

FOR REGISTRATION REGISTER OF DEEDS
JUDY D. MARTIN
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Drafted by:

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Stafford Land Co., Inc.
246 Valleyfield Lane
Southern Pines, NC 28387

BRIEF DESCRIPTION FOR INDEX
Declaration - Glen Laurel Subdivision

**DECLARATION OF COVENANTS, CONDITIONS,
RESTRICTIONS AND EASEMENTS**

THIS DECLARATION made by STAFFORD LAND COMPANY, INC., a Delaware corporation (the "Declarant") concerning the planned community known as **GLEN LAUREL SUBDIVISION**.

R E C I T A L S:

The Declarant owns a **78.4** acre tract of land located in Moore County, North Carolina as shown on Deed recorded in Book **2035**, Page **229-232**, Moore County Registry (hereafter called the "Development Site"). The Development site is being developed and further subdivided and the first phase of such development consists of all the land shown on the plats entitled "Glen Laurel, Phase One" recorded in the Office of the Register of Deeds of Moore County, North Carolina in Plat Cabinet **10**, Slide **719** (hereafter called the existing "Property");

The Declarant desires to subject the Property, and the lots located thereon (the "Lots") to the covenants, conditions, restrictions and easements

set forth herein which are for the purpose of insuring the most appropriate development and improvement of each lot; to protect the lot owners against such improper use of nearby lots as would depreciate the value of the property of each; to preserve, insofar as practicable, the natural beauty of the lots; to guard against the erection thereon of poorly designed or proportioned structures and structures built of improper or unsuitable materials; to encourage and secure the erection of attractive homes thereon, with appropriate locations thereof on the lots; to secure and maintain proper setbacks from streets, and adequate free spaces between structures; and in general to provide for a high quality of improvement and to insure the maintenance and preservation of any common and recreational areas.

ARTICLE 1

COVENANTS, CONDITIONS AND RESTRICTIONS

1.1 The Lots and any building or structure now or hereafter erected on a Lot shall be occupied and used for single family residence purposes only, and no building shall be erected, altered, placed or permitted to remain on any Lot other than one single detached dwelling not exceeding two stories and an attic (finished or unfinished), a garage for not more than three cars (which may include guest or employee quarters) and appropriate outbuildings incident to the residential use of the premises, except as follows:

1.1.1 Real estate sales, management, and construction offices may, with the prior written consent of the Declarant, be erected, maintained, and operated on any Lot or in any building or structure now or hereafter erected on any Lot, provided the offices are used solely in connection with the development of the Property, or the construction of improvements on the Property, or The management, rental, or sale of any part of the Property, or of Improvements now or hereafter erected thereon.

1.1.2 Any Lot or other parcel of land comprising the Property, and any improvements now or hereafter erected thereon may, with the prior written consent of the Declarant or community association,

be used for playground, park, place of public assembly for community meetings, automobile parking area for non commercial vehicles while the passengers are using or attending any of the above activities, and for the usual purposes incidental to the foregoing

1.2 No building, fence, hedge, privacy enclosure wall, retaining wall, driveway, sign, swimming pool, tank hot tub, greenhouse, free standing mailbox, gazebo, outdoor lighting, or structure of any kind (collectively the "Structures") shall be commenced, erected, or maintained on the Property, nor shall any addition to (including awnings) or change or alteration therein (including alterations in exterior color or design) be made, until the plans and specifications, in duplicate, showing the nature, kind, shape, height, materials, color, locations, and approximate cost of the Structure, addition, or alteration shall have been submitted to and approved in writing by the Declarant, or to the Architectural Review Committee as hereafter provided. The Declarant or the Architectural Review Committee shall consider applications for approval or plans, specifications, etc., upon the basis of conformity with the Declaration and shall be guided by the extent to which the proposed Structure, addition, or alteration will insure conformity and harmony in exterior design and appearance, based upon, among other things, the following factors: the quality of workmanship; nature and durability of materials; changes in topography, grade elevations, and/or drainage; factors of public health and safety; the effect of the proposed Structure, addition or alteration on the use, enjoyment, and value of other neighboring properties, and/or the outlook or view from adjacent or neighboring properties; and the suitability of the proposed Structure, addition, or alteration taking into account the general aesthetic values of the surrounding area. Any Structure erected or affixed by the Declarant shall not be replaced without Declarant's written consent.

1.3 No Structure shall be erected, placed, altered, or permitted to remain on any Lot nearer to any street than the minimum building setback line for the Lot as shown on the Plat thereof.

1.4 No Structure shall be erected or allowed to remain on any Lot except a detached single family dwelling unit not exceeding in height two stories and an attic (finished or unfinished), which may also include a basement (finished or unfinished). Each dwelling Structure shall have an enclosed garage with adequate space for at least one full-sized automobile.

1.5 No animals may be kept, maintained or bred on any Lot or in dwelling houses or Structure erected thereon, except that no more than two dogs, cats or similar domestic household pets may be kept on a Lot provided they are not kept, maintained or bred for any commercial purpose and provided further that they are kept in such a manner as to avoid becoming a nuisance to neighbors or adjoining property owners.

1.6 No nuisance shall be maintained, allowed, or permitted on any part of the Property, and no use thereof shall be made or permitted which may be noxious or detrimental to health.

1.7 Each Lot and the Structures thereon shall be kept in good order and repair and free of debris; lawns shall be seeded and mowed, shrubbery trimmed, and painted exterior surfaces painted, all in a manner and with such frequency as is consistent with good property management. Each Lot owner shall keep his Lot free of tall grass, undergrowth, dead trees, trash and rubbish.

1.8 No Structure other than a dwelling house shall be used at any time as a residence, either temporarily or permanently. No boats, trailers, or recreational vehicles shall be regularly parked or stored on any street, or on any Lot except in a garage. No commercial vehicles shall be parked on any street or Lot longer than is reasonably necessary for the driver thereof to perform the business functions to which the commercial vehicle relates.

1.9 No advertising or display signs of any character shall be placed or maintained on any part of the Property or on any Structure, except customary "For Rent" or "For Sale" signs, placed on or in front of a dwelling house by the owner thereof.

1.10 No outside television, radio antenna, or satellite dish shall be erected, installed, or maintained on any Lot, or on any Structure thereon, except that outside television or radio antenna not more than two feet in diameter and/or height shall be permitted on the roof or chimney of the dwelling house, or at such other places as may be pre-approved by Declarant or the Architectural Review Committee.

1.11 No permanent exterior clothes dryer shall be erected, installed, or maintained on any Lot, or on any Structure thereof.

1.12 No trees or shrubs shall be located on any Lot which block the view of operators of motor vehicles so as to create a traffic hazard.

1.13 All lots on which a dwelling Structure is approved and built shall be landscaped in accordance with landscaping plans approved by the Architectural Review Committee. Landscaping must be finished upon completion of the dwelling Structure.

1.14 All driveways must be paved with concrete, asphalt or brick.

1.15 Any structure or facility for providing alternative sources or energy (such as solar, wind or bio-mass) or for television or other signal reception (such as antenna or satellite dish) shall be erected and maintained only with the prior written approval of the Architectural Review Committee.

1.16 Mobile and Manufactured Homes are prohibited, except for those used in onsite home sales by the Declarant or his agent

1.17 All garbage shall be store in receptacles which are picked up and disposed of weekly Receptacles shall be placed out of sight of the subdivision and shall be screened.

1.18 No portion of a lot shall be used for business, manufacturing or commercial purposes, provided that such restriction shall not prohibit "home occupations" or occupations conducted by "telecomputing" conducted entirely within a Structure as may then be permitted under applicable zoning ordinances.

1.19 The Declarant, prior to its notifying the Association of surrender of control, and then, the Association acting through its Board of Directors, in

their discretion may allow reasonable variances and adjustments of these Restrictions in order to alleviate practical difficulties and hardship in their enforcement and operation. Any such variances shall not violate the spirit or the intent of this document to create a single family Subdivision of Lots owned in fee simple by various Persons in a planned community governed by a Homeowners Association to be established by the Lot owners.

To be effective, a variance hereunder shall be recorded in the Moore County Register of Deeds Office; shall be executed on behalf of the Association (or Declarant, prior to the surrender of control to the Association); and shall refer specifically to this Declaration and require a notation of marginal entry on this Declaration, if allowed by the recording media of the Registrar at the time of granting the variance.

1.20 Enforcement of the Covenants shall be by proceedings at law or in equity against any person or persons violating or attempting to violate any covenant, either to restrain the violation or to recover damages.

ARTICLE 2

RESERVED EASEMENTS

2.1 Easements for installation and maintenance of utilities, storm water sewers, surface drains and drainage facilities are reserved over the front ten (10) feet, rear thirty (30) feet and side five (5) feet of each of the Lots. Additional reserved easements may not be noted on the recorded plats. Within said easements so reserved, no structure, planting or other materials shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. The owner of each Lot lying within the easement areas as defined herein shall maintain such improvement as may be located thereon, except for those improvements whose maintenance is the responsibility of a governmental body or agency or a public authority or utility company. No conveyance by the Declarant of any Lot, or of any interest therein, shall be deemed to be, or construed as a conveyance or

release of these easements, or any of them, even though the conveyance purports to convey the Lot in fee simple, or by other language purports to convey the Declarant's entire interest therein, but such effect shall only arise if the conveyance specifically recites it to be the intention of the Declarant to convey or release the easements.

2.2 All water, sewer, gas, electric, telephone, television and other utility lines and connections between the main utility lines and the dwelling Structure shall be located underground and concealed so as not to be visible. Declarant reserves the right to subject the real property described hereinabove to contracts with utility or service companies for the installation of electric service, all of which may require a continuous monthly charge to the owner of the Lot where such Structure is located and each Lot owner agrees to pay their assessed charge for the provision of the utility services to the appropriate utility provided.

2.3 The Progress Energy Carolinas, Inc. Transmission Line Easement affects certain Lots as noted on the recorded plats. In addition to such restrictions as are contained herein, Progress Energy Carolinas, Inc. has promulgated other restrictions involving transmission line rights of way and a copy of Form 41187 dated 10/92 is attached hereto. Progress Energy Carolinas, Inc. should be contacted prior to construction as to any revisions or changes to that printed policy.

2.4 The designation of streets, avenues, roads, courts, and open spaces on any recorded Plat is for the purpose of description only and not dedication, and the rights of the Declarant in the same are specifically reserved. The Declarant hereby reserves to itself, its successors and assigns, the right to grade, regrade, and improve the streets, avenues, roads, courts and open spaces as the same may be located on any recorded Plat, including the creation or extension of slopes, banks, or excavation in connection therewith and in the construction of and installation of drainage structures therein.

2.5 The Declarant further reserves to itself, its successors and assigns, the right to grant easements, rights-of-way and licenses to any person,

individual, corporate body, or municipalities, to install and maintain pipelines, underground or above ground lines, with the appurtenances necessary thereto, for public utilities or quasi-public utilities, or to grant such other licenses or permits as the Declarant may deem necessary for the improvement of the Property in, over, through, upon, and across any and all of the streets, avenues, roads, courts, and open spaces, and in, over, through, upon and across each and every Lot in the easement area reserved in paragraph 2.1, or as shown on any recorded Plat.

2.6 The Declarant further reserves to itself, its successors and assigns, the right to dedicate all of the streets, avenues, roads, courts, open spaces, or easements to public use. No street, avenue, road, court, open space, or easement shall be laid out or constructed through or across any Lot, except as set forth in this Declaration, or as laid down and shown on any recorded Plat, without the prior written approval of the Declarant.

ARTICLE 3

ARCHITECTURAL REVIEW COMMITTEE

3.1 The Declarant shall establish an Architectural Review Committee (hereinafter referred to as the "Committee") which shall initially be composed of two (2) members appointed by the Declarant. The Declarant shall have the right to appoint and remove two (2) members of the Committee so long as the Declarant continues to own any portion of the Development Area. At such time as the Declarant no longer owns any portion of Development Area, or upon notification by the Declarant to the Board of Directors that it does not desire to continue to appoint two (2) members of the Committee, then the Board of Directors may appoint three (3) members of the Architectural Review Committee.

3.2 No construction, which term shall include within its definition clearing, excavating, grading and other site work, shall take place except in strict compliance with this Article, until the requirements thereof have been fully met, and until the approval of the Committee has been obtained.

3.3 The Committee shall have exclusive jurisdiction over any modifications, additions or alterations subsequent to the original construction by the Declarant or made to any improvements. The Committee shall prepare and, on behalf of the Board of Directors, shall promulgate architectural standard guidelines ("guidelines") and application and review procedures ("procedures"). The guidelines and procedures shall be those of the Association and the Committee shall have the sole and full authority to prepare and to amend the guidelines and procedures. The Committee shall make the guidelines and procedures available to owners and builders who seek to engage in construction upon the Lots and who shall conduct their operations strictly in accordance therewith.

3.4 The Committee shall have the absolute and exclusive right to disapprove any plans, specifications or details submitted to it in the event the same are not in accordance with any of the provisions of these Restrictions and the guidelines; if the design, color scheme or location upon the Lot or Lots of the proposed improvements are not in harmony with the general surroundings or adjacent structures; if the plans or specifications submitted are incomplete; or in the event the Committee deems the plans, specifications or detail, or any part thereof, to be contrary to the best interest, welfare or rights of all or any part of the real property subject to this Declaration or the owners thereof.

3.5 The Committee shall approve or disapprove plans, specifications and details submitted in accordance with its procedures within thirty (30) days from the receipt thereof and the decisions of the Committee shall be final and not subject to appeal or review. Provided, however, that plans, specifications and details revised in accordance with Committee recommendations may be resubmitted for determination by the Committee. In the event that the Committee fails to approve or disapprove plans, specifications and details within thirty (30) days after submission of the same to the Committee, approval, for the purposes of this Article, shall be deemed to have been given to the Committee.

3.6 Nothing contained herein shall be construed to limit the right of an Owner to remodel the interior of his residence or permitted pertinent structures, or to paint the interior of the same any color desired.

3.7 Neither the Declarant nor the Committee nor the Board of Directors or any architecture agent thereof shall be responsible in any way for any defects in plans, specifications or details submitted, revised or approved in accordance with the provisions contained herein or in the guidelines, nor for any structural or other defect in any construction.

3.8 The requirements of this Article shall not constitute a lien or encumbrance on any Lot on which construction is completed, and any subsequent purchaser thereof for value without notice thereof is in not way affected by the failure of his predecessors in title to comply with the terms hereof. The requirements of this Article shall not apply to the Declarant with regard to original erection or construction of a Structure on a Lot.

ARTICLE 4

COMMUNITY ASSOCIATION

4.1 Every owner of a Lot shall be a member of the Glen Laurel Homeowners' Association, Inc., a non-profit corporation or other legal entity formed by the Declarant. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Each membership in the Association shall relate to and have a unity of interest with an individual Lot which may not be separated from ownership of said Lot.

4.2 The voting rights of the membership shall be appurtenant to the ownership of the Lots. Declarant's vote shall be the vote of the membership and Declarant may appoint and remove the Board of Directors and all officers until such time as Declarant releases such right by notice in writing delivered to the Board of Directors of the Association or no later than the earlier of: (i) 120 days after conveyance of seventy-five percent (75%) of Lots (including Lots which may be created by the platting and recording of subdivision plats of the Development Site as provided in the Declaration) to Owners other than Declarant or permitted Builders; (ii) two years after all Declarants have ceased

to offer Lots for sale in the ordinary course of business; or (iii) two years after any reserved Development Right to add new Lots was last exercised. This provision is a Declarant "Development Right". Before the earliest of the designated events, members shall be entitled to vote only on (I) any proposal to charge fees for the actual use of any recreational facility, (ii) any proposal to change the method of calculating the maximum amount of the annual assessment to be levied by the Association, (iii) any proposal that a special assessment be levied by the Association, (iv) any proposal to dedicate or transfer all or any part of any designated Common Area to any public agency or authority, (v) any proposal to amend this Declaration, except for those authorized Amendments that the Declarant may make without Owner approval as provided in the Declaration, (vi) any proposal to amend the By-Laws of the Association, and (vii) any proposal of merger, consolidation or dissolution of the Association. Further, items (iv) and (v) and annexation of additional properties shall require the approval of the Glen Laurel Homeowners Association, Inc.

Not later than sixty (60) days after conveyance of fifty (50%) percent of the Lots (including Lots which may be added to the Property) to Owners other than Declarant or a permitted Builder, at least one member and not less than twenty-five percent (25%) of the members of the Board of Directors shall be elected by Owners, other than Declarant or a permitted Builder. Not later than sixty (60) days after conveyance of seventy-five (75%) percent of the Lots (including Lots which may be added to the Property) to Owners other than the Declarant or a permitted Builder, at least one member and not less than thirty-three percent (33%) of the members of the Board of Directors shall be elected by Owners, other than Declarant or a permitted Builder. Not later than the termination of the period of Declarant control, the Owners shall elect a Board of Directors of at least five members, at least a majority of which must be Owners, other than Declarant or a permitted Builder.

4.3 Each Owner shall be entitled to one (1) vote for each Lot owned. If only one of multiple owners of a Lot is present at a meeting of the Association, that Owner is entitled to cast the vote allocated to that Lot. If more than one of

the multiple owners are present, the vote allocated to that Lot may be cast only in accordance with the agreement of the majority in interest of the multiple owners. Majority agreement is conclusively presumed if any one of the multiple owners casts the vote allocated to that Lot without protest being made promptly to the person presiding over the meeting by any of the other multiple Owners of the Lot.

4.4 The vote allocated to a Lot may be cast pursuant to a proxy duly executed by a Lot Owner. If a Lot is owned by more than one person, each Owner of the Lot may vote or register protest to the casting of votes by the other owners of the Lot through a duly executed proxy. A Lot Owner may not revoke a proxy given pursuant to this section except by written notice of revocation delivered to the person presiding over a meeting of the Association. A proxy is void if it is not dated. A proxy terminates one year after its date, unless it specifies a shorter term.

4.5 The Association purposes will be to own, manage, maintain, and operate the Common Areas and facilities located upon the Development Area; to enforce the restrictions contained herein; to adopt budgets and to collect assessments as provided herein; and to make and enforce rules and regulations governing the Owners' use and occupation of Lots.

4.6 Any Common Areas, including any recreational areas, dedicated to the private use of the Lot Owners by the Declarant or by this Declaration shall be managed by a Board of Directors of the Association. The date of the first election of the Board of Directors shall be determined by the Declarant. This provision is a Declarant "Development Right". The initial By-Laws of the Association are attached hereto as Exhibit "A". The duties of the Board of Directors are set forth herein

4.7 The Declarant has filed a Preliminary Master Plan of the entire Development Site with the Town of Aberdeen on which is shown the proposed location of Open Space, which is the only intended Common Area to be developed within the Development Site.

4.8 The Declarant hereby covenants for itself, its successors and assigns that it will convey fee simple title to any future designated Common Areas and any improvements constructed thereon located within the Development Site to the Glen Laurel Homeowners' Association, Inc. or the Sandhills Area Land Trust at such time as all planned improvements are completed; or such earlier time as Declarant may elect. The Declarant reserves the right to convey any designated Common Areas in separate conveyances and at separate times as any phase of the Common Area is developed. This provision is a Declarant "Development Right". Any such conveyance will be free and clear of all encumbrances and liens except encumbrances or utility, service, access, storm drainage, greenery, and other similar service or utility easements and this Declaration.

ARTICLE 5

COMPLIANCE WITH DECLARATION

5.1 In the case of failure of a Lot Owner to comply with the terms and provisions contained in this Declaration, or the By-Laws of the Association once established and promulgated, the following relief shall be available:

5.2 The Declarant prior to its notifying the Association of surrender of control, the Association, an aggrieved Lot Owner or Owners within the Subdivision on behalf of the Association shall have the right to bring an action and recover sums due, damages, injunction relief, and/or such other and further relief as may be just and appropriate.

5.3 The Association shall have the right to remedy the violation and assess the costs of remedying same against the offending Lot Owner as a special assessment.

5.4 If the violation is the nonpayment of any general or special assessment, the Association shall have the right to suspend the offending Owner' voting rights and the use by such Owner, his agents, employees and

invitees of the Common Area in the Subdivision for any period during which an assessment against the Lot remains unpaid.

5.5 The remedies provided by this Article are cumulative, and are in addition to any other remedies provided by law.

5.6 The failure of the Association or any other Lot Owner or Declarant to enforce any restrictions contained in these Restrictions or the ByLaws shall not be deemed to waive the right to enforce such restrictions hereafter as to the same violation or subsequent violation of similar character.

5.7 Prior to availing itself of the relief specified herein, the Association shall follow any hearing procedures set forth in the ByLaws.

ARTICLE 6

GENERAL PROVISIONS

6.1 The area of the Property subject to this Declaration may be increased by filing with the Register of Deeds of the jurisdiction referred to above, supplements to this Declaration, which need only be signed by the Declarant, the owner of the additional land described in the supplement and the holder of any mortgage, deed of trust or similar liens thereon, stating that additional land within the Development Site shall be subject to this Declaration. No other land within the Development Site or vicinity of the Development Site shall be subject to this Declaration unless the provisions of this paragraph are complied with, it being intended that this Declaration may not be construed or considered as a scheme for the development of any land other than that shown on the Preliminary Master Plan or hereafter subjected to this Declaration in the manner described in this paragraph.

6.2 The following amendments may be effected by the Declarant without consent of the members: (A) The Declarant or Association may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction. (B) The Declarant shall have the right to amend this Declaration to conform to the requirements of any law or governmental agency having legal jurisdiction over the Property or to qualify the Property or any Lots and improvements thereon for mortgage or improvements loans made, insured

or guaranteed by a governmental agency or to comply with the requirements of law or regulations of any corporation or agency belonging to, sponsored by, or under the substantial control of, the United States Government, the State of North Carolina or Moore County regarding purchase or sale in such lots and improvements, or mortgage interests therein, as well as any other law or regulation relating to the control of Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. (C) The Declarant may amend the Declaration so long as it is the record owner of (or holds a purchase money deed of trust on) one-tenth of the total lots in the Development based on the then current number of recorded lots. (D) The Declarant may amend the Declaration so long as it is the record owner of (or holds a purchase money deed of trust on) one-tenth of the total lots in the Development based on the then current number of recorded lots and by all of the owners of the involved lot or lots to be changed and by the majority of the owners of the lots to both sides within 100 feet of any involved lot and the lots across the street within 100 feet of the center of any involved lots projected directly across the street. Any amendments made pursuant to this section shall not affect the residential character of the Property or the common plan or scheme for residential development.

6.3 The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration, except ARTICLES 2.1, 6.1 and 6.2 hereof, which may not be amended without Declarant's consent, may be amended during the first twenty-five (25) year period by an instrument signed by the owners of not less than sixty-six and two-thirds ($66\frac{2}{3}\%$) percent of the Lots, and thereafter by an instrument signed by the owners of not less than fifty-one (51%) percent of the Lots. Any amendment must be properly recorded. All or any part of the rights and powers (including discretionary powers and rights) reserved by or conferred upon the Declarant

by this Declaration may be assigned or transferred by the Declarant to any successor Declarant of all or any part of the Property, or to the community association or the architectural review committee as provided herein. Any such assignment or transfer shall be evidenced by an appropriate instrument recorded in the Office of the Register of Deeds of the jurisdiction referred to above, and upon recordation thereof the grantee or grantees of such rights and powers shall thereafter have the right to exercise and perform all of the rights and powers reserved by or conferred upon the Declarant by this Declaration to the extent assigned by such instrument.

6.4 The invalidity of any of the provisions of this Declaration shall not affect any of the other provisions, all of which shall remain in full force and effect.

6.5 Each conveyance of a Lot, or of any interest in the Lot, by the Declarant, shall be deemed subject to this Declaration whether or not the deed conveying the Lot shall so state.

ARTICLE 7

COMMON EXPENSES

7.1 Creation of the Lien and Personal Obligation of Assessments. Each Owner for each Lot owned within the Property, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges; and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, costs and reasonable attorney's fees, shall be charged on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

7.2 The Common Expenses of the Subdivision include:

- 7.2.1 All amounts expended by the Association in operating, administering, managing, repairing, replacing and improving the Common Areas of the Subdivision; all amounts expended by the Association in insuring the Common Areas in the Subdivision; all amounts expended by the Association for maintenance of entranceways, entry lighting and irrigation of those areas, although those areas may not be a part of the Common Area; all amounts expended by the Association in legal, engineering, or architectural fees; all similar fees which may be incurred by the Association from time to time in performing the functions delegated to the Association by these Restrictions; and all amounts expended in any form by the Association in enforcing these Restrictions, the Articles or ByLaws.
- 7.2.2 All amounts expended by the Association in carrying out any duty or discretion as may be required or allowed by these Restrictions, the Articles or the ByLaws.
- 7.2.3 All amounts declared to be Common Expenses in the ByLaws or in this Declaration.
- 7.2.4 All taxes and special assessments which may be levied from time to time by any governmental authority upon the Common Areas in the Subdivision
- 7.2.5 The Association shall, upon request by an Owner or prospective Owner or such person's agent, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

7.3 Purpose of Assessments:

7.3.1 The assessment levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the owners of the properties and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and for the use and enjoyment of the Common Area, including but not limited to the costs of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against the Common Area and entranceways, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary and such other needs as may arise, including the establishment of reserve funds for any of such purposes.

7.3.2 The assessments shall also include the expense to purchase, install, maintain and replace, if damaged, at Association expense, all street directional signs in Glen Laurel Subdivision.

7.3.3 The assessments shall also include maintenance and landscaping on the rights of ways of any public street or road abutting the Subdivision, including entranceways, identifying signs and any landscape berm on any boundary of the Development Site.

7.4 Separate Property of Association. 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 By-Laws of the Association. As monies for any assessment are paid to the Association by any Owner, the same may be

comingled 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 an 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 funds 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 constitute an asset of the Association which may be used in the operation and management of the Properties.

7.5 Maximum Annual Assessment. Until the Directors establish the annual assessment pursuant to the provisions herein, the maximum annual assessment shall be \$100.00 per Lot per year.

7.6 Special Assessments for Private or Public 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 or adjacent to the Common Area, including fixtures and personal property related thereto.

7.7 Procedure for setting Annual and Special Assessments. The Board of Directors shall annually adopt a proposed budget and the annual assessment for each Lot for the next year. Within 30 days after adoption of any proposed budget for the Association and assessments for the Lot Owners, the Board shall provide a summary of the budget and assessments to all Lot owners, and shall set a date for a meeting of the Owners to consider ratification of the budget and the assessments based thereon not less than 14 nor more than 30 days after mailing of the summary. There shall be no requirement that a quorum be present at the meeting. The budget and the assessments based

thereon are ratified unless at that meeting a majority of all Owners in person or by proxy rejects the budget. In the event the proposed budget is rejected, the periodic budget last in effect and the assessments based thereon shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board of Directors. In the event that the Association proposes a special assessment, it shall be set forth as a separate item in connection with the annual proposed budget and the procedure for setting the special assessment shall be as set forth above, except that the special assessment shall be ratified separately from the other portions of the budget

7.8 Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of twelve (12%) percent per annum or the maximum interest rate permitted to be legally charged under the laws of the State of North Carolina at the time of such delinquency, whichever is greater, and shall constitute a lien on the Lot when a Notice or Claim of Lien is filed or record in the office of the Clerk of Court of Moore County, by the Association setting forth the name of the Owner, when the Assessment became due and the name of any subsequent Owner, since the Assessment became due, and the amount owed, exclusive of any collection expense. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of Directors of the Association to defray the cost of the late payment. The Association may bring an action at law against any Owner personally obligated to pay the same, and/or foreclose the lien against the property, and interest, late payment fee, fines, cost and reasonable attorney's fees of such action of foreclosure shall be added to the amount of such delinquent Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

7.8.1 The Association's lien may be foreclosed in like manner as a deed of trust on real estate under power of sale under Article 2A of Chapter 45 of the General Statutes of North Carolina,

as the same may be in effect at the time that foreclosure is commenced. Each Owner of a Lot agrees that the Association may appoint a Trustee of Commission (or the Clerk of Court may appoint such a person) for such purpose, and upon request by the Association, it shall be lawful for and the duty of the Trustee or Commission so appointed, to sell the Lot subject to the lien at public auction for cash, after having first given such notice of hearing as to commencement of foreclosure proceedings and obtained such finding or leave of court as may then be required by law and by giving such notice and advertising the time and place of such sale and any resales and upon compliance with the law then relating to foreclosure proceedings under power of sale to convey title to the purchaser in as full and ample manner as the Trustee or Commission is hereby empowered. The Trustee or Commissioner shall be authorized to retain an attorney to represent the Trustee or Commissioner in such proceedings.

- 7.8.2 The proceeds of the Sale shall after the Trustee or Commissioner retains a commission, together with any reasonable attorneys fees incurred by the Trustee or Commissioner in such proceedings, be applied to the costs of sale, including, but not limited to, costs of collection, taxes, assessments, costs of recording, service fees and incidental expenditures, the amount due on the assessment which the lien secures and any advancements and other sums expended by the Association according to the provisions hereof and otherwise as required by the then existing law relating to foreclosures under power of sale. The Trustee's or Commissioner's commission shall be five (5%) percent of the gross proceeds of sale or the minimum sum of \$350.00,

whichever is greater, for a completed foreclosure. In the event foreclosure of the lien is commenced, but not completed, the Lot Owner shall pay all expenses incurred by the Trustee or Commissioner, including reasonable attorneys fees, and a partial commission computed on five (5%) percent of the outstanding indebtedness or the above stated minimum sum, whichever is greater, in accordance with the following schedule, to wit: three-fourths (3/4ths) after commencement but before the initial sale; and the greater of the full commission or minimum sum after the initial sale.

7.8.3 Each Lot Owner and any Trustee or Commissioner appointed covenant and agree that in case the appointed Trustee or Commission, or any successor Trustee or Commissioner, shall die, become incapable of acting, renounce his trust, or for any reason the Association desires to replace said Trustee or Commission, then the Association may appoint, in writing, a trustee or commissioner to take the place of the Trustee or Commissioner; and upon the probate and registration of any initial or subsequent appointment of Trustee or Commission, the Trustee or Commissioner this appointed shall be vested with or succeed to all rights, powers and duties of the Trustee or Commissioner herein described. Until such time as the Association may substitute such Trustee or Commissioner, the Trustee or Commissioner shall be the then current President of the United States of America.

7.8.4 In the event the Trustee or Commissioner is named as a party to any civil action as Trustee or Commissioner to foreclose the Association's lien rights, the Trustee or Commissioner shall be entitled to employ and attorney at law, including the Trustee or Commissioner if a licensed

attorney, to represent the Trustee or Commissioner in said action shall be paid by the Association and added to the outstanding indebtedness which the Association's lien secures and bear interest at the rate provided by this Declaration for unpaid assessments.

7.8.5 Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, or by request to joint the Association, is deemed to bargain, sell, grant, give and convey to any such appointed Trustee or Commissioner for the benefit of the Association a real property interest in said Lot to secure the Association's lien, TO HAVE AND TO HOLD said interest with all privileges and appurtenances thereto belonging, to said Trustee or Commissioner, his heirs, successors and assigns forever, upon the trust, terms and conditions and for the uses herein set forth.

7.9 Rate of Annual Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a yearly basis or such other periodic basis as the Board of Directors of the Association may set.

7.10 Date and Commencement of Annual Assessment. The annual assessments provided for herein shall commence as to each Lot on the first day of the month following the conveyance of that Lot by Declarant to an Owner. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, the Board of Directors shall fix the amount of the annual assessment to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of

assessments on a Lot is binding upon the Association as of the date of its issuance

7.11 Subordination of the Lien to Mortgages.

7.11.1 The liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust if, but only if, all such assessments with respect to such Lot having a due date on or prior to the date such mortgage or deed of trust is filed of record have been paid. Sale or transfer of any Lot shall not affect the assessment lien or liens provided for in the preceding sections. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust filed prior to the time of transfer.

7.11.2 Such subordination is merely a subordination and shall not relieve the Owner of the mortgaged or pledged property of his personal obligation to pay all assessments coming due at a time when he is the Owner.

7.12 Exempt Property.

7.12.1 Until the Declarant's membership in the Association shall terminate as provided in this Declaration, each Lot which is subject to this Declaration shall be exempt from the assessment, charges and liens created herein which owned by the Declarant; provided that the Declarant and all contractors/builders (not building their primary residence) shall pay to the Association twenty-five (25%) percent of the assessment rate as provided in Article 7.9 for each Lot then owned by the Declarant and contractor/builder. For a period of twelve (12) months after the Declarant records the final plat for any new Phase, the Declarant and all

contractor/builders will be EXEMPT from paying any Association dues.

- 7.12.2 All Common Area, including any Lot which may be designated for use as such by Declarant, shall be exempt from the assessments, charges and liens created herein.