feet of all Lots. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the drainage easements, or which may obstruct or retard the flow of water through drainage channels in the easements. An easement is hereby established for the benefit of the appropriate governmental entity (and any other person or firm providing services to the Properties under agreement with or at the direction of the Association) over all Common Elements as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. The Association shall have the power and authority to grant and establish upon, over and across the Common Elements such additional easements as are necessary or desirable for the providing of services or utilities to the Common Elements or Lots.

SECTION 2. SIGNS. Declarant hereby grants, gives and conveys to the Association a perpetual, non-exclusive easement over any portions of the Lots designated as "sign easements" on plats of the Properties, now or hereafter recorded, to erect, maintain, replace and repair subdivision signs and landscaping and/or lighting surrounding the same and all such easements shall be part of the Common Elements. The Association shall maintain all subdivision signs and landscaping and lighting surrounding the same now or hereafter erected within the Common Elements. The costs of all such maintenance, repair and replacement of such signs, landscaping and lighting shall be part of the common expenses of the Association, payable by the Owners as set out in Article V hereof. Further, during Declarant's Development Period, Declarant, any affiliated entity or any Featured Builder shall have (i) the right to erect within the Common Elements additional subdivision signs and landscaping and lighting surrounding the same to be maintained by the Association as herein provided and (ii) the right to erect within the Common Elements signs advertising the sale and promotion of Lots or any portion of the Additional Property.

SECTION 3. EASEMENT RESERVED BY DECLARANT.

Declarant hereby reserves such easements on, across and over the Common Elements as shall be reasonably necessary for (i) the exercise by Declarant, any affiliated entity or any Featured Builder of any right herein reserved, including, without limitation, Declarant's right, should Declarant elect, to annex the Additional Property and (ii) the development by Declarant or any affiliate, their respective successors and assigns, of the Additional Property, should Declarant elect not to annex the Additional Property, including, without limitation, easements for ingress, egress and regress over private roads and streets now or hereafter erected on the Properties and easements for the use of all utility lines, fixtures and/or their connections located within the Common Elements for the purpose of providing water, light, power, telephone, sewage and sanitary service to the Additional Property.

SECTION 4. ENCROACHMENTS.

In the event that any improvements on a Lot shall encroach upon any Common Elements or upon any other Lot as a result of the initial improvements constructed by Declarant or for any reason not caused by the purposeful or negligent act of the Owner or agents of such Owner, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Elements or other Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Elements shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Common Elements into any such Lot for so long as such encroachment shall naturally exist.

SECTION 5. EASEMENT FOR RECREATIONAL USE.

Declarant, the Owners and invited guests shall have a perpetual, non-exclusive easement in their favor to use the roadways, entranceways and other Common Area as necessary during any use of the tennis, pool or other recreational facilities or as a spectator, worker or purveyor at or for any tournament or activity in connection therewith for the purposes of ingress and egress and access to such facilities.

SECTION 6. NO MERGER OF EASEMENTS.

The easements hereby established shall not be terminated by merger or otherwise, except upon execution and recordation of an instrument specifically terminating any such easement.

ARTICLE XI.

INSURANCE; REPAIR AND RESTORATION; CONDEMNATION

SECTION 1. INSURANCE.

The Board of Directors of the Association shall obtain and maintain at all time insurance of the type and kind and in no Less than the amounts set forth below:

- (a) Casualty. All improvements and all fixtures and personal property included in the Common Area and all personal property and supplies belonging to the Association shall be insured in an amount equal to the current replacement cost

(exclusive of land, foundation, excavation and other normally excluded items) as determined annually by the Board of Directors of the Association with the assistance of the insurance company providing coverage. The Board of Directors of the Association shall, at least annually, review the insurance coverage required herein and determine the current replacement cost of such improvements and fixtures and personal property and supplies. Such coverage shall provide protection against loss or damage by fire or other hazards covered by a standard extended coverage endorsement, windstorm and water damage, vandalism and malicious damage and all perils covered by a standard "all risk" endorsement. The fire and casualty insurance policy shall not contain (and the insurance shall not be placed with companies whose charter or bylaws contain) provisions whereby: (1) contributions or assessments may be made against the Association; (2) loss payments are contingent upon action by the carrier's directors, policy holders or members; and (3) there are limiting clauses (other than insurance conditions) which could prevent Owners or mortgagees from collecting the proceeds.

(b) Public Liability. The Board of Directors of the Association shall also be required to obtain and maintain, to the extent obtainable, public liability insurance and officer's and director's liability insurance in such limits as the Board of Directors of the Association may, from time to time, determine to be customary for projects similar in construction, location and use as Lakeside Manor, covering each member of the Board of Directors of the Association, the officer's of the Association, the managing agent, if any, and each Owner with respect to his liability arising out of the ownership, maintenance or repair of the Common Areas, or from service on the Board of Directors of the Association; provided, however, in no event shall the amounts of public liability insurance ever be less than \$500,000 per occurrence against liability for bodily injury, including death resulting therefore, and damage to property, including loss of use thereof, nor shall the amount of such officer's and director's insurance be less than \$500,000, unless such coverage is determined by the Board of Directors of the Association to be unreasonably expensive. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the Liability of the Owners as a group to a single Owner. The Board of Directors of the Association shall review such limits annually.

(c) Fidelity Coverage. The Board of Directors of the Association shall also be required to obtain fidelity coverage against dishonest acts on the part of all Persons, whether officers, directors, trustees, employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association. The fidelity insurance policy shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the Association's estimated annual operating expenses and reserves. An appropriate endorsement to the policy to cover any Persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(d) Other. Such other insurance coverages, including flood insurance and worker's compensation, as the Board of Directors of the Association shall determine from time to time desirable.

SECTION 2. PREMIUM EXPENSE. Premiums upon insurance policies purchased by the Board of Directors of the Association and charged as a common expense to be collected from the Members pursuant to Article VII hereof.

SECTION 3. SPECIAL ENDORSEMENTS. The Board of Directors of the Association shall make diligent efforts to secure policies that will provide for the following:

(a) recognition of any insurance trust agreement entered into by the Association;

(b) coverage that may not be cancelled or substantially modified (including cancellation for nonpayment of premiums) without at least 30 days prior written notice to the named insured, any insurance trustee and all mortgagees; and

(c) coverage that cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board of Directors of the Association without prior written demand that the Board of Directors of the Association cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association, any Owner or any mortgagee.

SECTION 4. GENERAL GUIDELINES. All insurance policies purchased by the Board of Directors of the Association shall be with a company or companies licensed to do business in the State of North Carolina. All insurance policies shall be written for the benefit of the Association and shall be issued in the name of and provide that all proceeds thereof shall be payable to the Association. Notwithstanding any of the foregoing provisions and requirements relating to insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, who shall have exclusive authority to negotiate losses under any policy providing such insurance.

SECTION 5. INSURANCE PROCEEDS. Subject to any limitations imposed by any applicable financing documents, the Association shall use the net proceeds of casualty insurance covered by it to repair and/or replace any damage or destruction of property, real or personal, covered by such insurance. Any balance of the proceeds of casualty insurance paid to the Association remaining after satisfactory completion of repair and replacement shall be retained by the Association as part of the general reserve fund for repair and replacement of the Common Area.

SECTION 6. INSUFFICIENT PROCEEDS. If the insurance proceeds received by the Association are insufficient to reimburse, repair and/or replace any damage or destruction to person or property, the Board of Directors of the Association may levy a special assessment against the Owners to cover the deficiency.

SECTION 7. OWNER'S PERSONAL PROPERTY. The Association or Declarant shall not be liable in any manner for the safekeeping or condition of any personal property belonging to or used by any Owner or his family, guests or invitees located on or used at the Common Area. Further, the Association or Declarant shall not be responsible or liable for any damage or loss to any personal property of any Owner, his family, guests or invitees located on or used at the Common Area. Each Owner shall be solely responsible for the purchase of, at such Owner's sole cost and expense, any liability for other insurance for damage to or loss of such property.

SECTION 8. NO OBLIGATION TO INSURE OWNER'S PROPERTY. By virtue of taking title to a Lot, each Owner acknowledges that neither the Association nor Declarant has any obligation to provide any insurance for any portion of such Lot or any dwelling unit or other property located thereon.

SECTION 9. SECURITY. The Association may, in its sole discretion, but shall not be obligated to, provide certain security and fire protection measures, and maintain or support certain other activities within the Property designed to make the Property safer than it might otherwise be. Provided, however, should the Association provide, maintain or support any such measures or activities, then neither the Association nor Declarant shall in any way be considered insurers or guarantors of security or fire protection within the Property, and neither the Association nor the Declarant shall be held liable for any loss or damage by reason or failure to provide or take any security or fire protection measures or for the ineffectiveness of such measures undertaken. Each Owner and occupant of any Lot and each family member, tenant, guest, invitee and agent thereof acknowledges and understands that neither the Association, the Board of Directors of the Association nor Declarant are insurers, and each such Owner and occupant and their family members, tenants, guests, invitees and agents hereby assume all risks for loss or damage to persons, property or contents belonging to any such persons.

SECTION 10. CONDEMNATION. Whenever all or part of the Common Area shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for and on account of such taking shall be paid to the Association. The Association, acting through its Board of Directors, shall have the right to negotiate and litigate the issues with respect to the taking and compensation affecting the Common Area, without limitation on the right of the Owners to represent their own interests. Each Owner, by his acceptance of a deed to a Lot, hereby appoints the Association as his attorney-in-fact to negotiate, litigate or settle on his behalf all claims arising from the condemnation of the Common Area. All compensation and damages paid to the Association on account of such a taking shall be used to restore the Common Area, provided such restoration is possible, with the excess, if any, to be retained by the Association and applied to future operating expenses by the Board of Directors of the Association in its sole discretion. Nothing herein is to prevent Owners whose Lots or other property are specifically affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Lots or other property, or improvements, fixtures or personal property thereon, exclusive of damages relating to the

Common Area. In the event that the condemnation award does not allocate consequential damages to specific Owners, but by its terms includes an award for reduction in value of Common Area, Lots or other property without such allocation, the award shall be divided between the affected Owners and the Board of Directors of the Association, as their interests may appear, by the Board of Directors of the Association in its sole discretion.

ARTICLE XII.

Intentionally Deleted.

ARTICLE XIII.

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Owner(s) of each Lot shall be governed by and shall comply with the provisions of this Declaration, the Bylaws of the Association, the Architectural and Landscape Guidelines and all rules and regulations of the Association, as any of the same are now constituted or as they may be amended from time to time. A default by any Owner shall entitle the Association or the Owner(s) of any of the other Lots to the following relief:

(a) The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the Bylaws of the Association, the Architectural and Landscape Guidelines and all rules and regulations of the Association. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Bylaws of the Association, the Architectural and Landscape Guidelines or the rules and regulations adopted by the Association, shall be grounds for relief including, without limitation, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof. The Association shall have the right to request that law enforcement, public safety and animal control officers come on the Property to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to assess reasonable fines against an Owner for violations of this Declaration, the Bylaws of the Association or the Association's published rules and regulations, including, without limitation, the Architectural and Landscape Guidelines, by such Owner, or such Owner's family, guests, invitees and lessees in an amount not to exceed \$100.00 for each violation, and without further hearing, for each day after the decision that the violation occurs. Such fines shall be deemed to be assessments as set

forth in Article VII of the Declaration and if not paid within 30 days after notice and demand therefore, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments.

(c) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to suspend privileges or services provided by the Association (except rights of access to Lots) for reasonable periods for violations of this Declaration or the Bylaws of the Association or the Association's published rules and regulations, including, without limitation, the Architectural and Landscape Guidelines. If it is decided that a suspension of privileges or services provided by the Association should be imposed, the suspension may be continued without further hearing until the violation is cured.

(d) If an Owner is legally responsible for damage inflicted on any Common Elements, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner. When any such claim for damages against an Owner or the Association is less than or equal to the jurisdictional amount established for small claims by North Carolina General Statute, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Board of Directors of the Association to determine if an Owner is responsible for damages to any Common Elements or the Association is responsible for damages to any Lot. If the Board of Directors of the Association fails to appoint an adjudicatory panel to hear such matters, such hearings shall be held before the Board of Directors of the Association. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess liability for each damage incident against each Owner charged or against the Association not in excess of the jurisdictional amount established for small claims by North Carolina General Statute. When the such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statute, liability of any Owner charged or the Association shall be determined as otherwise provided by law. Liabilities of Owners determined by adjudicatory hearing or as otherwise provided by law shall be assessments secured by lien. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the Owner against sums owing to the Association and if so offset, shall reduce the amount of any lien of the Association against the Lot at issue.

(e) In any proceeding arising because of an alleged default by a Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

(f) The failure of the Association or any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration, the Bylaws

of the Association or the Association's published rules and regulations, including, without limitation, the Architectural and Landscape Guidelines, shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

(g) All rights, remedies and privileges granted to the Association or the Owners, pursuant to any terms, provisions, covenants or conditions of the Declaration, the Bylaws of the Association or the Association's published rules and regulations, including, without limitation, the Architectural and Landscape Guidelines, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

(h) The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration, the Bylaws of the Association or the Association's published rules and regulations, including, without limitation, the Architectural and Landscape Guidelines, shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

SECTION 2. SEVERABILITY. Invalidation of any one of the covenants or restrictions by judgment or court order shall not affect any other provision which remaining provisions shall remain in full force and effect.

SECTION 3. AMENDMENT. The covenants and restrictions of this Declaration shall run and bind the land for a term of 20 years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of 10 years unless terminated as hereinafter provided. This Declaration may be terminated or amended with the consent of the Members entitled to cast at least 80% of the votes of the Association; provided, however, during Declarant's Development Period, this Declaration may not be amended or terminated without Declarant's consent; and no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant. Any amendment must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the amendment on behalf of the Association that the requisite Owner and Declarant approval has been obtained and is evidenced by written acknowledgment(s) signed by the Owners approving the amendment and, if required, Declarant, and that such acknowledgments have been made a part of the Minute Book of the Association; and (3) be properly recorded in the Office of the Register of Deeds, Harnett County, North Carolina. For the purpose of this Section, additions to existing property by Declarant pursuant to Section 4 of this Article XIII shall not constitute an "amendment."

SECTION 4. ANNEXATION.
(a) Except as provided in Subsection (b) of this Section 4, Article XII, additional residential property and Common Elements may be annexed to the Properties

only with the consent of the Members entitled to cast two-thirds of the votes of Members of the Association, who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during Declarant's Development Period, Declarant must also consent to such action.

(b) All or any portion of the Additional Property may be annexed by the Declarant without the consent of Members within 10 years of the date of this instrument. Declarant shall have no obligation of any kind to annex any or all of the Additional Property and, should Declarant elect to annex all or any portion of the Additional Property, Declarant shall have no obligation of any kind to annex the Additional Property in any particular sequential order. Should Declarant elect to annex all or any portion of the Additional Property and accordingly to subject such property to the terms and conditions of this Declaration, with regard to all or any part of the Additional Property annexed by Declarant, to make such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to and reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such additions and/or modifications shall have no effect upon the properties previously subjected to this Declaration. With regard to any portion of the Additional Property not annexed by Declarant, Declarant makes no representations with regard to the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

SECTION 5. **AMPLIFICATION.** The provisions of this Declaration are amplified by the Articles of Incorporation and Bylaws of the Association; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles of Incorporation and Bylaws of the Association on the other be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything contained in the Articles of Incorporation or Bylaws of the Association.

SECTION 6. **TITLES.** The titles, headings and captions which have been used throughout this Declaration are inserted only for convenience and are not to be used in construing this Declaration or any part thereof. All definitions set forth herein shall apply to the singular as well as the plural form, and all references to the masculine gender shall include reference to the feminine or neuter gender, and vice versa, as the context may require.

SECTION 7. **NO EXEMPTION.** No Owner or other Person may exempt himself from coverage hereof or obligations imposed hereby by non-use of such Owner's Lot or other property located within the Properties.

SECTION 8. GOVERNING LAW. This Declaration shall be governed by, and construed in accordance with, the laws of the State of North Carolina, notwithstanding any otherwise applicable conflicts of law principles.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be duly executed this 7th day of April, 2008.

VILLAGE PARK AT WINDING LANE, LLC,
a North Carolina limited liability company

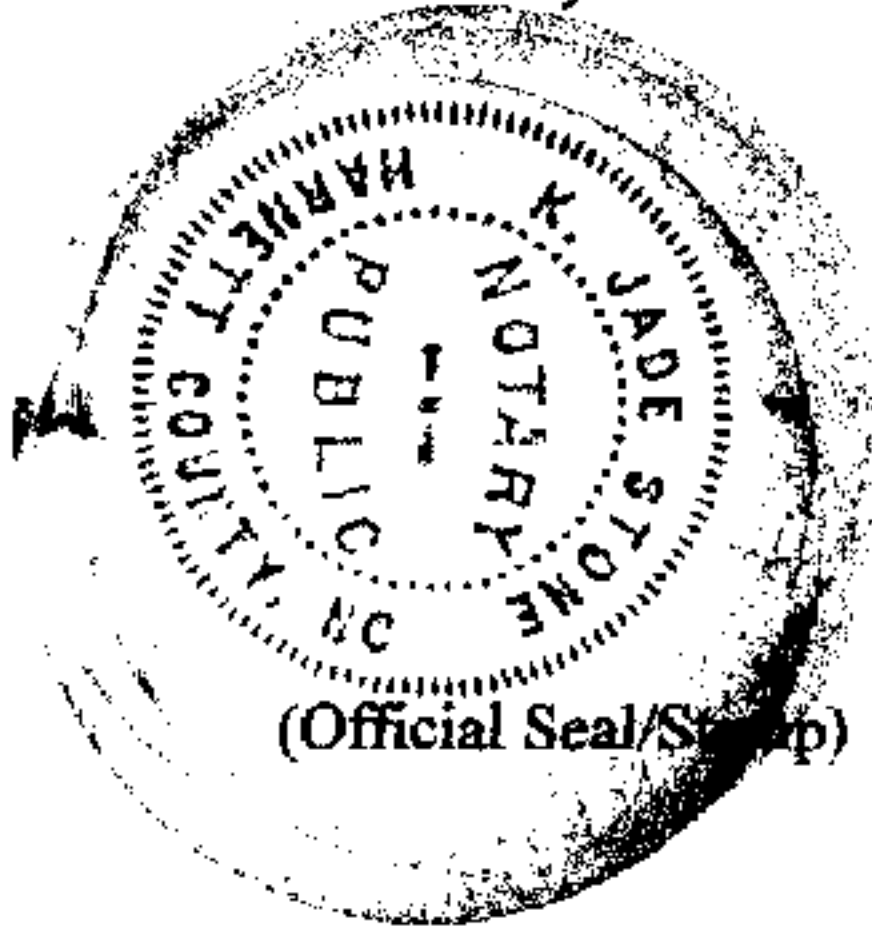
By. 

Bruce B. Blackmon, Manager

STATE OF NORTH CAROLINA

COUNTY OF Harnett

I, a Notary Public for the County and State aforesaid, do hereby certify that the foregoing instrument was voluntarily executed for the purposes therein stated by **Bruce Blackmon**, a Manager of Village Park at Winding Lane, LLC, a North Carolina limited liability company and that he, as Manager, being authorized to do so, executed the foregoing on behalf of the limited liability company and is personally known to me. Witness my hand and official seal this 7th day of April, 2008.



Notary Public in and for the State of North Carolina
Printed Name: K. Jade Stone

K. Jade Stone
Notary Public

My Commission Expires: November 28, 2009

EXHIBIT A

BEING located in Harnett County, North Carolina and being more particularly described as follows:

N/A

EXHIBIT B

DEFINITIONS

SECTION 1. "Additional Property" shall mean and refer to the property described in Exhibit A attached hereto and incorporated herein by this reference, together with any other property located adjacent to the Properties. For the purpose of determining whether property is adjacent to the Properties, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property.

SECTION 2. "Appropriate Local Governmental Authority" shall mean and refer to the Barbeque Township, Harnett County or other appropriate local governmental authority having jurisdiction over the Properties.

SECTION 3. "Architectural Control Committee" shall mean and refer to the committee of the Association appointed to oversee the development and enforcement of architectural and landscaping control standards and restrictions with respect to the Properties and to perform certain other functions described in the Declaration.

SECTION 4. "Architectural and Landscape Guidelines" shall mean and refer to the Architectural and Landscape Guidelines promulgated from time to time by the Board of Directors of the Association or the Architectural Control Committee.

SECTION 5. "Articles of Incorporation" shall mean the Articles of Incorporation of the Association, as the same may be amended, modified supplemented or restated from time to time.

SECTION 6. "Association" shall mean and refer to Carolina Lakes Property Owner's At Lakeside Manor, Inc., its successors and assigns.

SECTION 7. "Bylaws" shall mean the Bylaws of the Association, as the same may be amended, modified, supplemented or restated from time to time.

SECTION 8. "Common Elements" or "Common Area" shall mean all real property owned by the Association (whether owned in fee or by way of license or

easement) or leased by the Association, other than a Lot. The Common Elements to be owned by the Association at the time of the conveyance of the first Lot is described as follows:

All of the land designated "Open Space," "Common Area" and/or "Amenity Area" as shown on the Initial Plats.

SECTION 9. "Declarant" shall mean and refer to Village Park at Winding Lane, LLC, as well as its successors and assigns, pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successor or assign, all of which rights, including Declarant's voting, architectural review, easement and development rights, shall be assignable and may be apportioned on a lot-by-lot basis.

SECTION 10. "Declarant's Development Period" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Harnett County, North Carolina, and continuing until the later to occur of (a) the expiration of Declarant's right to annex any portion of the Additional Property or (b) the first date on which neither Declarant (including any affiliate of Declarant) nor any Featured Builder shall own any portion of the Properties; provided, however, that Declarant may terminate the Declarant's Development Period prior to such expiration by the filing of a termination thereof in the Office of the Register of Deeds of Harnett County, North Carolina.

SECTION 11. "Featured Builder" shall mean and refer to any person or entity acquiring a Lot from Declarant or any affiliate thereof for the express purpose of constructing a dwelling on the Lot within two years of acquiring the Lot and, without at any time permitting use of the dwelling as a residence but instead selling the improved Lot.

SECTION 12. "Lot" shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision plat of the Properties intended for residential purposes and shall include any improvements constructed thereon and "Lots" shall refer to all such lots collectively. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create additional Lots, eliminate existing Lots or create additional Common Elements; provided, however, in no event shall the Properties contain a greater number of Lots than the number from time to time permitted by the Appropriate Local Governmental Authority, nor shall any Lot within the Properties contain fewer square feet than the minimum number of square feet from time to time required by the Appropriate Local Governmental Authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by Declarant of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration.

SECTION 13. "Master Plan" shall mean and refer to the plan(s) for the Properties now or hereafter approved by the Appropriate Local Governmental Authority, as such plan(s) may be from time to time amended and approved.

SECTION 14. "Member" shall mean and refer to every person or entity who holds membership with voting rights in the Association.

SECTION 15. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

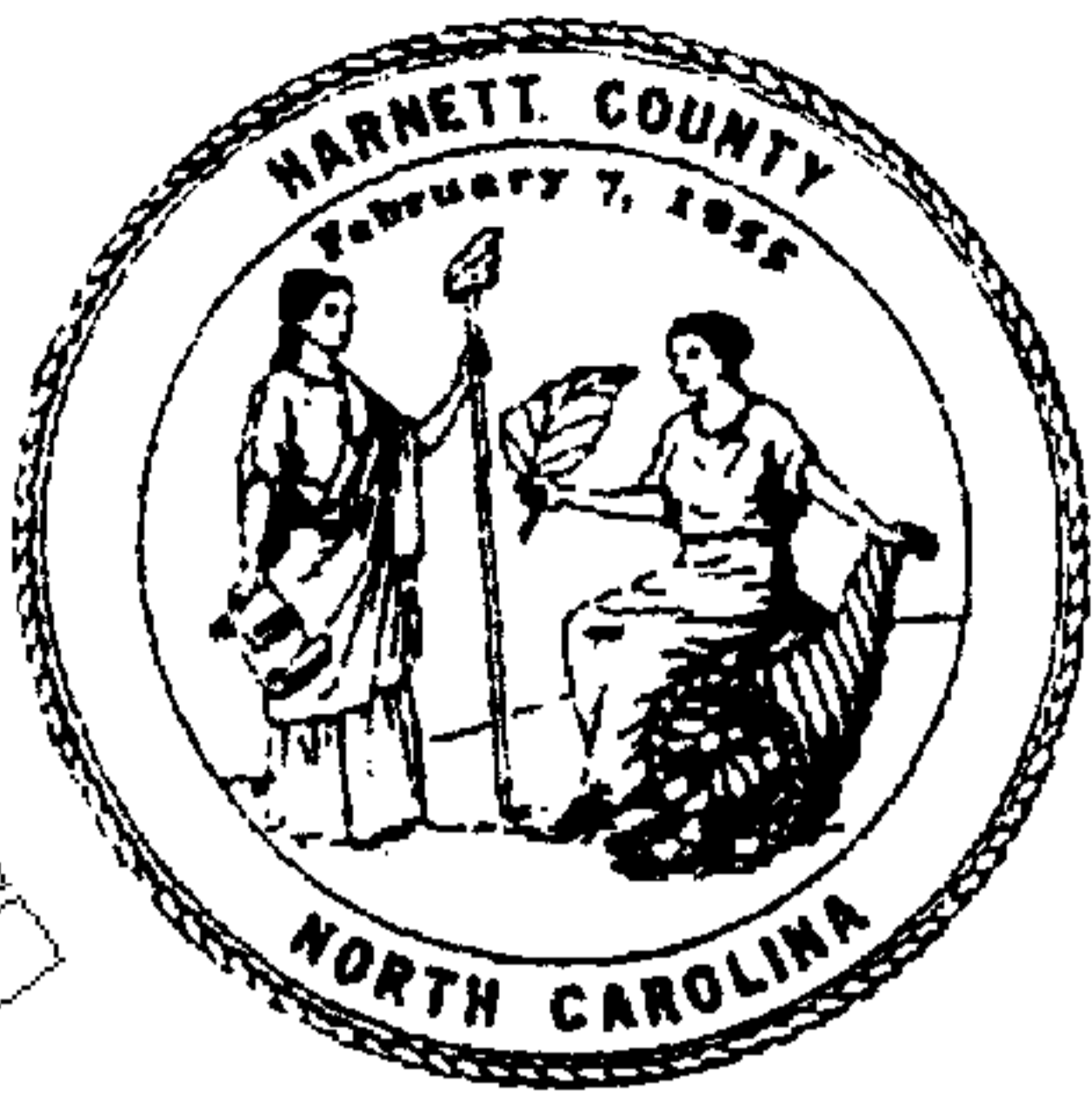
SECTION 16. "Period of Declarant Control" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Harnett County, North Carolina, and continuing until the earlier of: (i) 20 years after the date this Declaration is recorded in the Office of the Register of Deeds, Harnett County, North Carolina, or (ii) such time as 95% of the Lots shown on the Master Plan have been conveyed by Declarant, an affiliate of Declarant or any Featured Builder, to an Owner other than Declarant, an affiliate of Declarant or any Featured Builder; provided, however, if after the expiration of such period of time, the Master Plan is amended to add additional lots and fewer than 95% of the lots shown on the Master Plan have been conveyed by Declarant, an affiliate of Declarant or any Featured Builder, to an Owner other than Declarant, an affiliate of Declarant or any Featured Builder, such period of time shall be reinstated and shall continue until the earlier of: (i) 20 years after the date this Declaration is recorded in the Office of the Register of Deeds, Harnett County, North Carolina; or (ii) such time as 95% of the lots shown on the Master Plan have been conveyed by Declarant, an affiliate of Declarant or any Featured Builder, to an Owner other than Declarant, an affiliate of Declarant or any Featured Builder.

SECTION 17. "Person" shall mean and refer to any natural person, corporation, joint venture, partnership (general or limited), limited liability company, association, trust or other legal entity.

SECTION 18. "Property" or "Properties" shall mean and refer to all of the property hereby or hereafter made subject to the easements, covenants, conditions, restrictions, charges and liens of this Declaration, as amended, modified, supplemented or restated from time to time.

SECTION 19. "Supplementary Declaration" shall mean and refer to any Supplementary Declaration of Covenants, Conditions and Restrictions filed of record to bring Additional Property within the coverage of this Declaration and the jurisdiction of the Association.

UNOFFICIAL



KIMBERLY S. HARGROVE
REGISTER OF DEEDS, HARNETT
305 W CORNELIUS HARNETT BLVD
SUITE 200
LILLINGTON, NC 27546

Filed For Registration: 04/07/2008 02:04:48 PM
Book: RE 2493 Page: 796-833
Document No.: 2008005505
COVENANTS 38 PGS \$122.00
Recorder: ANGELA J BYRD

State of North Carolina, County of Harnett

KIMBERLY S. HARGROVE , REGISTER OF DEEDS

DO NOT DISCARD

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