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DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

COPPERSTONE III HOMEOWNERS ASSOCIATION, INC.

**THIS DOCUMENT REGULATES
THE DISPLAY OF POLITICAL SIGNS**

**THIS DOCUMENT REGULATES THE DISPLAY OF THE FLAG OF THE UNITED
STATES OF AMERICA OR STATE OF NORTH CAROLINA**

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Submitted electronically by "The Vernon Law Firm, A Professional Association"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Alamance County Register of Deeds.

**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
COPPERSTONE III HOMEOWNERS ASSOCIATION, INC.**

THIS DECLARATION is made on the date hereinafter set forth by **WEST MEBANE PROPERTIES, LLC**, a North Carolina limited liability company, having an office in Alamance County, North Carolina, hereinafter referred to as “Declarant.”

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Alamance, State of North Carolina, which is more particularly described on **Exhibit “A”** attached hereto (the “Property”).

WHEREAS, Declarant has set aside certain lands for the use and benefit of the owners and occupants of the Property on a portion of the Property, which lands are to be owned and maintained by the **COPPERSTONE III HOMEOWNERS ASSOCIATION, INC.**, a North Carolina non-profit corporation.

WHEREAS, it is the intent of the Declarant to develop the Property as a residential community consisting of approximately fifty (50) single family homes and townhomes and hereby to cause the above-described Property to be subjected to this Declaration of Covenants, Conditions and Restrictions.

NOW, THEREFORE, Declarant hereby declares that all of the property described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, 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. It is the intent of Declarant that the provisions of this Declaration in all respects conform and comply to the requirements set forth in the North Carolina Planned Community Act. To the extent any provision contained herein does not conform or comply with the North Carolina Planned Community Act, the provisions of the Act shall control.

ARTICLE I

DEFINITIONS

Section 1. “Additional Property” shall mean and refer to any property 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. Any properties listed in this section are subject to change and may not ultimately be submitted to the Declaration.

Section 2. "Appropriate Local Governmental Authority" shall mean and refer to Alamance County, The City of Mebane, or other appropriate local governmental authority having jurisdiction over the Properties.

Section 3. "Association" shall mean and refer to Copperstone III Homeowners Association, Inc., its successors and assigns.

Section 4. "Common Elements" or "Common Area" shall have the same meaning and shall refer to 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, and as more particularly described on Exhibit "B" attached hereto.

Declarant reserves the right, in its sole discretion, to convey or cause to be conveyed to the Association from time to time and without the consent of the Association or its Members, additional property to the Association, which property may include any portion of the Properties, including any Additional Property annexed by Declarant pursuant to Article XII, Section 4 hereof. The Association shall accept any such conveyance of property and thereafter such property shall be held and maintained by the Association as Common Elements. Provided, however, that any portion of the Common Elements upon which is located a driveway, walk, porch, stoop, privacy fence and the area within the privacy fence servicing only one Lot shall be deemed to be "Limited Common Element" for the use and benefit of the Lot served thereby and the same shall be maintained, repaired and replaced by the Owner of the Lot served thereby. Declarant may construct or cause to be constructed (**BUT SHALL NOT BE OBLIGATED TO CONSTRUCT**) walkways, and recreational facilities on any such Common Elements. Other improvements, which may include, but shall not be limited to roadways, retention or detention ponds or erosion control devices, may be located on any such Common Elements. Except as otherwise provided in Section 47F-3-113 of the Planned Community Act, the Association shall be required to promptly repair and replace any portion of the Common Elements for which the Association is required to maintain casualty insurance pursuant to the Bylaws of the Association which is damaged or destroyed. All Common Elements shall be conveyed to the Association in their "as is" condition without any express or implied warranty. **DECLARANT HEREBY DISCLAIMS ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE COMMON ELEMENTS.**

The Association also may acquire additional Common Elements with the consent of the Members of the Association entitled to cast at least two-thirds (2/3) 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 such purpose; provided, however, during the Period of Declarant Control no such action shall be effective without Declarant's consent and approval. For such a conveyance to be effective, the Association must execute and record an amendment regarding the additional Common Elements which amendment must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the instrument on behalf of the Association that the requisite owner and Declarant approval has been obtained and is evidenced by written acknowledgments signed by the owners approving the amendment and if required, Declarant, and that such acknowledgments are made a part of the minute book of the Association; and (3) be properly recorded in the Alamance County Registry.

The Declarant, in its sole discretion, may also convey Common Elements to the Association at any time during the Declarant's Development Period without the consent of the Association.

The Association may only convey Common Elements pursuant to N.C.G.S. §47F-3-112.

Section 5. "Community" shall mean and refer to certain real property and interests described in **Exhibit "A"**, attached hereto, and such additions thereto as may be made by Declarant (its mortgagee or transferee, as provided in this document) and such additions thereto as may be made by the Association to other real property.

Section 6. "Declarant" shall mean and refer to West Mebane Properties, LLC, and its heirs, successors and assigns, jointly and severally, pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successors 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 7. "Limited Common Elements" shall mean and refer to those Common Elements benefitting less than all of the Owners, and shall include, but not be limited to, porches, stoops, driveways, walks, privacy fences and the area within a privacy fence.

Section 8. "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 single family or townhome 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 9. "Master Plan" shall mean and refer to the plan(s) for the Properties as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book **80**, at page **59**., and as such plan(s) may be from time to time amended and approved.

Section 10. "Member" shall mean and refer to every person or entity who holds Membership with voting rights in the Association. Member and Owner may be used interchangeably in this document.

Section 11. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot 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. Member and Owner may be used interchangeably in this document.

Section 12. "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, Alamance County, North Carolina, and continuing until the earlier of: (i) fifteen (15) years from the date this Declaration is recorded in the Office of the Register of Deeds, Alamance County, North Carolina; or (ii) such time as seventy-five percent (75%) of the lots shown on the Master Plan have been conveyed by Declarant or an affiliate of Declarant to an Owner other than Declarant or an affiliate of Declarant; provided, however, if after the expiration of such period of time, the Master Plan is amended to add additional lots and fewer than seventy-five percent (75%) of the lots shown on the Master Plan have been conveyed by Declarant or an affiliate of Declarant to an Owner other than Declarant or an affiliate of Declarant, such period of time shall be reinstated and shall continue until the earlier of: (i) fifteen (15) years from the date this Declaration is recorded in the Office of the Register of Deeds, Alamance County, North Carolina; or (ii) such time as seventy-five percent (75%) of the lots shown on the Master Plan have been conveyed by Declarant or an affiliate of Declarant to an Owner other than Declarant or an affiliate of Declarant."

Section 13. "Planned Community Act" shall mean and refer to the provisions of Chapter 47F of the General Statutes of North Carolina.

Section 14. "Private Alleys" shall mean and refer to the real property owned by the Association and that serves as those private alleys within the Property identified as "Cobalt Alley" and "Zinc Alley", which are more particularly described in Exhibit "C" attached hereto, and which provide means of ingress, egress and regress to and from the Single Family Lots.

Section 15. "Property" or "Properties" shall mean and refer to that certain real property described in Exhibit "A", and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 16. "Single Family Lot" shall mean specifically a Lot on which a single family home unit is constructed or is planned for construction.

Section 17. "Townhome Lot" shall mean specifically a Lot on which a townhome unit is constructed or is planned for construction.

Section 18. "Single Family Member" shall mean and refer to every person or entity who owns a Single Family Lot and holds Membership with voting rights in the Association. Single Family Member and Single Family Owner may be used interchangeably in this document.

Section 19. "Townhome Member" shall mean and refer to every person or entity who owns a Townhome Lot and holds Membership with voting rights in the Association. Townhome Member and Townhome Owner may be used interchangeably in this document.

Section 20. "Single Family Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Single Family 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. Single Family Member and Single Family Owner may be used interchangeably in this document.

Section 21. "Townhome Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Townhome 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. Townhome Member and Townhome Owner may be used interchangeably in this document.

Section 22. "Home(s)" shall mean and refer collectively to the single family homes and townhomes built upon the Lots by the Declarant or under the supervision of Declarant.

ARTICLE II

PROPERTY RIGHTS

Section 1. RECREATIONAL AMENITIES WHICH MAY BE LOCATED IN THE COMMON ELEMENTS. Declarant hereafter may construct or cause to be constructed **(BUT SHALL NOT BE OBLIGATED TO CONSTRUCT)** walkways and other recreational facilities on a portion of the Common Elements. Declarant does not contemplate the construction of any other recreational improvements or amenities within the Common Elements.

During Declarant's Development Period, Declarant or its affiliate shall have the right to require the exclusive (or, at the discretion of Declarant or its affiliate, non-exclusive) use of all or certain portions of any Common Elements for events promoting the sale of lots or homes within the Property; provided, however, no such use by Declarant or its affiliate shall unreasonably interfere with or obstruct ingress, egress and regress to or from the Lots.

Pursuant to rules and regulations from time to time promulgated by the Association, upon request and after such notice as the rules and regulations may require, the Association, in the sole discretion of the Association's Executive Board or its designee, may allow a Member of the Association exclusive use of all or certain portions of any Common Elements for private events for a period not to exceed twenty-four (24) hours. Such rules and regulations may require that

fees and/or deposits be paid to the Association in connection with such exclusive private use. Any damage to the Common Elements or any improvements located thereon during any such private event and any liability incurred by the Association as a result thereof not covered by insurance maintained by the Association (including any deductible) shall be the personal obligation of the Member or Members (joint and several) reserving the Common Elements and if not paid within thirty (30) days of written demand therefore shall be subject to collection by the Association in accordance with the provisions of Article IV and XII hereof.

Section 2. MAINTENANCE OF STORMWATER MANAGEMENT IMPROVEMENTS. It is not anticipated that there will be any watershed improvements located on the Properties which shall be the responsibility of the Association, however, it is anticipated that there will be a dry retention stormwater management pond which is more particularly described as "STORMWATER MANAGEMENT POND AREA" on Exhibit "B" attached hereto, which stormwater management pond area the Declarant reserves the right to convey to the Association, that may be placed on the Properties and may be owned and maintained by the Association as Common Elements. In the event the Association is dissolved, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of such stormwater management improvements within the stormwater management pond area as provided in Article IV hereof.

Section 3. RULES AND REGULATIONS. The Executive Board of the Association may establish reasonable rules and regulations concerning the use of the Common Elements 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 Articles IV and XII 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 Executive Board of the Association or by the Members of the Association entitled to cast at least two-thirds (2/3) 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 4. OWNERS EASEMENTS OF ENJOYMENT OF COMMON ELEMENTS. In the event the Association acquires any Common Elements, every Owner shall have a right and easement of enjoyment in and to said Common Elements which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the easements herein reserved by Declarant or created in favor of the Association, including, without limitation the easements set forth in Article VIII hereof;

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

(c) the right of the Association to suspend the voting rights by the Owner(s) of any Lot 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 and for a period not to exceed sixty (60) days after any such violation;

(d) the right of the Association to dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded;

(e) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes of the Association (including two-thirds of the votes of the Members present at a meeting of the Members held in accordance with the Bylaws of the Association, such vote including at least a majority of the votes of the Members present other than Declarant), to dedicate or transfer fee title to all or any part of the Common Elements for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however, during Declarant's Development Period, Declarant must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances;

(f) 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 Association's Executive Board;

(g) the right of the Association to borrow money for the purpose of improving the Common Elements and facilities thereon and, with the assent of the Members entitled to cast at least eighty percent (80%) of the votes of the Association (including two-thirds of the votes of the Members present at a meeting of the Members held in accordance with the Bylaws of the Association, such vote including at least a majority of the votes of the Members present other

than Declarant), mortgage, pledge, deed in trust, or hypothecate any or all of the Common Elements as security for money borrowed or debts incurred (any such mortgage shall be effective if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Members has been obtained and documented in the Minute Book of the Association); provided, however, during Declarant's Development Period, Declarant must also consent to such action, and further provided that no such mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances; and

(h) the right of the Association to convey to Declarant portions of the Common Elements for the purpose of correcting erroneous conveyances of Common Elements or eliminating unintentional encroachments of dwellings or other improvements onto portions of the Common Elements or for the purpose of enhancing the utility of the Common Elements to be retained by the Association; provided, however, no such conveyance shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances.

Section 5. SINGLE FAMILY OWNERS EASEMENT OF USE AND ENJOYMENT OF PRIVATE ALLEYS. Every Single Family Owner shall have a right and easement of enjoyment in and to the Private Alleys which shall be appurtenant to and shall pass with the title to every Single Family Lot, subject to the following provisions:

(a) the easements herein reserved by Declarant or created in favor of the Association, including, without limitation the easements set forth in Article VIII hereof;

(b) the right of the Association to suspend the voting rights by the Owner(s) of any Single Family Lot for any period during which any assessment against such Single Family Lot remains unpaid and for any period during which such Single Family Lot or any Single Family Owner or occupant thereof is in violation of the terms of this Declaration or the published rules and regulations of the Association and for a period not to exceed sixty (60) days after any such violation;

(c) the right of the Association to dedicate or transfer non-exclusive easements on, over and upon all or any part of the Private Alleys for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded;

(d) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of eight percent (80%) of the Single Family Members of the Association (including two-thirds of the votes of the Single Family Members present at a meeting of the Members held in accordance with the Bylaws of the Association, such vote

including at least a majority of the votes of the Single Family Members present other than Declarant), to dedicate or transfer fee title to all or any part of the Private Alleys for such purposes and subject to such conditions as may be agreed to by the Single Family Members consenting to such dedication or transfer; provided, however, during Declarant's Development Period, Declarant must also consent to such action and, further provided that no such dedication or transfer shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances;

(e) the right of the Association to impose rules and regulations for the use and enjoyment of the Private Alleys and improvements thereon, which regulations may further restrict the use of the Private Alleys, 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 Private Alleys, 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 Association's Executive Board;

(f) the right of the Association to borrow money for the purpose of improving the Private Alleys and facilities thereon and, with the assent of eighty percent (80%) of the Single Family Members entitled to cast votes of the Association (including two-thirds of the votes of the Single Family Members present at a meeting of the Members held in accordance with the Bylaws of the Association, such vote including at least a majority of the votes of the Members present other than Declarant), mortgage, pledge, deed in trust, or hypothecate any or all of the Private Alleys as security for money borrowed or debts incurred (any such mortgage shall be effective if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Members has been obtained and documented in the Minute Book of the Association); provided, however, during Declarant's Development Period, Declarant must also consent to such action, and further provided that no such mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Elements or cause any Lot or any remaining Common Elements to fail to comply with applicable laws, regulations or ordinances; and

(g) the right of the Association to convey to Declarant portions of the Private Alleys for the purpose of correcting erroneous conveyances of Private Alleys or eliminating unintentional encroachments of dwellings or other improvements onto portions of the Private Alleys or for the purpose of enhancing the utility of the Private Alleys to be retained by the Association; provided, however, no such conveyance shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Private Alleys or cause any Lot or any remaining Private Alleys to fail to comply with applicable laws, regulations or ordinances.

Section 6. DELEGATION OF USE. Any Owner may delegate, in accordance with the Bylaws, Owner's rights of enjoyment of the Common Elements and

facilities to the members of Owner's family, Owner's tenants or contract purchasers who reside on the Lot of such Owner.

Section 7. LEASES 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 of Covenants, Conditions and Restrictions, the Articles of Incorporation and Bylaws of the Association and that any failure by the lessee to comply with the terms of such document 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 (6) months. Other than the foregoing there is no restriction on the right of any Owner to lease Owner's Lot.

ARTICLE III

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 which is subject by covenants of record to assessment by the Association, including Declarant and any affiliated entity 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 which is subject to assessment by the Association. 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 (1) 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 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, provided that on matters concerning the Private Alleys, only Single Family Members shall be entitled to a vote thereon, the two classes of voting membership are as follows:

Class A: The Class A Members shall be every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, except for Declarant or any affiliated entity during any Period of Declarant Control. In the event that a Lot is owned by more than one Class A Member, the Owners of such Lot, collectively, shall be allocated not more than one (1) vote and the vote allocated to such Lot shall be cast as such Owners may agree between or among themselves.

Class B: Declarant shall be the Class B Member and Declarant shall be entitled to six (6) votes for each lot to be developed as a part of Copperstone III 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:

(a) when the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership; however, the Class B membership shall be reinstated if thereafter, and before the time stated in subparagraph (b) below, the Master Plan is amended to add additional lots developed or to be developed as a part of Copperstone III is sufficient to give the Class B membership a total number of votes (with the Class B membership entitled to six (6) votes for each lot shown on the Master Plan as developed or to be developed as a part of Copperstone III which has not been conveyed by Declarant or an affiliate of Declarant to a Class A Member) greater than those of the Class A membership; or,

(b) fifteen (15) years from the date this Declaration is recorded in the Office of the Register of Deeds, Alamance County, North Carolina.

Section 3. DECLARANT RIGHT TO REPRESENTATION ON THE EXECUTIVE BOARD OF THE ASSOCIATION AND COMPOSITION AFTER PERIOD OF DECLARANT CONTROL. During any Period of Declarant Control, Declarant shall have the right to designate and select all of the Members of the Executive Board of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on the Executive Board 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 the Bylaws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board 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 Executive Board so removed for the remainder of the unexpired term of any member or members of the Executive Board so removed. Any Executive Board member designated and selected by Declarant need not be a resident of the Properties. Following the expiration of the Period of Declarant Control, Members shall be entitled to elect the Executive Board members at the annual membership meeting pursuant to the provisions set forth in the Bylaws for the Association.

ARTICLE IV

COVENANT FOR 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, except for Wade Journey Homes, 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, and late fees, costs and reasonable attorneys' fees; (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (b) to the appropriate governmental taxing authority: (i) a pro rata share of ad valorem taxes levied against the Common Elements if any; 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 (6) months. The Declarant shall not be obligated to pay any annual or special assessments for any Lot owned by Declarant within the Properties. Moreover, Wade Journey Homes, as a purchaser of Lots from the Declarant for purposes of constructing Townhomes and Single Family Homes thereon, and

thereby reconveying the Lots to Owners, shall be specifically exempted from the obligation of assessments and the lien as provided in this Article IV. All assessments and charges provided for herein, together with interest and late fees, costs and reasonable attorneys' fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made when a claim of lien is filed of record in the Office of the Clerk of Superior Court, Alamance County, North Carolina. Each such assessment and charge, together with interest, any late fees, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

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 and assessments assessed against the Common Elements including, without limitation, any recreational facilities constructed thereon, the payment of assessments assessed against the Common Elements and any improvements thereupon; the maintenance of open spaces and streets within or outside of the Common Elements which have not been accepted for dedication by a public authority, roadway medians, roundabouts and islands (including medians, roundabouts and islands located in dedicated rights-of-way within the Properties), drives and parking areas within the Common Elements; the procurement and maintenance of insurance in accordance with the Bylaws; the maintenance of dams and ponds, including retention or detention ponds, or other bodies of water, if any, located within the Common Elements; the erection, maintenance and repair of signs, entranceways, landscaping, irrigation and lighting within the Common Elements, roadway medians, roundabouts 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; certain exterior maintenance for Lots as hereinafter provided; 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 may establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Elements, Private Alleys and those other portions of the Properties which the Association may be obligated to maintain. Such reserve funds are to be established out of regular assessments for common expense.

(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 of the Association. 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 therefrom 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 thirty (30) days in advance of each annual assessment period, the Executive Board shall establish annual budgets and set the amount of the annual assessments in advance for the following year. A budget shall be prepared for (i) expenses incurred for the benefit of all Lot Owners (the "Common Expenses"); (ii) the budget for the Common Expenses hereinafter referred to as the "Common Expense Budget" (including the expense arising from maintenance of the Common Elements); (iii) the expenses incurred for maintenance of the Private Alleys for the benefit of Single Family Owners ("Road Maintenance Expenses"); and (iv) the budget for the Road Maintenance Expenses (the "Road Maintenance Budget"). Common Expenses shall be shared equally by all Lot Owners. Road Maintenance Expenses shall be shared equally by all Single Family Owners. Within thirty (30) days of the adoption of any proposed budget, the Executive Board 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 Executive Board 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 60 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 Executive Board.

(b) Until December 31 of the year of the conveyance of the first Lot to an Owner, the maximum annual assessment shall be **Five Hundred Forty Dollars (\$540.00)** per Lot, and may be collected in monthly installments of **Forty-Five Dollars (\$45.00)** per Lot (the "Standard Assessment"). The maximum annual Standard 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 Executive Board and may be increased by the Executive Board without approval by the Membership by an amount not to exceed ten percent (10%) of the maximum annual assessment of the previous year. The maximum annual

Standard 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 may be increased without limit by a vote of the Members entitled to cast at least two-thirds (2/3) of the votes of such Members who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, during any Period of Declarant Control, Declarant must also consent to such action.

(c) In addition to the Standard Assessment, all Single Family Lots shall be subject to a supplemental assessment specifically for maintenance of the Private Alleys, which until December 31 of the year of the conveyance of the first Lot to an Owner, the maximum annual supplemental assessment shall be **Ninety-Six Dollars (\$96.00)** per Single Family Lot, and may be collected in monthly installments of **Eight Dollars (\$8.00)** per Single Family Lot (the "Road Maintenance Assessment"). The maximum annual Road Maintenance 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 Executive Board and may be increased by the Executive Board without approval by the Membership by an amount not to exceed ten percent (10%) of the maximum annual assessment of the previous year. The maximum annual Road Maintenance 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 may be increased without limit by a vote of the Single Family Members entitled to cast at least two-thirds (2/3) of the votes of such Single Family Members who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, during any Period of Declarant Control, Declarant must also consent to such action.

(d) The Executive Board may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 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 or the Private Alleys, 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 (2/3) of the votes of the Class A and Class B Members 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. Notwithstanding the foregoing, special assessments 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 ("Special Assessments") may be levied upon all Members with the assent of two-thirds (2/3) of the votes of the Members 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 such special assessments may be collected on a monthly basis.

Section 5. 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 Sections 3 or 4 of this Article shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty percent (20%) of all the votes of the Class A and Class B Members shall constitute a quorum, except that in the case of any meeting called for the purpose of considering a Special Assessment, notice thereof shall be sent to the Members and the presence of Members or proxies entitled to cast forty percent (40%) of all the votes allocated to the Members 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 (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 6. RATE OF ANNUAL ASSESSMENT. Both Standard Assessments and special assessments must be fixed at a uniform rate for all Lots where they serve to the benefit of all Lots and may be collected on a monthly, quarterly or annual basis. Where a special assessment will only serve to benefit select Lots, then such special assessment shall be fixed at a uniform rate and applied only to those select Lots to which the benefit of the special assessment inures.

Section 7. 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 sold or leased to someone other than a Declarant. 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 Executive Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. WORKING CAPITAL ASSESSMENTS. In addition to the assessments authorized above, at the time of the closing of the first sale of each Single Family Lot to a purchaser other than a Declarant or Wade Journey Homes, the purchaser(s) thereof shall pay to the Association the amount of **One Hundred Dollars (\$100.00)**. Likewise, at the time of the closing of the first sale of each Townhome Lot to a purchaser other than a Declarant or Wade Journey Homes, the purchaser(s) thereof shall pay to the Association the amount of **Seventy-Five Dollars (\$75.00)**. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which 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 and Private Alleys. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. 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. This fee is not a transfer fee and shall only be paid one time per Lot.

Section 9. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a rate from time-to-time established by the

Association not to exceed eighteen percent (18%) per annum. In addition, the Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Executive Board of the Association, for assessments not paid within thirty (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 rights of access to Lots during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (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 attorneys' 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 10. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES 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 (6) 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 thirty (30) days following receipt of notice of the amount due, then such apportioned 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 11. SUBORDINATION OF THE LIEN FOR ASSESSMENTS TO THE LIEN OF FIRST MORTGAGES. The lien to secure payment of assessments shall be subordinate to the lien of any first mortgage or deed of trust. 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. Such sale or transfer of any Lot which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, 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 12. 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, notwithstanding the previous statement, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL

Section 1. IMPROVEMENTS. No improvements, alteration, repair, change in paint color, excavation, change in grade, planting, landscaping, modification of driveways, 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 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 (all or any of the foregoing hereinafter referred to as a "Modification"), 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 by the Executive Board of the Association or by the appropriate architectural committee. Proposed Modifications to Lots shall be reviewed by an architectural control committee composed of three (3) or more representatives appointed by a majority vote of the Executive Board. Notwithstanding the foregoing, landscaping improvements consisting of plant materials native to the area and commonly used in residential landscaping which do not interfere with the sight lines of motorists at intersections of the streets and/or driveways located within the Properties shall not require approval by the Executive Board of the Association or the Architectural Control Committee. In addition, temporary seasonal exterior decorations shall not require the prior approval of the Executive Board or the Architectural Control Committee, but if any such decorations are determined, in the sole discretion of the appropriate Architectural Control Committee, to be distasteful or otherwise disruptive of the aesthetics or visual harmony of the community, the appropriate 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 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 or any affiliate of Declarant to improve and develop the Properties, including the Lots, as Declarant or such affiliate 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 either Declarant or any affiliate of Declarant seek or obtain the approval of the Architectural Control Committee for improvements erected on the

Properties by or at the direction of Declarant or any such affiliate. In addition, for so long as Declarant or any affiliated entity owns any Lot or has the right to annex any Additional Property pursuant to Section 4(b), Article XII hereof, Declarant or its affiliate may approve any plans and specifications rejected by any Architectural Control Committee for the construction or alteration of improvements on any Lot provided the construction or alteration approved by Declarant or its affiliate comport with the general scheme of development from time to time approved by the Appropriate Local Governmental Authority. Such approval by Declarant or its affiliate shall operate and have the same effect as approval by the Executive Board or the Architectural Control Committee. Notwithstanding the foregoing, the American Flag and the Flag of the State of North Carolina may be flown or displayed anytime following normal flag protocol. Any such flag displayed may be 30" x 48" and wall mounted. The Wall mounted style may be attached to trim boards adjacent to doors or on fence posts.

Section 2. 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 appropriate Architectural Control Committee which shall evaluate such plans and specification in light of the purposes of this Article. The Architectural Control Committee shall have a period of thirty (30) days from receipt of a request for approval of plans and specifications within which to approve or disapprove them. In the event of disapproval, reasons shall be provided in writing for such disapproval. Such decision is appealable to the full Executive Board upon submission of the appeal within ten (10) days of the homeowner's receipt of the notice of disapproval in writing from the Architectural Control Committee. The decision of the Executive Board shall be final.

(b) Upon approval by the appropriate 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 Association 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 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. 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, and the owner shall submit the proper recording fees 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.

(c) Neither Declarant, nor any other member of the Association's Executive Board or Architectural Control Committee, shall be responsible or liable in any way for any defects in any plans or specification approved by them, nor for any structural defects in any work done according to such plans and specifications. Further, neither Declarant, nor any member of the Association's Executive Board or Architectural Control Committee, shall be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specification or the exercise of any other power or right provided for in this Declaration. Every Person who submits plans or specifications for approval agrees, by submission of such plans and specifications, and every owner of any Lot agrees, that he or she will not bring any action or suit against Declarant, or any member of the Association's Executive Board or Architectural Control Committee, to recover any such damage.

ARTICLE VI

EXTERIOR MAINTENANCE

Section 1. MAINTENANCE TO BE PERFORMED BY THE ASSOCIATION. The Association shall maintain the Common Elements and Private Alleys, with the exception of any privacy fences and the area within the privacy fences located within the Common Elements which are provided to serve an individual Lot. Any such privacy fences and the area within the privacy fences shall be the Limited Common Elements and shall be maintained by the Owner of the Lot served thereby. The Association shall maintain open spaces within or outside of the Common Elements which have not been accepted for dedication by a public authority, roadway medians, roundabouts and islands (including medians, roundabouts and islands located in dedicated rights-of-way within the Properties), walks located within any Common Elements and Private Alleys and provided for use by all Members, and street lights erected by the Association or Declarant in the rights-of-way of streets (whether public or private) or in any other easement provided for such purpose within the Properties. Without limiting the foregoing, the Association shall maintain any retention or detention ponds, rip rap and other drainage or erosion control devices located on the Common Elements now or hereafter conveyed to the Association by Declarant that are required to be maintained by the governmental office(s) having jurisdiction for watershed protection as directed by such governmental office(s). In the event the Association is dissolved or otherwise defaults on its obligation to maintain any such drainage or erosion control device, Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of such pond or erosion control device.

Section 2. EXTERIOR MAINTENANCE TO BE PERFORMED BY MEMBERS. Each Member shall be liable and responsible for maintenance, repair and replacement, as the case may be, of window or door screens, any storm doors (any such installation being subject to approval by the Board or Architectural Control Committee as

set forth in Article V herein), garage door openers, personal property affixed to the exterior of the Lot, air conditioning and heating equipment and all other equipment required to provide water, light, power, telephone, sewage and sanitary service to such Member's Lot which utilities are not publicly maintained. In the event that the Member neglects or fails to maintain his or her responsibilities in reference to such Member's Lot and/or the exterior of such Member's dwelling in a manner consistent with other Lots and dwellings within the Properties, the Association may provide such exterior maintenance and all cost incurred by the Association in providing such exterior maintenance shall be added to the annual assessment for such Lot and subject to the lien rights described in Article IV; provided, however, that the Association shall first give written notice to the Owner of the specific items of exterior maintenance or repair the Associations intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance. The determination as to whether an Owner has neglected or failed to maintain such Owner's Lot and/or dwelling in a manner consistent with other Lots and dwellings within the Properties shall be made by the Executive Board of the Association, in its sole discretion.

ARTICLE VII

RESTRICTIONS

Section 1. LAND USE. No Lot shall be used except for single family or townhome residential purposes; provided, however, Declarant, or any affiliated entity may use any Lot owned or leased by Declarant or any affiliated entity 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.

Section 2. NUISANCE. 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. In the event that any Lot Owner or any other person conducts obnoxious or offensive activity upon any Lot or does anything thereon which may be or may become an annoyance or nuisance to the neighborhood, a written complaint can be filed by a Lot Owner with the Association. If, after investigation, the complaint is deemed legitimate by the Association, the Association will make a written request to the owner of the Lot upon which the activity is being conducted that the obnoxious or offensive activity be stopped immediately. If the activity continues for two days after this written notice is issued by the Association, any complaining Lot Owner can pursue judicial relief against the offending Lot Owner or the offending person. All Lot Owners expressly waive any claims against Declarant related to any obnoxious or offensive activity conducted upon any Lot or relating to anything done upon any Lot which may be or may become an annoyance or nuisance to the neighborhood, except to the extent that the alleged obnoxious or offensive activity is conducted by the Declarant or the Declarant's agent. No Lot or other area within the 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 3. MOTOR VEHICLES. All passenger vehicles shall be parked in driveways or garages except as set forth below. No boat, marine craft, hovercraft, aircraft, trailer, camper, 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. However, Owner's guests may park on public streets only for brief periods of time on an irregular and infrequent basis, provided that such parking does not violate any municipal ordinance. No truck or motorized van used for commercial purposes shall be allowed unless it is used for the Owner's primary occupation. In no event are tractor trailers (or tractors without the trailer attached) to be parked within the Properties. 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 forty-eight (48) hours. No motor vehicle of any sort may be parked on the Common Elements or on sidewalks.

Section 4. ANIMALS. No animals, livestock or poultry of any kind shall be 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 (i) all laws and ordinances of the State of North Carolina, the County of Alamance relating thereto; and (ii) such rules and regulations pertaining thereto as the Executive Board may adopt from time to time.

Section 5. OUTSIDE ANTENNAS. Any outside antennas must be approved by the architectural committee pursuant to the process set forth in Article V herein. Except for "dish" antennas designed to receive direct broadcast satellite service, including direct-to-home satellite service, one meter (39") or less in diameter, antennas designed to receive video programming services via MMDS (wireless cable) and antennas designed to receive television broadcast signals, no outside antennas or satellite dishes and no free standing transmission or receiving towers shall be erected on any Lot or Common Areas within the Properties without the prior written permission of the Architectural Control Committee. Only one (1) such antenna shall be permitted on any Lot. Except as otherwise reasonably required in order to receive the intended signal, any antenna or satellite dish erected on any Lot within the Properties shall be affixed to the dwelling, shall be a color which blends with its surrounds, and shall have a mast only as high as reasonably necessary to receive the intended signal.

Section 6. 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 by the Declarant or with the written consent of Declarant.

Section 7. SIGNS. No sign shall be placed or allowed to remain on any Lot except for the following: one (1) "For Sale" sign during any period that the Lot is for sale; or one

(1) other temporary sign to advertise a temporary activity on the Lot, including a political campaign sign, and such other temporary sign shall not be permitted to remain on any Lot for more than two (2) consecutive weeks. No sign deemed by the Association, the Architectural 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, Declarant's bank/lender and any other affiliate of Declarant 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 8. 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 (4) feet or more in width and ten (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 9. 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 as provided in Article V of this Declaration. Chain link perimeter fencing is strictly prohibited. Dog runs may be constructed provided that they are approved by the Executive Board or the appropriate Architectural Control Committee and be of wood, vinyl or black vinyl-coated chain link and do not exceed a maximum size of 10' X 20'. No additional fence, wall or other enclosure shall be constructed on a Lot other than the fencing initially constructed by the Builder which is a part of the Limited Common Elements. Dog runs shall not be permitted within the privacy fence of the Lots. 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 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 10. SWIMMING POOLS. No swimming pool shall be constructed on the Properties or Lots. Above-ground swimming pools shall not be permitted. This section shall not apply to temporary inflatable and/or plastic children's pools the diameter of which shall not exceed five feet (5'), however, any temporary pools may not be left outside overnight.

Section 11. PLAYSETS AND BASKETBALL NETS. No playsets, mounted swings or other attached children's playground accessories shall be allowed on the Common Areas, Limited Common Areas or on a Lot. Detached basketball goals and concrete pads for basketball goals shall not be allowed on any Lot, Common Area or Limited Common Area. Detached basketball goals shall not be permitted in the streets.

Section 12. YARD SALES. Yard sales (garage sales or any equivalent) are not permitted on the Properties. The Association may designate certain dates during the year for a community yard sale run by the Association.

ARTICLE VIII

EASEMENTS

Section 1. UTILITIES. Easements for installation and maintenance of utilities (including cable television service) 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 cable television service) and drainage facilities. 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 or 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 is hereby granted blanket easements upon, across, above and under all property within the Community for access to, ingress to, egress from, installation of, repairing, replacing and maintaining all utilities serving the Community or any portion thereof. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Declarant or the Association shall have the right to grant such easement. 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 service or utilities to the Common Elements or Lots.

Section 2. EASEMENTS FOR ASSOCIATION MAINTENANCE. There is hereby expressly granted to the Association a perpetual easement across such portions of the Community, determined in the sole discretion of the Association, as are necessary to allow for the maintenance required under Article VI. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment of Owners' property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 3. EASEMENTS FOR MAINTENANCE AND REPAIR. There shall be reciprocal appurtenant easements between adjacent Lots for the purposed of maintaining or repairing the improvements, including, without limitation, landscaping, located on each Lot, which easement shall extend to a distance of not more than five (5) feet as measured from any point on the common boundary between the Lots and along a line perpendicular to such boundary at such point. The easement shall be used only for such period of time as is reasonably necessary in order to complete the needed maintenance or repair. The Lot Owner exercising this easement right shall be liable for the prompt repair of any damage to the Lot over which this

easement is exercised which is caused by the maintenance or repair work. The damaged portions of such Lot shall be restored to substantially the same condition as existed prior to the damage.

Section 4. EASEMENTS FOR ENTRY. The Association shall have the right, but shall not be obligated, to enter upon any property within the Community for emergency, security and safety reasons, which right may be exercised by the manager and all policemen, firemen, ambulance personnel and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Association to enter to cure any condition which may increase the possibility of fire, slope erosion or other hazard in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Association.

Section 5. SIGNS. There is hereby reserved to the Declarant, the Association, and the designees of either, 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 IV hereof. Further, during Declarant's Development Period, Declarant and any affiliated entity 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 6. EASEMENTS FOR PARKING LOTS AND DRIVEWAYS. Declarant hereby creates joint and reciprocal easements in perpetuity for vehicular and pedestrian traffic in, upon, over and across any areas shown on a plat for the Community, recorded by the Declarant in the Office of the Register of Deeds of Alamance County, North Carolina as a common driveway. Each Lot is hereby granted an appurtenant easement for encroachment onto adjacent Lots to a distance of not more than five (5) feet from the common boundary or boundaries of adjacent Lots for the sole purpose of the placement, existence, use and maintenance of a driveway turnaround to service the Lot.

Section 7. 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 or any affiliated entity of any right herein reserved, including, without limitation, Declarant's right, should Declarant elect, to annex the Additional Property, as hereinafter defined 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 8. 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.

ARTICLE IX

PARTY WALLS

Section 1. GENERAL RULES OF LAW TO APPLY. Each wall, including fences constructed on common boundaries of Lots, which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence, or willful acts or omissions shall apply thereto.

Section 2. REPAIR AND MAINTENANCE. The cost of reasonable repair and maintenance of a party wall shall be shared by the Members who make the use of the wall in proportion to such use.

Section 3. DESTRUCTION BY FIRE OR OTHER CASUALTY. If a party wall is destroyed or damaged by fire or other casualty, any Member who has used the wall may restore it, and if the other Members thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Members to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. WEATHERPROOFING. Notwithstanding any other provision of this Article, a Member who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements and repairing any damage resulting from such exposure.

Section 5. RIGHT TO CONTRIBUTION RUNS WITH LAND. The right of any Member to contribution from any other Member under this Article shall be appurtenant to the land and shall pass to such Member's successors in title.

Section 6. ARBITRATION. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, such dispute shall be resolved by binding

arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any Court of competent jurisdiction.

ARTICLE X

RIGHTS RESERVED UNTO INSTITUTIONAL LENDERS

Section 1. ENTITIES CONSTITUTING INSTITUTIONAL LENDERS.
“Institutional Lender” as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

Section 2. OBLIGATION OF ASSOCIATION TO INSTITUTIONAL LENDERS. So long as any Institutional Lender shall hold any first lien upon any Lot and shall have given notice to the Association as set forth in Section 3 of this Article, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of the annual financial statement and report of the Association prepared by a certified public accountant designated by the Executive Board of the Association, such financial statement or report to be furnished by April 15 of each calendar year.

(b) To be given notice by the Association of the call of any meeting of the Membership to be held for the purpose of considering any proposed amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or Bylaws of the Association or of any proposed abandonment or termination of the Association or the effectuation of any decision to terminate professional management of the Association and assume self-management by the Association.

(c) To receive notice of any condemnation or casualty loss affecting the Common Elements or any portion thereof.

(d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(e) To be given notice by the Association of any proposed alienation, release, transfer, hypothecation or other encumbrance of the Common Elements, other than those specific rights vested in the Association under Article II hereof.

(f) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

Section 3. REQUIREMENTS OF INSTITUTIONAL LENDER. Whenever any Institutional Lender desires to avail itself of the provisions of this Declaration, it shall furnish written notice thereof to the Association by CERTIFIED MAIL at the address shown in the Articles of Incorporation identifying the Lot or Lots upon which any such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

ARTICLE XI

COST SHARING WITH OTHER PROPERTIES

The Association may enter into contractual agreements, easements and covenants to share costs with the owner of any neighboring property to contribute funds for, among other things, shared or mutually beneficial property or services and/or a higher level of Common Element maintenance.

ARTICLE XII

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 and all rules and regulations of the Association adopted pursuant thereto, 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 and all rules and regulations of the Association adopted pursuant thereto. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the Bylaws of the Association, or which may be adopted pursuant thereto, 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 Properties 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 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 more than five (5) days after the decision that the violation occurs. Such fines shall be deemed to be assessments as set forth in Article IV of the Declaration and if not paid within thirty (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, Articles or rules and regulations of the Association. 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 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Executive Board 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. An Owner may appeal the decision of an adjudicatory panel to the full Executive Board by delivering written notice of appeal to the Executive Board within fifteen (15) days after the date of the decision. The Executive Board may affirm, vacate, or modify the prior decision of the adjudicatory body. If the Executive Board fails to appoint an adjudicatory panel to hear such matters, such hearings shall be held before the Executive Board. 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 7A-210. When the such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, 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 under Section 47F-3-116 of the Planned Community Act. 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 an 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 or the other above mentioned documents 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 or other above mentioned documents, 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 or other above mentioned document 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 in no wise affect any other provision which 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 twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (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 sixty seven percent (67%) 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; no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant; and no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection. Any amendment, except amendments that Declarant is authorized to make unilaterally, 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 Member and Declarant approval has been obtained and is evidenced by written acknowledgment(s) signed by the Members approving the amendment and, if required, Declarant, and that such acknowledgments have been made a part of the Minute Book of the Association, but such attestation will not be necessary if the requisite number of Members and, if required, Declarant, have executed said amendment; and (3) be properly recorded in the Office of the Register of Deeds, Alamance County, North Carolina. For the purpose of this section, additions to existing property by Declarant pursuant to Section 4 of this Article shall not constitute an "amendment." In the event this Declaration is terminated in accordance with the provisions hereinabove provided, 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 pro rata share of the cost of the maintenance of all permanent retention or detention ponds. Notwithstanding the foregoing, Declarant may at any time during its Period of Declarant Control, unilaterally amend this Declaration to terminate or restrict any right reserved hereunder by Declarant and Declarant may unilaterally amend this Declaration to make any changes required by the VA, the FHA, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or any other private or governmental

insurer of residential mortgage loans in order to obtain the approvals necessary for purchasers of Lots to obtain financing insured by any of the foregoing mortgage insurers, or to make any changes deemed necessary by Declarant, in its sole discretion, to provide clarity to a provision herein or which may be necessary to carry out and effectuate the orderly development of the Properties as intended by Declarant.

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 (2/3) of the votes each of the Class A and Class B 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 fifteen (15) 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 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. PROPERTY INSURANCE REQUIREMENTS AND DUTY TO REBUILD. If all or any part of the Common Areas, Lots or Homes shall be damaged or destroyed, the same shall be repaired or replaced to their original condition by the responsible party as set forth in this Declaration ("Responsible Party"). Pursuant to the provisions of Article XIII herein, the Association shall procure and maintain in effect fire and extended casualty coverage insurance in an amount equal to at least one hundred percent (100%) insurable value thereof on a replacement cost basis covering the common areas and exterior of the Homes and be held in the name of, and the proceeds thereof shall be payable to, the Association, as trustee for all Members and security holders as their interests may appear.

The damage or destruction by fire or other casualty to all or any portion of any improvement on the Common Areas, Lots or Homes shall be repaired by the Responsible Party, as set forth in this Declaration, within seventy-five (75) days after such damage or destruction or, if repairs cannot

be completed within seventy-five (75) days, such repairs shall be commenced within such period and shall be completed within a reasonable time thereafter.

Section 6. 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.

ARTICLE XIII

INSURANCE AND CASUALTY OR LIABILITY LOSSES

Section 1. REQUIRED INSURANCE FOR ASSOCIATION.

(a) Commencing no later than the time of the first conveyance of a Lot to a person other than the Declarant, the Board of Directors, or its duly authorized agent, shall have the authority to and shall obtain insurance as required by Chapter 47F of the North Carolina General Statutes or any other applicable law for all insurable improvements on the Common Areas, on the Lots and Homes and for maintenance, upkeep, repairs and replacements as otherwise provided in this Declaration against loss or damage by fire or other hazards, including extended coverage, vandalism and malicious mischief. The Association shall maintain a "blanket" or "master" casualty insurance policy for the Common Areas, commonly owned supplies of the Association, building service equipment and other common personal property belonging to the Association, held in the name of, and proceeds thereof payable to, the Association, as trustee for the Association and all Members and security holders as their interests may appear. The total amount of insurance after application of any deductibles shall be not less than one hundred percent (100%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations and other items normally excluded from property policies. If all or any part of the Common Areas or exterior of the Lots for which the Association is responsible, pursuant to Article VI, Section 2, shall be damaged or destroyed, the same shall be repaired or replaced to their original condition as set forth in Article XII, Section 5 of this Declaration.

(b) The Association's casualty policy must provide for the following: (a) each Member shall be an insured person under the policy to the extent of the Member's insurable interest; (b) No act or omission by any Lot Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; (c) if, at the time of a loss under the policy, there is other insurance in the name of the Member covering the same risk covered by the policy, the Association's policy provides primary insurance; (d) exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Board; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto, but insurance proceeds for the

loss are payable to any insurance trustee designated for that purpose or otherwise to the Association and not to any Mortgagee; (e) in no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by individual Members, Occupants or their Mortgagees, and the insurance carried by the Association shall be primary; (f) a waiver of subrogation by the insurer as to any claims against the Board, the Association manager, if any, the Members and their respective tenants, servants, agents and guests; and (g) all insurance policies must provide that they may not be cancelled or substantially modified, by any party, without at least ten (10) days' prior written notice to the Association.

(c) The Board shall also obtain a public liability policy applicable to the Common Areas and Lots covering the interests of the Association, its agents, officers, directors, Members, Managers, if any, Declarant, Declarant's respective officers and agents and occupants and holders of a vendor's interest in a contract for deed on a Lot/Home. The public liability policy shall have at least a One Million Dollar (\$1,000,000.00) limit per occurrence for bodily injury and property damage with the actual amount of coverage determined by the Board of Directors. Such insurance shall contain a severability-of-interest endorsement precluding the insurer from denying liability because of negligent acts of any insured; insure all of such benefitted parties against such liability arising out of or in connection with the use, ownership or maintenance of the Common Areas, Lots, private streets (if any), sidewalks and public spaces adjoining any Lots; and insure the Association, the Executive Board, the Manager, if any, Declarant and its agents and the Association's respective officers and employees against such liability arising out of or in connection with the use or maintenance of the Lots or employment contracts. Unless otherwise provided by the Board of Directors, the cost of all such insurance coverage shall be paid from the Common Expense. All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as Trustee for the benefitted parties, including the Owners and their Mortgagees as their interests may appear.

(d) In addition to the other insurance required by this section, the Board shall obtain, as a Common Expense, a fidelity bond or bonds (or policy) on directors, officers, employees and other persons handling or responsible for the Association's funds. The amount of fidelity coverage shall be determined in the Board's best business judgment, but the face amount of the bond or policy must be at least equal to or greater than either (i) one and a half times the estimated annual operating expenses and reserves of the Association, or (ii) the sum of three (3) months' aggregate assessments on all Lots plus reserves on hand. Bonds shall name the Association as an obligee and contain a waiver of all defenses based upon the exclusion of persons serving without compensation and may not be canceled or substantially modified without at least ten (10) days' prior written notice to the Association. The premiums on such bond or policy shall be a Common Expense.

(e) Nothing in this section precludes a Lot Owner from obtaining insurance for the Lot Owner's benefit.

(f) In addition to other insurance coverage required in this section, the Board shall obtain workers compensation insurance if and to the extent necessary to satisfy the requirements of applicable law. The Board may also procure such other insurance as it may from time to time

reconstruction. If the funds available from insurance exceed the cost of repair, such excess shall be deposited for the benefit of the Association.

Section 5. LOT OWNER'S RESPONSIBILITY. By virtue of taking title to a Lot, each Owner of a Lot is responsible for repair, maintenance and repair of his or her Lot(s) as set forth herein. It shall be the Lot Owner's responsibility, in their discretion, to procure and maintain insurance for the interior of their Homes and for any item, improvement or other part of a Lot that is listed as being the responsibility of the Owner as set forth in Section 3 of Article VI herein. The Owner shall repair or replace to their original condition any parts of the interior or exterior of a Lot for which the Owner is responsible.

Section 6. INSURANCE DEDUCTIBLE. The Responsible Party, whether the Association or a Member/Owner, shall be responsible to bear the cost of the deductible. If a deductible applies to multiple losses, the deductible shall be prorated among the parties responsible based on the amount of loss incurred individually to the aggregate losses.

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IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed as of the 27 day of June, 2019.

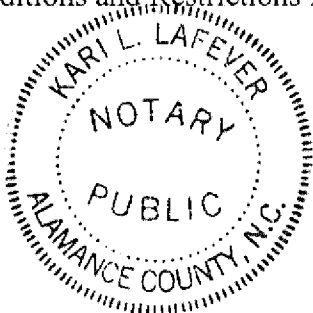
WEST MEBANE PROPERTIES, LLC

By: Dennis H. Euliss (Seal)

Name: **Dennis H. Euliss**, Member-Manager

STATE OF NORTH CAROLINA
COUNTY OF ALAMANCE

I certify that Dennis H. Euliss personally appeared before me this 27 day of June, 2019, acknowledging to me that he signed the Declaration of Covenants, Conditions and Restrictions for Copperstone III Homeowners Association, Inc.



[Affix Notary Seal in Space Above]

Kari L. LaFever
[Notary's signature as name appears on seal]

Kari L. LaFever
[Notary's printed name as name appears on seal]

My commission expires: 10/19/2019, 2019

EXHIBIT "A"

Property Description

TRACT I:

Being all of Lots 3 through 21, inclusive, Lots 93 through 115, inclusive, and Lots 118 through 125, inclusive, as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

TRACT II:

That tract or parcel of land containing 0.10 acre, identified as "PRIVATE COMMON OPEN SPACE" and located immediately adjacent to the north of Lot 97, and immediately adjacent to the southwest of Lot 12, as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

TRACT III:

That tract or parcel of land containing 0.06 acre, identified as "PRIVATE COMMON OPEN SPACE" and located immediately adjacent to the northeast of Lot 96, and immediately adjacent to the southwest of Lot 35 and Lot 13, as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

TRACT IV:

That tract or parcel of land identified as "STREETSCAPE" and located immediately adjacent to the south of Lot 115, as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

TRACT V:

That tract or parcel of land identified as "STREETSCAPE" and located immediately adjacent to the south of Lot 118, as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

TRACT VI:

Being only that property identified as "TRACT V" in the deed recorded in the Office of the Register of Deeds of Alamance County in Book 3581, at page 855, as conveyed from Cimland, LLC to West Mebane Properties, LLC, EXCEPTING AND EXCLUDING all of those portions

of the lots, parcels and tracts of land within the described bounds of the aforementioned "TRACT V" and depicted on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59, and which lots, parcels and tracts of land are more specifically identified thereon as follows: Lots 3 through 21, inclusive; Lots 93 through 100, inclusive; that tract or parcel of land identified as "PRIVATE COMMON OPEN SPACE" and located immediately adjacent to the north of Lot 97, and immediately adjacent to the southwest of Lot 12; that tract or parcel of land containing 0.06 acre, identified as "PRIVATE COMMON OPEN SPACE" and located immediately adjacent to the northeast of Lot 96, and immediately adjacent to the southwest of Lot 35 and Lot 13; that tract or parcel of land identified as "STREETSCAPE" and located immediately adjacent to the south of Lot 118; and all of that property identified as "GOLD CIRCLE ~ 50' R/W (PUBLIC)".

TRACT VII:

All of that property identified as "COBALT ALLEY ~ 20' R/W (PRIVATE)" as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

TRACT VIII:

All of that property identified as "ZINC ALLEY ~ 20' R/W (PRIVATE)" as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

EXHIBIT "B"

Description of Common Areas

COMMON AREA #1:

That tract or parcel of land containing 0.10 acre, identified as "PRIVATE COMMON OPEN SPACE" and located immediately adjacent to the north of Lot 97, and immediately adjacent to the southwest of Lot 12, as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

COMMON AREA #2:

That tract or parcel of land containing 0.06 acre, identified as "PRIVATE COMMON OPEN SPACE" and located immediately adjacent to the northeast of Lot 96, and immediately adjacent to the southwest of Lot 35 and Lot 13, as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

COMMON AREA #3:

That tract or parcel of land identified as "STREETSCAPE" and located immediately adjacent to the south of Lot 115, as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

COMMON AREA #4:

That tract or parcel of land identified as "STREETSCAPE" and located immediately adjacent to the south of Lot 118, as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

STORMWATER MANAGEMENT POND AREA:

Being only that property identified as "TRACT V" in the deed recorded in the Office of the Register of Deeds of Alamance County in Book 3581, at page 855, as conveyed from Cimland, LLC to West Mebane Properties, LLC, EXCEPTING AND EXCLUDING all of those portions of the lots, parcels and tracts of land within the described bounds of the aforementioned "TRACT V" and depicted on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59, and which lots, parcels and tracts of land are more specifically identified thereon as follows: Lots 3 through 21, inclusive; Lots 93 through 100, inclusive; that tract or parcel of land identified as "PRIVATE COMMON OPEN SPACE" and located immediately adjacent to the north of Lot

97, and immediately adjacent to the southwest of Lot 12; that tract or parcel of land containing 0.06 acre, identified as "PRIVATE COMMON OPEN SPACE" and located immediately adjacent to the northeast of Lot 96, and immediately adjacent to the southwest of Lot 35 and Lot 13; that tract or parcel of land identified as "STREETSCAPE" and located immediately adjacent to the south of Lot 118; and all of that property identified as "GOLD CIRCLE ~ 50' R/W (PUBLIC)".

EXHIBIT "C"

Description of Private Alleys

COBALT ALLEY:

All of that property identified as "COBALT ALLEY ~ 20' R/W (PRIVATE)" as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

ZINC ALLEY:

All of that property identified as "ZINC ALLEY ~ 20' R/W (PRIVATE)" as shown on that plat entitled "FINAL PLAT COPPERSTONE VILLAGE ~ PHASE 3," dated October 30, 2018, and prepared by Allred Land Surveying, PLLC, which plat is recorded in the Office of the Register of Deeds of Alamance County in Plat Book 80, at page 59.

EXHIBIT "D"

BYLAWS

OF

COPPERSTONE III HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is Copperstone III Homeowners Association, Inc. hereinafter referred to as the "Association." The initial principal office of the association shall be located at 524-A West Elm Street, Graham, Alamance County, North Carolina, 27253 but meetings of Members and the meetings of the Executive Board may be held at such places within the State of North Carolina, as may be designated by the Executive Board.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to Copperstone III Homeowners Association, Inc., its successors and assigns.

Section 2. "Common Elements" or "Common Area" shall mean all real property owned (whether in fee or by way of license or easement) or leased by the Association, as more fully described in the Declaration.

Section 3. "Declarant" shall mean and refer to West Mebane Properties, LLC, a North Carolina limited liability company, and its heirs, 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 4. "Declaration" shall mean and refer to any Declaration of Covenants, Conditions and Restrictions applicable to the Properties recorded in the Office of the Register of Deeds of Alamance County, North Carolina. Except as otherwise herein defined, the capitalized terms used herein shall have the meaning set forth in the Declaration.

Section 5. "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 single family or townhome 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 6. "Member" shall mean and refer to every person or entity who holds Membership with voting rights in the Association.

Section 7. "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, but excluding those having such interest as security for the performance of an obligation.

Section 8. "Property" or "Properties" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions for the Copperstone III Homeowners Association, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 9. "Single Family Lot" shall mean specifically a Lot on which a single family home unit is constructed or is planned for construction.

Section 10. "Townhome Lot" shall mean specifically a Lot on which a townhome unit is constructed or is planned for construction.

Section 11. "Single Family Member" shall mean and refer to every person or entity who owns a Single Family Lot and holds Membership with voting rights in the Association. Single Family Member and Single Family Owner may be used interchangeably in this document.

Section 12. "Townhome Member" shall mean and refer to every person or entity who owns a Townhome Lot and holds Membership with voting rights in the Association. Townhome Member and Townhome Owner may be used interchangeably in this document.

Section 13. "Single Family Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Single Family 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. Single Family Member and Single Family Owner may be used interchangeably in this document.

Section 14. "Townhome Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Townhome 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. Townhome Member and Townhome Owner may be used interchangeably in this document.

ARTICLE III

MEMBERSHIP AND PROPERTY RIGHTS

Section 1. Membership. All Owners and Declarant shall be Members of the Association. The voting rights of the Members shall be as provided by the Declaration. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote or votes for such Lot shall be exercised as they among themselves determine. The President of the Association shall have the authority to require, upon giving at least ten (10) days' written notice, that such multiple Owners of a Lot file a Certificate with the Secretary of the Association, signed by all of the Owners, designating the person entitled to cast the vote for such Lot. Such Certificate shall be valid until revoked by a subsequent Certificate. If such Certificate is not filed when required, the vote of such Owners shall not be considered in determining the requirements for a quorum or for any other purpose.

Section 2. Property Rights. The Members shall be entitled to the use and enjoyment of the Common Elements and Private Alleys as provided in the Declaration. Any Owner may delegate Owner's right of enjoyment to the Common Elements and Private Alleys and facilities to the members of Owner's family, to Owner's tenants, or to contract purchasers who reside on the Property.

ARTICLE IV

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter at such time and place as the Executive Board may prescribe.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Executive Board, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all the votes of the Membership of the Association.

Section 3. Notice of Meetings. Unless otherwise set forth in the Declaration, written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least fifteen (15) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Waiver by a

Member in writing of the notice required herein, signed by Member before or after such meeting, shall be equivalent to the giving of such notice.

Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of the Membership of the Association shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of Member's Lot.

Section 6. Parliamentary Rules. Roberts Rules of Order (latest edition) shall govern the conduct of corporate proceedings when not in conflict with the Articles of Incorporation and these Bylaws or with the Statutes of the State of North Carolina.

ARTICLE V

EXECUTIVE BOARD; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by an Executive Board the members of which, during the Period of Declarant Control, need not be Members of the Association. During the Period of Declarant Control, the Executive Board shall consist of three (3) persons who shall be appointed by Declarant. Following the expiration of the Period of Declarant Control, the Executive Board shall consist of no less than three (3) and no more than seven (7) persons, as determined by the Executive Board and the Declaration, a majority of whom shall be Owners.

Section 2. Term of Office. At the first annual meeting at which the Members are entitled to elect all of the members of the Executive Board, at least two-thirds of the members of the Executive Board shall be elected for a term of two (2) years and the remaining members of the Executive Board shall be elected for a term of one (1) year; and at each annual meeting thereafter the Executive Board members shall be elected for a term of two (2) years.

Section 3. Removal; Filling Vacancies. Any Executive Board member elected by the Members of the Association may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. Vacancies in the Executive Board may be filled until the date of the next Annual Meeting of the Association or until a Special Meeting of the Members of the Association called for such purpose by the remaining Executive Board members, except that should any vacancy in the Executive Board be created by the removal or resignation of any person appointed by Declarant to serve as a member of the Executive Board, such vacancy shall be filled by Declarant appointing, by written instrument delivered to any

Officer of the Association, such successor to fill the vacated Executive Board position for the unexpired term thereof.

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

Section 5. Action Taken Without a Meeting. The Executive Board members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Executive Board members. Any action so approved shall have the same effect as though taken at a meeting of the Executive Board members.

ARTICLE VI

NOMINATION AND ELECTION OF EXECUTIVE BOARD MEMBERS

Section 1. Appointment. Declarant from time-to-time shall appoint the members of the Executive Board which it shall be entitled to appoint in accordance with the provisions of the Declaration by written instrument presented to an Officer of the Association. Each of said individuals so appointed by Declarant shall be deemed and considered for all purposes an Executive Board member, and shall thenceforth perform the offices and duties of such Executive Board member until the Executive Board member's successor shall have been appointed or elected in accordance with the provisions of these Bylaws. Any Executive Board member designated by and selected by Declarant need not be a Member of the Association.

Section 2. Nomination. Nomination for the election of any Executive Board member the Declarant is not entitled to appoint pursuant to the terms of the Declaration shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Executive Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Executive Board prior to each annual meeting to serve until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Executive Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

Section 3. Election. All Executive Board members whom Declarant shall not be entitled to designate and select under the terms and provisions of the Declaration shall be elected by a plurality of the votes cast at the Annual Meeting of each class of Members of the Association, as provided below. At least a majority of the Executive Board members selected by the Members of the Association shall be Members of the Association or employees, shareholders, members or partners of a corporate, limited liability company or partnership Member of the Association. Election to the Executive Board shall be by secret written ballot. At such election the Members of the Association or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. The Association shall

publish the names and addresses of all members of the Executive Board within thirty (30) days after a Member is either elected or appointed to the Executive Board.

ARTICLE VII

MEETINGS OF EXECUTIVE BOARD MEMBERS

Section 1. Regular Meetings. Regular meetings of the Executive Board shall be held at such time and place and with such notice as shall be determined by resolution of a majority of the Executive Board members. At regular intervals, the Executive Board shall provide Members an opportunity to attend a portion of the regular meetings of the Executive Board and to speak to the Executive Board about their issues and concerns. The Executive Board may place reasonable restrictions on the number of persons who speak on each side of an issue and may place reasonable time restrictions on persons who speak.

Section 2. Special Meetings. Special meetings of the Executive Board shall be held when called by the President of the Association, or by any two Executive Board members, after not less than three (3) days notice to each Executive Board member.

Section 3. Quorum. A majority of the number of Executive Board members shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Executive Board members present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE EXECUTIVE BOARD

Section 1. Powers. In addition to the powers enumerated in the Declaration and the Association's Articles of Incorporation, the Executive Board shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Elements and facilities, and the personal conduct of the Members, and their guests thereon, and to establish penalties for the infraction thereof.

(b) after notice and an opportunity to be heard, suspend the voting rights and right to the use of any recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment, dues or charge levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations.

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the Declaration.

(d) declare the office of a member of the Executive Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Executive Board.

(e) contract for the benefit of the Properties and to delegate to such contractors all of the powers and duties of the Association, except those which may be required by the Declaration to have approval of the Executive Board or Membership of the Association. The undertakings and contracts authorized by the initial Executive Board (including contracts for the management of the Properties) shall be binding upon the Association in the same manner as though such undertakings and contracts had been authorized by any Executive Board duly elected by the Membership after the recording of this Declaration, so long as such undertakings and contracts are within the scope of the powers and duties which may be exercised by the Executive Board of the Association in accordance with the Declaration, the Articles of Incorporation and these Bylaws; and provided further that, any undertaking or contract entered into by the Association at a time before the Declarant has transferred control of the Association to Lot Owners shall contain a provision reserving the right of the Association to terminate such undertaking or contract upon not more than ninety (90) days written notice to the other party(ies) thereto.

(f) employ attorneys to represent the Association when deemed necessary.

Section 2. Duties. It shall be the duty of the Executive Board to:

(a) cause to be kept a complete record of all of its acts and corporate affairs and to present a statement thereof to the Members at the Annual Meeting of the Members, or any special meeting when such statement is requested in writing by the Members entitled to cast at least one-fourth (1/4) of the votes of the Membership of the Association.

(b) supervise all Officers, agents and employees of this Association, and to see that their duties are properly performed.

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period.

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period (provided, however, that failure of any Owner to receive such notice shall in no way affect the obligation of such Owner to pay annual assessments); and

(3) in the discretion of the Executive Board, foreclose the lien against any property, pursuant to Section 47F-3-116 of the North Carolina General Statutes, for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or to cause an appropriate Officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(e) procure and maintain insurance covering the Association, its Executive Board members, Officers, agents and employees and procure and maintain adequate hazard insurance on the real and personal property owned by the Association or maintained by the Association as follows:

(1) A policy of property insurance in an amount equal to the full replacement value (i.e., 100% of current "replacement cost" excluding land, foundations, excavations, streets and parking facilities) of the Common Elements owned by the Association (including all building service and related equipment) and all exteriors of the Homes on Lots as set forth in Article VI of the Declaration, with an Agreed Amount Endorsement or its equivalent, if available, or an Inflation Guard Endorsement. Such insurance policy must protect against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and by sprinkler leakage, debris removal, cost of demolition, vandalism, malicious mischief and windstorm. If coverage is available, the policy may include coverage for water damage.

(2) A comprehensive policy of public liability insurance insuring the Association in an amount not less than One Million Dollars (\$1,000,000.00) for claims for personal injury and/or Property damage arising out of a single occurrence, such coverage to include protection against liability for non-owned and hired automobiles and liability for property of others, and, if available, may include coverage for water damage.

(3) If the Association elects to manage its own affairs and directly receive and disburse its own funds (or, if in addition to professional management, the Officers or Executive Board members of the Association can and do directly receive or disburse the monies of the Association), the Executive Board shall maintain fidelity coverage against dishonest acts by the Association's Officers, Executive Board members, trustees and employees, and all others who are responsible for handling funds of the Association. If the Association employs a professional property management Person or firm to manage the Association and to receive and disburse the monies of the Association, then such professional management person or firm shall have adequate fidelity coverage against dishonest acts and the existence of such coverage shall satisfy the requirement of this paragraph.

Any such fidelity bonds shall name the Association as an obligee; shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the Association, including reserves; shall contain waivers of any

defense based on the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and shall provide that they may not be canceled or substantially modified (including cancellation for non-payment of premium) without at least thirty (30) days prior written notice to the Association and to any Institutional Lender who has given the notice required under Article X of the Declaration.

(4) If any of the insurance described above is not reasonably available, the Association promptly shall cause notice of that fact to be hand-delivered or sent prepaid by United States mail to all Owners.

(5) Provide such other insurance policies for the benefit of the Association and its Members that the Board of Directors deem necessary and prudent.

(6) Insurance policies carried pursuant to this subsection shall provide that (a) each Owner is an insured person under the policy to the extent of the Owner's insurable interest; (b) the insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household; (c) no act or omission by an Owner, unless acting within the scope of the Owner's authority on behalf of the Association, will preclude recovery under the policy; (d) the policy cannot be cancelled without at least ten (10) days' notice; (e) if, at the time of a loss under the policy, there is other insurance in the name of the Owner covering the same risk covered by the policy, the Association's policy provides primary insurance; and (f) any other provisions specifically required pursuant to Article XIII of the Declaration.

(f) cause all Officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

(g) cause the Common Elements to be maintained in accordance with the provisions of the Declaration.

(h) maintain any dedicated streets within the Properties which are not accepted for dedication by an appropriate governmental authority.

(i) maintain such properties and perform such services as set out in the Declaration.

(j) if and when appropriate pursuant to Article VI of the Declaration, cause the exterior of the Lots and the dwellings located thereon to be maintained.

(k) provide, within thirty (30) days after adoption of any proposed budget for the Association, all Owners with 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 Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor

more than sixty (60) 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 a majority of all the Owners in the Association or any larger vote specified in the Declaration rejects 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 Executive Board.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The Officers of this Association shall be a president and one vice-president, who shall at all times be members of the Executive Board, a secretary, assistant secretary, and a treasurer, and such other Officers as the Board may from time to time by resolution create, including additional vice-presidents who need not be members of the Executive Board. The Association shall publish the names and addresses of all Officers within thirty (30) days of such Officers being elected by the Executive Board.

Section 2. Election of Officers. The election of Officers shall take place at the first meeting of the Executive Board following each annual meeting of the Members.

Section 3. Term; Compensation. The Officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve. No Officer shall receive compensation for services rendered in such capacity to the Association; provided, however, that an Officer may be reimbursed for actual expenses incurred in the performance of such duties. In addition, no financial payments, including payments made in the form of goods or services, may be made to any Officer or member of the Executive Board or to a business, business associate, or relative of an Officer or member of the Executive Board except as expressly provided by these Bylaws or payments for services or expenses paid on behalf of the Association which are approved in advance by the Executive Board.

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

Section 5. Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the Board, the president or secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

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

Section 7. Duties. The duties of the Officers are as follows:

(a) President. The president shall preside at all meetings of the Executive Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

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

(c) Secretary and Assistant Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Association together with their addresses, and shall perform such other duties as required by the Board. The assistant secretary shall assist the secretary and act in the place and stead of the secretary in the event of his or her absence.

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

ARTICLE X

COMMITTEES

The Executive Board shall appoint Architectural Control Committees, as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Executive Board shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE XI

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, and any Institutional Lender, as that term is defined in the Declaration, including records of meetings of the Association and the Executive Board. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost. The Executive Board shall also

make an annual income and expense statement and balance sheet available to any Member at no charge and within seventy-five (75) days after the close of the fiscal year to which the information relates. The Executive Board, upon written request, shall furnish a Member or the Member's authorized agent a statement setting forth the amount of unpaid assessments and other charges against a Lot. The statement shall be furnished within ten (10) days after receipt of the request and is binding on the Association, the Executive Board and every Member.

ARTICLE XII

WORKING CAPITAL FUND

In order to insure that the Association will have sufficient monies available to meet its initial operational needs, the Association shall establish a Working Capital Fund. At the time of the closing of the first sale of each Lot to a party other than Wade Journey Homes, the purchaser thereof shall pay into such Fund an amount equal to one-twelfth (1/12th) of the Standard Assessment, and for Single Family Lots, the Road Maintenance Assessment, established by the Association. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. 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.

ARTICLE XIII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Single Family Members are obligated to pay to the Association an annual Road Maintenance Assessment. Any assessments which are not paid when due shall be delinquent. Wade Journey Homes, as a purchaser of Lots from the Declarant for purposes of constructing Townhomes and Single Family Homes thereon, and thereby reconveying the Lots to Owners, shall be specifically exempted from the obligation of assessments and the lien as provided in Article IV of the Declaration. The Association may charge a reasonable late fee not to exceed the greater of Twenty Dollars (\$20.00) per month or ten percent (10%) of any unpaid assessment, the amount of which shall be established from time to time by the Executive Board of the Association, for assessments not paid within thirty (30) days after the due date. In addition, if the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate from time to time established by the Executive Board of the Association, said rate not to exceed eighteen percent (18%) per annum, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs and reasonable attorney's fees of any such action shall be added to the amount of the assessments. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Elements or abandonment of his Lot.

ARTICLE XIV

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Copperstone III Homeowners Association, Inc.

ARTICLE XV

AMENDMENTS

Section 1. These Bylaws may be amended, at a regular or special meeting of the Members, by the vote of a majority of the quorum of Members present and entitled to vote in person or by proxy. In addition, no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant.

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

ARTICLE XVI

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

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CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the Copperstone III Homeowners Association, Inc., a North Carolina non-profit corporation, and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by the Consent of the Executive Board to Action Without a Meeting on the 27 day of June, 2019.

Dennis H. Euliss (SEAL)

Dennis H. Euliss, Secretary