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FOR REGISTRATION REGISTER OF DEEDS  
Judy D. Martin  
Moore County, NC  
January 03, 2013 02:54:58 PM  
Book 4137 Page 585-608  
FEE: \$62.00  
INSTRUMENT # 2013000112



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Instrument Prepared by and after recording, return to:  
Robert M. Friesen, Attorney at Law  
120 Applecross Rd Pinehurst NC 28374

**DECLARATION OF COVENANTS,  
CONDITIONS AND RESTRICTIONS  
OF  
HUNTER'S RIDGE OF SOUTHERN PINES TOWNHOMES**

THIS DECLARATION, made this 28th day of December, 2012 by Hunter's Ridge Development, LLC, a North Carolina limited liability company and May Street Partners, a North Carolina general partnership (hereinafter called "Declarant"), with their principal offices in Southern Pines, Moore County, North Carolina;

**WITNESSETH:**

WHEREAS, in order to provide a coordination and continuity among the various phased communities, and the owners of Lots in Hunter's Ridge of Southern Pines Townhomes, it is deemed appropriate to have an association in which all owners of Lots in Hunter's Ridge of Southern Pines Townhomes are members; and,

WHEREAS, Declarant desires to have certain areas of Hunter's Ridge of Southern Pines Townhomes owned by this Association and benefit all owners within the Hunter's Ridge of Southern Pines Townhomes; and,

WHEREAS, Declarant has deemed it desirable for the efficient preservation, protection and enhancement of the values and amenities in Hunter's Ridge of Southern Pines Townhomes, and to insure the residents' enjoyment of the specific rights, privileges and easements in the Common Area and facilities to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Area, facilities, and administering and enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and,

WHEREAS, Declarant has incorporated or will incorporate under the laws of the State of North Carolina, as a non-profit corporation, Hunter's Ridge of Southern Pines Townhomes Homeowners Association, for the purpose of exercising the functions aforesaid within the community known as Hunter's Ridge of Southern Pines Townhomes;

NOW THEREFORE, the Declarant declares that the real property described in Article II, and such additions thereto, and annexation thereto, as may hereafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens (sometimes collectively referred to as "covenants and restrictions") hereinafter set forth.

Article 1. Definitions. The following words when used in this Declaration or any Supplemental Declaration or amendment hereto (unless the context shall prohibit) shall have the following meanings:

- 1.1. "Annual Meeting" means the annual meeting of the Members held in Moore County, North Carolina, within the last quarter of each calendar year, upon proper notice, at a date, time and at a place from time to time designated by the Board. The first Annual Meeting of the Members shall be held within one (1) year from the date of incorporation on such date as the initial Board shall determine.
- 1.2. "Articles" or "Articles of Incorporation" shall mean those articles, filed with the Secretary of State of North Carolina, incorporating Hunter's Ridge of Southern Pines Townhomes Homeowners Association, Inc., as a nonprofit corporation under the provisions of North Carolina law as the same may be amended from time to time.
- 1.3. "Assessments" means Regular Assessments, Special Assessments, Individual Assessments and Fine Assessments.
- 1.4. "Association" shall mean and refer to Hunter's Ridge of Southern Pines Townhomes Homeowners Association, Inc., to be formed as a non-profit corporation, its successors and assigns.
- 1.5. "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.
- 1.6. "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.
- 1.7. "Class A Members" shall mean as defined in Section 4.5 below.
- 1.8. "Class B Members" shall mean as defined in Section 4.5 below.
- 1.9. "Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation, and the Rules and Regulations, if any, and any other basic documents used to create and govern the Subdivision.
- 1.10. "Common Areas" shall mean all the real estate (including retention ponds, storm drainage improvements, entrance signage, streets (including any dedicated streets prior to their acceptance for public maintenance) and all Declarant-installed landscaping and other

improvements thereon) owned by the Association for the common use and enjoyment of the Owners. Common Areas shall include, but not be limited to, parcels designated on any subdivision plat of the Subdivision as "Common Area" (or reserved as an access drive or private street) or deeded to the Association thereas.

- 1.11. "Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Subdivision, including, without limitation thereof, operation of the Subdivision, maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefor; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Subdivision; all costs incurred in acquiring a Lot pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas of the Subdivision, including, but not limited to private road and parking lot resurfacing. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly.
- 1.12. "Declarant" shall mean and refer to collectively Hunter's Ridge Development, LLC, a North Carolina limited liability company and May Street Partners, a North Carolina general partnership and their respective successors and assigns as a Declarant.
- 1.13. "Default" shall mean any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.
- 1.14. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions applicable to the Property, and amendments thereto which are recorded in the Office of the Register of Deeds, Moore County, North Carolina.
- 1.15. "Development Period" means the period commencing on the date on which this Declaration is recorded in the Moore County Register of Deeds and terminating on the earlier to occur of (i) when Declarant owns less than twenty-five percent (25%) of the Lots in the Subdivision; (ii) the date that Declarant relinquishes in writing Declarant's right to appoint Directors; or (iii) the occurrence of the date ten (10) years from the date of recording the Declaration, renewable for an additional ten (10) year period with the consent of a majority of Lot Owners other than Declarant.
- 1.16. "Dwelling Unit" shall mean and refer to the individual family living unit on an individual Lot.
- 1.17. "Lot" shall mean and refer to any parcel of land designated on a Plat upon which a Dwelling Unit has been or is to be constructed. Declarant has initially planned to create twenty-four (24) Lots in the Subdivision and has the right to establish additional Lots in accordance with the terms of this Declaration.
- 1.18. "Member" shall mean and refer to all those Owners who are Members of the Association as provided in ARTICLE 4 below.

- 1.19. "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of a fee simple title to any Lot located within the Subdivision.
- 1.20. "Plat" shall mean and refer to any record plat of the Subdivision recorded by Declarant, as the same may be amended or supplemented by Declarant from time to time.
- 1.21. "Planned Community Act" shall mean and refer to the North Carolina Planned Community Act, currently codified as Chapter 47F of the North Carolina General Statutes, as the same may be amended from time to time.
- 1.22. "Property" or "Subdivision" shall mean and refer to that certain real estate described in Exhibit A and all other real estate that may be annexed into this Declaration and the Association by Declarant.
- 1.23. "Resident" shall mean and refer to any person, not an Owner, living in the Owner's Dwelling Unit, including, but not limited to, temporary guests and Tenants.
- 1.24. "Restrictions" shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration.
- 1.25. "Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 9.1 below.
- 1.26. "Special Assessment" means the charge established by Section 8.4 of this Declaration.
- 1.27. "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

## ARTICLE 2. PROPERTY SUBJECT TO THIS DECLARATION

- 2.1. Property Made Subject To Declaration. The Property described in Exhibit A hereto and any annexation are hereby made subject to this Declaration and the Property shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association and each Owner subject to this Declaration and the terms, covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration.
- 2.2. Mergers. Upon a merger or consolidation of the Association with another organization as provided by its By-Laws, its properties, rights and obligations may be transferred to another surviving or consolidated homeowner's association or, alternatively, the properties, rights and obligations of another homeowner's corporation may, by operation of law, be added to the Property, rights and obligations of this Association as a surviving corporation pursuant to a merger. The surviving or consolidated homeowner's association may administer the covenants and restrictions established by this Declaration within the Property, together with the covenants and restrictions established upon any other properties as one scheme. No such merger or consolidation, however, shall effect any revocation,

change or addition to the covenants established by this Declaration within the Property except as hereinafter provided.

### ARTICLE 3. ANNEXATION OF ADDITIONAL PROPERTIES

- 3.1. Annexation by Members: Additional lands may be added and annexed to the Property only if two-thirds (2/3) of the votes entitled to be cast in each class of Members are cast in favor of annexation. A meeting shall be duly called for this purpose, written notice of which shall be sent to all Members not less than ten (10) days in advance of the meeting.
- (a) For the purpose of such meeting, the presence of Members or authorizing proxies entitled to cast sixty percent (60%) of the votes of each class of Members shall constitute a quorum.
  - (b) If the required quorum is not forthcoming at any meeting, another meeting may be called within sixty (60) days thereafter, subject to the notice requirement set forth above, and the required quorum of such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting.
  - (c) If a quorum is present and a majority of the votes are cast in favor of the annexation, but the majority is less than the two-thirds (2/3) majority of each class required for approval of the annexation, and it appears that the required two-thirds (2/3) of each class may be achieved if the Members not present or voting by proxy assent to the annexation, then and in that event, the Members not present or voting by proxy may assent to or dissent from the proposed annexation in writing within one hundred twenty (120) days following the date of the meeting at which he is entitled to vote either in favor of or against the annexation. If the number of votes cast at the meeting in favor of the annexation, together with the votes deemed to have been cast by the Members assenting to the annexation, shall constitute the requisite two-thirds (2/3) majority of each class of all votes entitled to be cast, the annexation shall stand approved.
- 3.2. Conveyance of Common Area. The Declarant will convey any Common Area in annexed areas in the same manner and as provided in Section 5.3, herein below.
- 3.3. Reserved Declarant Rights. The Declarant reserves the following Development Rights: (i) to add real estate to the Property in accordance with this Article III; (ii) to create Lots; (iii) to add Common Area; (iv) to modify or change Lot types; (v) to reallocate Lots within the property; (vi) to withdraw undeveloped real estate from the Property.
- 3.4. Town of Southern Pines. Additional lands may be added to the Property pursuant to the terms of this Declaration and subject to the ordinances of the Town of Southern Pines.

### ARTICLE 4. HOMEOWNERS ASSOCIATION

- 4.1. Homeowners Association. There has been or will be created a North Carolina non-profit corporation, known as Hunter's Ridge of Southern Pines Townhomes Association, Inc., which shall be responsible for the maintenance, management and control of the Common Areas and upon each Lot and Dwelling Unit as more specifically set forth in this Declaration.

- 4.2. Board of Directors and Officers. The Board of Directors, and such officers as they may elect or appoint in accordance with the Articles or the Bylaws, shall conduct the affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents who shall, subject to the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association.
- 4.3. Rules and Regulations. By a majority vote of the Board of Directors, the Association may, from time to time adopt, amend and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities and duties under this Declaration. The Rules and Regulations may, without limitation, govern use of the Subdivision, including prohibiting, restricting or imposing charges for the use of any portion of the Subdivision (except for any streets within the Subdivision) by Owners, Residents or others, interpret this Declaration or establish procedures for operation of the Association or the administration of this Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles, or the Bylaws. A copy of the Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.
- 4.4. Membership of Association. Every Owner of a Lot shall be a Member of the Association. Such Owner and Member shall abide by the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration, when due, and shall comply with decisions of the Association's governing body. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment.
- 4.5. Classes of Membership. The Association shall have two (2) classes of Membership:
- (a) Class A Members. Every person, group of persons, or entity which is a record Owner of a fee interest in any Lot upon which a Dwelling Unit has been erected within the Property, shall automatically be a Class A Member of the Association except Declarant during the Development Period; provided, however, that any such person, group of persons or entity who holds such interest solely as security for the performance of an obligation shall not be a Member. A Class A Membership shall be appurtenant to and may not be separated from ownership of any Lot upon which a Dwelling Unit has been constructed that is subject to Assessment. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. In the event that more than one person, group of persons or entity is the record Owner of a fee interest in any Lot, then the vote for the membership appurtenant to such Lot portion shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. In the event agreement is not reached, the vote attributable to such Lot shall not be cast.
  - (b) Class B Members. The Class B Member during the Development Period shall be Declarant. The Class B Membership shall cease and be converted to Class A membership upon the expiration of the Development Period.

- (c) Voting and Election of Board. Subject to the provisions contained herein, each Member shall have one vote with respect to each Lot owned by such Member, but during the Development Period, the Class B Membership shall be exclusively entitled to appoint and remove any and all officers and directors of the Association. After conveyance of twenty-five percent (25%) of the Lots to Owners other than Declarant, 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 the Declarant. After conveyance of fifty percent (50%) of the Lots to Owners other than Declarant, not less than thirty-three percent (33%) of the Board of Directors shall be elected by Owners other than Declarant.

#### ARTICLE 5. PROPERTY RIGHTS IN COMMON AREAS

- 5.1. Owner's Easements of Enjoyment. Except as herein otherwise provided, each Owner shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to his Lot. Each Tenant shall have a non-transferable right to use and enjoy the Common Areas, if any, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:
  - (a) The right of the Board to suspend the right of any Owner or the privilege of any Resident to use such of the Common Areas that are recreational in nature (which do not include the streets within the Subdivision) as determined by the Board for any infraction of the Rules and Regulations relating to the Common Areas for a period not to exceed sixty (60) days for each such infraction, or for any non-payment or delinquency of the Assessments against such Owner's Lot for a period not to exceed the period of such non-payment or delinquency;
  - (b) The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and Rules and Regulations pertaining to the use of the Common Areas, including regulations limiting guests of Owners and Tenants who may use the Common Areas at any one time;
  - (c) All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas;
  - (d) The right of the Association to grant permits, licenses and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property; or
  - (e) The right of Declarant or the Association to dedicate or convey portions of the Common Areas to applicable governmental authorities for park purposes.
- 5.2. Extension of Use. Any Owner may extend his right of enjoyment to the Common Areas to the immediate and/or extended members of his family, his Tenants, guests or contract purchasers of the Owner's Lot.

- 5.3. Title to Common Areas. Declarant shall convey by deed all Common Areas to the Association in fee simple absolute after the final platting of all Lots in the Subdivision. Any such conveyance shall be subject to taxes for the year of conveyance, and to restrictions, conditions, limitations and easements of record.
- 5.4. Use of Common Areas by Declarant. In addition to the specific rights and easements reserved herein, Declarant and its affiliates and associates shall have the same rights of use and enjoyment of the Common Areas as the Class A Members during the Development Period, and shall have the same right to use Common Areas for promotional, sales and similar purposes until all of the Lots have been sold.

#### ARTICLE 6. MAINTENANCE

- 6.1. Maintenance Obligations of The Association. In addition to maintenance of the Common Area, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks, mailboxes, fences installed by Declarant or the Association, exterior post lights (excluding electricity therefor), and other exterior improvements. Such exterior maintenance shall not include glass surfaces, screens, awnings, and if permitted, approved additions to Dwelling Units made after completion of the initial Dwelling Unit (unless maintaining of such addition is affirmatively assumed by the Association) or the repair or reconstruction of any improvements on any Lot, the cost of which repair or reconstruction would be covered by casualty insurance, whether or not a policy of casualty insurance is in effect. Further, the owner of any lot may at his election plant trees, shrubs, flowers and grass in his rear yard and may also maintain portions or all of his rear yard provided that such maintenance by the owner does not hinder the Association in performing its maintenance of the exterior of the house and the remaining yard spaces. No such maintenance by a Lot owner shall reduce the assessment payable by him to the Association. If, in the opinion of the Association any such owner fails to maintain his rear yard in a neat and orderly manner, the Association may revoke the owner's maintenance rights for a period not to exceed one year. The Owner shall not plant any vegetation in the front yard except with the prior written approval of the Association.
- (a) (As a matter of information to future members of this Association, the developers wish to make it known that it is a part of the original plan of development to construct a variety of Dwelling Units with a variety of exteriors for the good of the entire subdivision. Some Dwelling Units will require far more maintenance than others because of the types of exterior exposures. Nevertheless, in order to avoid monotony and in order to achieve a harmony of design and textures, all of those connected with the conception, design, construction and financing of this subdivision as originally planned, are in accord in their belief that all members of the Association will be benefited by the variety of exteriors and, therefore, the Association should provide exterior maintenance and make a uniform rate of charge without regard to the actual cost of maintenance of each Dwelling Unit.)
- 6.2. Maintenance Obligations of The Lot Owners. The responsibilities of each Lot Owner shall include:

- (a) To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot and Dwelling Unit. Any repair, replacement and maintenance work to be done by an Owner must comply with any Rules and Regulations of the Association including architectural control and visual harmony.
  - (b) To perform his responsibilities in such manner so as not unreasonably to disturb other persons residing within the Subdivision.
  - (c) Not to paint or otherwise alter, decorate or change the appearance of any exterior portion of his Dwelling Unit, without the written consent of the Association.
  - (d) Not to impair the use of any easement without first obtaining the written consents of the Association and of the Owner or Owners for whose benefit such easements exists.
  - (e) Each Lot Owner shall be deemed to agree by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any invitee, tenant, licensee family member, including, but not limited to any repairs necessary which result from damage incurred by pets or vehicles owned by the Lot Owner, or owned by any guest, invitee, Tenant or licensee of such Lot Owner.
- 6.3. Construction Defects. The obligations of the Association and of Owners to repair, maintain and replace the portions of the Subdivision for which they are respectively responsible shall not be limited, discharged or unreasonably postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in materials or workmanship in the construction of the project. The undertaking of repair, maintenance or replacement by the Association or Owners shall not constitute a waiver of any rights against any warrantor but such rights shall be specifically reserved. Likewise, this Section 6.3 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by Association may be delayed if Association does not have the means or the funds to repair the defect or if by repairing the defect, Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.
- 6.4. Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Association and/or any Lot Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of construction guarantee or insurance coverage shall not excuse any unreasonable delay by the Association or any Lot Owner in performing his obligation hereunder. Likewise, this Section 6.4 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by Association may be delayed if Association does not have the means or the funds to repair the defect or if, by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

6.5. Association's Obligation to Maintain Storm Water Detention Facility.

- (a) As a condition of subdivision approval and as required by the Town of Southern Pines, the Declarant has installed certain storm water detention facilities on the Property. The description and location of the storm water detention facilities are as shown on plans filed with the Town of Southern Pines.
- (b) The Association shall be responsible for maintenance of the underground storm water facility as required.

ARTICLE 7. PARTY WALLS

- 7.1. General Rules of Law to Apply. Each wall which is built as a part of the original construction upon the Property and placed on the dividing line between the Lots and all reconstruction or extensions of such walls shall constitute party walls, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls, lateral support in below-ground construction and of liability for property damage due to negligence or willful acts or omissions shall apply thereto.
- 7.2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.
- 7.3. Destruction By Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners 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 Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.
- 7.4. Easement and Right of Entry for Repair, Maintenance, and Reconstruction. The owner of any Lot may construct, reconstruct, repair, or extend a party wall in any direction (subject to and within the limitations of architectural control and other limitations of these Covenants) with the right to go upon the adjoining Lot to the extent reasonably necessary to perform such construction. Such construction shall be done expeditiously. Upon completion of such construction, such owner shall restore the adjoining Lot to as near the same condition which prevailed on it before the commencement of such construction as is reasonably practicable.
- 7.5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner 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.
- 7.6. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.
- 7.7. Certification by Adjoining Property Owner That No Contribution is Due. If any Owner desires to sell his property, he may, in order to assure a prospective purchaser that no

adjoining property owner has a right of contribution as provided in this ARTICLE 7, request of the adjoining property approval will not be required and this Article will be deemed to have been fully complied with.

**ARTICLE 8. COVENANT FOR MAINTENANCE ASSESSMENTS**

- 8.1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, 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 extraordinary maintenance and capital improvements, and (3) to the appropriate governmental taxing authority, a pro rata share of assessments against the Common Area. The annual and special assessments, together with interest, late fees, and costs, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, late fees 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. The personal obligation for the delinquent assessments shall not pass to his/her successors in title unless expressly assumed by them.
- (a) The Association shall also have the authority, through the Board of Directors to establish, fix and levy a special assessment on any Lot to secure the liability of the Owner thereof to the Association arising from breach by such Owner of any of the provisions of this Declaration which breach shall require the expenditure of time and money or both, by the Association for repair or remedy.
- (b) Each Owner covenants for himself, his/her heirs, successors and assigns, to pay each assessment levied by the Association on the parcel described in such conveyance to him within ten (10) days after receipt of an invoice for the same, and further covenants that if said charge shall not be paid within thirty (30) days from the date that said invoice is deposited, postage prepaid in the United States mail, in an envelope addressed to such Owner at the address of the parcel or to such other address as said Owner shall have designated.
- 8.2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety, and welfare of the residents of the Property and in particular for the acquisition, improvement and maintenance of properties, services and facilities, including but not limited to the private streets, parking areas and storm water detention devices and facilities, and for the use and enjoyment of the Common Area, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Area, the procurement and maintenance of insurance in accordance with this Declaration, the By-Laws, the employment of counsel, accountants and other professionals for the Association when necessary, and such other needs as may arise.
- 8.3. Maximum Annual Assessment. Through and including December 31, 2013, the maximum annual assessment shall be One Thousand Eight Hundred Dollars (\$1,800.00) per Lot.

- (a) The maximum annual assessment for the calendar year beginning January 1, 2014, and for successive calendar years thereafter, shall be established by the Board and may be increased by the Board without approval by the membership of the Association by an amount per year not to exceed ten percent (10%) of the amount of the maximum annual assessment of the immediately preceding calendar year.
  - (b) The maximum annual assessment for the calendar year beginning January 1, 2015, and for each successive calendar year thereafter, may be increased without limit by the affirmative vote of two-thirds (2/3) of the votes of each class of membership entitled to be cast by the Members present or represented by proxy at a duly called meeting of the Association at which a quorum is present. The provisions of this subsection shall not apply to nor be a limitation upon any change in the maximum annual assessment undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under this Declaration or its Articles or Bylaws.
  - (c) Subject to the provisions of this ARTICLE 8, the Board may fix the annual assessment at any amount not in excess of the maximum annual assessment allowed for the applicable calendar year.
- 8.4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the costs of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Common Area, or any extraordinary maintenance of any property for which the Association is responsible, provided that any such assessment shall have the assent of sixty-seven percent (67%) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.
- 8.5. Notice and Quorum. Written notice of any meeting called for the propose of taking any action authorized under this Article shall be sent to all Members not less than thirty (30) 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 sixty percent (60%) of all the votes of each class of membership 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 (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.
- 8.6. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis; provided, however, the assessment established for each Lot owned by the Declarant shall be not more than twenty-five percent (25%) of the assessments for all other Lots. Notwithstanding any provision in this Declaration, the Articles of Incorporation and Bylaws to the contrary, no Lot shall be subject to the assessment until the first day of the month following the issuance of a certificate of occupancy for such Lot by the Town of Southern Pines.
- 8.7. 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 Owners, the Board shall provide a summary of the budget and assessments for the 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.

8.8. Date of Commencement of Annual Assessments: Due Dates.

- (a) The annual assessments provided for herein shall commence as to all Lots as provided in Section 8.6 above.
- (b) The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors.
- (c) 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 corporation as of the date of issuance.

8.9. 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 the highest rate then permitted by North Carolina law. The Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien against the property. No Owner may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his/her Lot.

8.10. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any first mortgage (or deed of trust) and ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to such mortgage or tax foreclosure, or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments that became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

- 8.11. Exempt Property. All properties dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to Dwelling Unit use shall be exempt from said assessments.
- 8.12. Working Capital. At the closing of the initial sale to an end-user buyer of each Lot subject to assessments hereunder, a sum equal to two (2) months assessment shall be collected and paid to the Association. Such payments shall not be considered advance payment of regular assessments.

#### ARTICLE 9. USE RESTRICTIONS

- 9.1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment the Common Area. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association and/or the Declarant for all damages and costs, including attorney's fees. No rule or action by the Association or Board shall unreasonably impede the Declarant's right to develop the Property.
- 9.2. Use of Property. No portion of the Property (except for the temporary offices of the Declarant and other builders' and/or model units used by the Declarant and other builders and construction materials, storage, equipment, signs and parking of Declarant and other builders) shall be used, except for residential purposes and for purposes incidental or accessory thereto.
- 9.3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.
- 9.4. Animals. No animals, livestock or poultry of any kind shall be kept or maintained on any Lot 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 are controlled in accordance with applicable governmental ordinances.
- 9.5. Obstructions, etc. There shall be no obstruction of the Common Area, nor shall anything be kept, stored, altered, constructed or planted in or on the Common Area, or removed therefrom, without the prior consent of Declarant or the Association. *Provided, however,* Declarant and the Association shall have the right to install, place, repair, replace and maintain signs in the Common Area and to install, maintain, repair and replace in the Common Area such materials, equipment and other apparatus as may be necessary to enable the Association to carry out its powers and duties under this Declaration.
- 9.6. Signs. No sign of any kind shall be displayed to the public view on any Lot except for signs that are allowed by law and are approved by Declarant, and which are for one or

more of the following purposes: (i) advertising the Lot for sale or rent, (ii) advertising the building contractor constructing improvements on the Lot during the initial construction and sales period, (iii) identifying the rental or sales office and/or model home of a building contractor who owns the Lot, (iv) identifying the subdivision or phase name and/or identifying the Lot number of a Lot; and (v) any other purpose approved by the Declarant (or by the Architectural Control Committee after the Class B membership terminates); provided however, the foregoing limitations shall not act to restrict or prohibit Declarant or the Association or any applicable governmental entity from erecting, maintaining, repairing and replacing (and Declarant hereby reserves for itself, the Association and such governmental entities the right to erect, maintain, repair and replace) on a Lot or on the Common Area, landscaped rights-of-way, roadway medians and in any easements reserved or granted for such purposes, signs and billboards advertising the Property or portions of the Property, or signs identifying various subdivisions or phases of the project, or regulatory, street and directional signs. Notwithstanding the foregoing, all signs erected and maintained on any Lot must conform to all applicable governmental requirements.

9.7. TV Antennas and Dishes. No satellite dishes of greater than one (1) meter in diameter shall be installed or permitted to remain on any of the Property without the prior written approval of the Declarant, Board of Directors or Architectural Committee as provided in ARTICLE 12 herein.

9.8. Parking. No owner or his family, lessee or sublessee or guest of an Owner shall park or store any commercial vehicle, boat, trailer, camper or camper top, recreational vehicle, or any other similar object on any private street within or adjoining the Property, or on any Lot. Notwithstanding the foregoing, guests and invitees of any Owner or lessee may park a private passenger vehicle on the driveway or other portion of the Property paved for parking of the vehicles for a period not to exceed seven (7) days. Furthermore, nothing herein shall be deemed to prohibit temporary parking of vehicles involved in deliveries to a Lot.

The Board of Directors shall have the right and authority to make, amend, implement and enforce such additional parking rules and regulations as it deem necessary or appropriate, and shall have the right and authority to enforce same, including, but not limited to, the right to levy fines for violations thereof. Furthermore, the Association shall have the right and authority to have towed any vehicle parked or maintained in violation of these or subsequently- adopted parking rules and regulations, the cost of which towing and storage shall be the responsibility of the Owner of the Lot to which such vehicle is registered.

#### ARTICLE 10. EASEMENTS AND ENCUMBRANCES

10.1. Easement for Encroachments. The Dwelling Units, all utility lines, and all other improvements as originally constructed by or on behalf of Declarant or its assigns shall have an easement to encroach upon any setback, Lot or Common Area as a result of the location of the building, utility lines and other improvements across boundary lines between and along Lots and/or the Common Areas, or as a result of building or improvement movement or alterations or additions from time to time, provided that such alterations or additions have complied with the requirements of this Declaration.

- 10.2. Lot's Utility Easements. Easements are granted in favor of each Lot Owner to and throughout the Common Areas and, if necessary, the setback areas of any other Lots, as may be necessary for the installation, maintenance, repair and use of underground water, gas, sewer, power and other utilities and services including power and communication, now or hereafter existing, including maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components. The foregoing notwithstanding, no Lot Owner (other than Declarant) may exercise the easement rights reserved in this Section 10.2 without the prior written approval of the Board as described in Section 10.6 below and Declarant, so long as it owns a Lot in the Subdivision or a residential unit in the Subdivision.
- 10.3. Utility Easements. Easements are reserved and/or granted hereby in favor of Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any dwelling located upon any Lot) and the Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components throughout the Common Areas. Without limiting any other provision in this ARTICLE 10, it is understood that Declarant's easement rights reserved herein may be utilized for the benefit of property within or outside of the Subdivision. Each Lot Owner and/or his respective mortgagee by acceptance of a deed conveying such ownership interest and each mortgagee encumbering such ownership interest, as the case may be, hereby irrevocably appoint Declarant, or the Association, as the case may be, as his attorney in fact, coupled with an interest, and authorize, direct and empower such attorney, at the option of the attorney, to execute, acknowledge and record for and in the name of such Lot Owner and his mortgagee, such easements or other instruments as may be necessary to effect the purpose of this Section 10.3. The easements may be assigned and/or granted by Declarant and/or the Association to any utility or service company.
- 10.4. General Easements. An easement is hereby reserved and/or granted in favor of Declarant and/or the Association in, on, over and through the Common Areas, the Lots and/or Dwelling Units for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing and otherwise dealing with the Common Areas, Lots and/or Dwelling Units, including all improvements thereon as required or permitted by the Constituent Documents or applicable law. An easement is hereby reserved in favor of Declarant over the Common Areas for the purpose of advertising or promoting sales of Lots or Dwelling Units in the Subdivision.
- 10.5. Access Easement and Streets. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress and egress to and from any such Lot over the Common Areas, to and from a public road. The easement shall be over such walkways, driveways, or other ways as are designated by Declarant and/or the Association and shall be subject to the terms of the Constituent Documents. Streets within the Subdivision (other than those (if any) that have been accepted by applicable governmental authorities for maintenance) constitute Common Areas and shall be maintained, insured, and repaired by the Association in accordance with this Declaration. Declarant hereby reserves the right (but not the obligation), in its sole discretion, to annex additional streets into the Subdivision. Notwithstanding the foregoing to the contrary, no part of any street

shall be dedicated or transferred to a unit of local government without acceptance of the unit of local government involved.

- 10.6. Use of Easement. Any use of the rights and easements granted and reserved in this ARTICLE 10 shall be reasonable. If any damage, destruction, or disturbance occurs to a Lot or Common Area as a result of the use of any easement or right, the Lot or Common Area shall be restored by, or at the direction of, the Association promptly in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction or disturbance. Before beginning work, Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. Additionally, should any Lot Owner other than Declarant elect to exercise its easement rights hereunder, it shall be required to obtain the Board's prior written approval (not to be unreasonably withheld), after providing the Board with detailed plans of its proposed work, as well as evidence of appropriate insurance and other such reasonable information or assurances as the Board may require. No easement may be granted across, through, over, or under any Lot or Common Area, which materially restricts ingress and egress to the Lot or Common Area, unless reasonable alternate ingress and egress is provided or unless the restrictions is only temporary. All easements reserved hereunder shall be perpetual and non-exclusive.
- 10.7. Reservation of Access Easement by Declarant. For as long as Declarant is also an Owner, Declarant reserves an easement for itself, its grantees, successor and assigns, to enter upon the Subdivision for access, including ingress and egress for both vehicles and pedestrians, to and from any public street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks, bridges and other access ways of the Subdivision. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway or other means of access that are located on the Common Areas of the Subdivision. This reservation of access easements and the right of connection should be construed liberally in favor of Declarant.
- 10.8. Reservation of Construction Easement by Declarant. Declarant reserves the non-exclusive right and easement to temporarily go upon the Subdivision in order to complete the development of the Subdivision and the construction of the improvements to be located therein, and to develop other neighboring land. The easement should be construed broadly in favor of Declarant, including giving Declarant the right to store temporarily construction materials, equipment or dirt. After the construction is finished, Declarant must, at Declarant's cost, repair any damage done to the Subdivision including to any landscaping. As soon as reasonably possible after Declaration has completed construction on the neighboring land, Declarant must remove all debris, equipment, materials and dirt from the Subdivision.
- 10.9. Declarant's Easements: General. The easements and grants reserved for and granted to Declarant also benefit and bind any heirs, successors and assigns of Declarant and their respective guests, invitees or lessees, including, without limitation, assignees of Declarant who do not own property within the Subdivision.

- 10.10. Easements to Run with Land. All easements and rights described in this ARTICLE 10 are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on Declarant, its successors and assigns, and any Owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Subdivision or any part or portion of it.

#### ARTICLE 11. INSURANCE

- 11.1. Insurance to be Maintained by the Association. The following insurance coverage shall be maintained in full force and effect by the Association:
- (a) Property damage insurance at one hundred percent (100%) of the current replacement cost of the Common Area, excluding those areas that are normally excluded from coverage such as land, earthen dams, foundation, excavation, etc. The property damage policy must protect against loss or damage by fire and all other hazards that are normally covered by the standard extended coverage endorsement, and all other perils customarily covered for similar types of projects, including those covered by the standard "all-risk" endorsement.
  - (b) Public liability insurance covering all Common Area and any other areas that are under the Association's control and supervision in an amount of at least \$1,000,000.00 for bodily injury and property damage for any single occurrence. All liability insurance shall contain cross liability endorsements to cover liability of the owners as a group to an individual owner.
- 11.2. Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged to Owners as an assessment according to the applicable provisions of this Declaration.
- 11.3. Insurance Beneficiaries. All such insurance policies shall be purchased by the Association for the benefit of the Association and the Owners.

#### ARTICLE 12. ARCHITECTURAL CONTROL AND INSPECTION

- 12.1. General Provisions. No erection, or installation of any improvements, including, but not limited to, residences, buildings, outbuildings, fences, walls and other structures, shall be undertaken upon the Property, unless plans and specifications therefore, showing the nature, kind, shape, height, materials, and location of the proposed improvements shall have been submitted to Declarant and expressly approved in writing by it.
- (a) This Article shall not apply to the activities of the Declarant, or to the improvements to the Common Property by or on behalf of the Association. This Article may not be amended without the Declarant's written consent so long as the Declarant owns any land subject to this Declaration or subject to annexation to this Declaration.
  - (b) No subsequent alteration or modification of improvements may be undertaken on any of the Property which shall not be subject to the foregoing requirement, without prior review and express written approval by the Declarant, or the Board of Directors of the

Association (after such approval rights have been assigned to the Association; the Declarant reserves the right to assign all or any portion of its approval rights to the Association at any time), or by an "Architectural Committee" composed of three (3) or more representatives appointed by the Board.

- (c) Refusal or approval of plans, location, exterior color or finish, or specifications may be based by Declarant, Board of Directors or Architectural Committee, as the case may be, upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant, Board of Directors or Architectural Committee, as the case may be, shall seem sufficient.
- (d) In the event that the Declarant, or the Board of Directors or Architectural Committee, as the case may be, fails to approve or disapprove the site or design of any proposed improvements within thirty (30) days after plans and specifications therefore have been submitted and received, approval of the submitted items will be deemed granted, and the requirements of this Article will be deemed to have been fully met; provided, however, that the plans and specifications required to be submitted shall not be deemed to have been received by the Declarant, Association, or Architectural Committee, as the case may be, if they contain inaccurate or erroneous information or fail to present adequate information upon which the Declarant or the Board of Directors or Architectural Committee, as the case may be, can arrive at a decision.
- (e) The Declarant shall have the right, at its election, but shall not be required to, enter upon any of the Property during site preparation or construction, erection or installation of improvements to inspect the work being undertaken, and to determine that such work is being performed in conformity with the approved plans and specifications and in a good and workmanlike manner, utilizing approved methods and good quality materials.

12.2. No Waiver of Future Approvals. Approval of proposals, plans and specifications, or drawings for any work done or proposed, or in connection with any other matter requiring approval, shall not be deemed to constitute a waiver of the right to withhold approval as to any similar proposals, plans and specifications, drawings, or other matters subsequently or additionally submitted for approval.

12.3. Limitation of Liability. Plans and specifications are not approved for engineering or structural design or quality of materials, and by approving such plans and specifications neither the Declarant, the Architectural Committee, the members thereof, nor the Association assumes liability or responsibility therefore, nor for any defect in any structure constructed from such plans and specifications. Neither Declarant, the Association, the Architectural Committee, the Board, nor the officers, directors, members, employees, and agents of any of them shall be liable in damages to anyone submitting plans and specifications to any of them for approval, or to any Owner of property affected by these restrictions by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specifications. Every person who submits plans or specifications and every Owner agrees that such person or Owner will not bring any action or suit against Declarant, the Association, the Architectural Committee, the Board, or the officers, directors, members, employees, and agents of any of them to recover any damages and hereby releases, remises,

quitclaims, and covenants not to sue for all claims, demands, and causes of action arising out of or in connection with any judgment, negligence, or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands, and causes of action not known at the time the release is given.

ARTICLE 13. GENERAL PROVISIONS

- 13.1. Enforcement. 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. Failure by the Association or by any Owner to enforce any covenant or restriction hereby contained shall in no event be deemed a waiver of the right to do so thereafter.
- 13.2. Severability of Provisions. If any paragraph, section, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining paragraphs, sections, sentences, clauses and phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. It is hereby declared that said remaining paragraphs, sections, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other paragraphs, sections, sentences, clauses or phrases shall become or be illegal, null or void.
- 13.3. Duration and Amendments.
- (a) The covenants and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Declarant or the Owner of any Lot subject to this Declaration, their respective legal representatives, heirs, successors and assigns, for a term of thirty (30) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless the Association approves a change in the covenants and restrictions. The covenants and restrictions of this Declaration may be amended at any time if seventy-five percent (75%) of the vote of each class of Members at a duly called meeting of the Association at which a quorum is present approves the change; provided that prior to the sale of the first Lot, this Declaration may be amended by the Declarant without consent of the Members. Any amendment must be recorded in the Office of the Register of Deeds of Moore County, North Carolina.
  - (b) The Declarant, so long as it shall retain control of the Association, 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 improvement loans made, insured or guaranteed by a government 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 or the State of North Carolina, 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 the Property, including, without limitation, ecological controls, construction standards, aesthetics, and matters affecting the public health, safety and general welfare. A letter from an official of any

such corporation or agency, including, without limitation, the Veterans Administration, U.S. Department of Housing and Urban Development, the Federal Home Loan Mortgage Corporation, Government National Mortgage Corporation, or the Federal National Mortgage Association, requesting or suggesting an amendment necessary to comply with the requirements of such corporation or agency shall be sufficient evidence of the approval of such corporation or agency, provided that the changes made substantially conform to such request or suggestion.

- (c) No amendment which would change or delete any provision herein required by any governmental authority shall become effective until submitted to and approved by that authority; provided, however, if that authority fails to approve or disapprove such amendment within thirty (30) days after the same has been submitted to it, such approval shall not be required and this covenant shall be deemed to have been fully complied with.
- (d) As long as there is a Class B membership, and if Declarant determines to qualify the Property for Federal Housing Administration or Veterans Administration approval the following actions will require the prior written approval of the Federal Housing Administration or the Veterans Administration: Annexation of additional property, dedication of Common Area, and amendment of this Declaration.

13.4. Availability of Documents. The Association will have current copies of the Declaration, By-Laws, and other rules concerning Hunter's Ridge of Southern Pines Townhomes Homeowners Association as well as the Association's own books, records and financial statements available for inspection during normal business hours by owners and by holders, insurers and guarantors of first mortgages that are secured by Lots in Hunter's Ridge of Southern Pines Townhomes Homeowners Association.

13.5. Rights of Eligible Mortgage Holders. Eligible Mortgage Holders are those holders of a first mortgage or deed of trust on a Lot ("Eligible Mortgages") who have requested the Association to notify them of any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders. Amendments of a material nature to this Declaration or the By-Laws of the Association require the approval of Eligible Mortgage Holders representing at least fifty-one percent (51%) of the holders of Eligible Mortgages. Any action to terminate this Declaration or the legal status of the Association for reasons other than substantial destruction or condemnation of the Property, shall require the approval of Eligible Mortgage Holders representing at least sixty-seven percent (67%) of the holders of Eligible Mortgages. The holder, insurer, or guarantor of a mortgage or deed of trust on any Lot in Hunter's Ridge of Southern Pines Townhomes Homeowners Association is entitled to timely written notice of:

- (a) Any condemnation or casualty loss that affects a material portion of Hunter's Ridge of Southern Pines Townhomes Homeowners Association;
- (b) A lapse, cancellation or material modification of an insurance policy or fidelity bond maintained by the Association; and,
- (c) Any proposed action that requires the consent of a specified percentage of Eligible Mortgage Holders. To obtain this information, the mortgage holder, insurer, or

guarantor should send a written request to the Association, stating both its name and address and the unit number or address of the unit covered by its mortgage or deed of trust.

- 13.6. Condemnation. If any part of the Common Area shall be taken (or conveyed in lieu of or under threat of condemnation) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to written notice of such taking or conveyance prior to disbursement of any condemnation award or proceeds from such conveyance. Such award or proceed shall be payable to the Association for the benefit of the Owners.
- 13.7. Titles. The titles, headings and captions that have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof.
- 13.8. Number and Gender. Whenever the context of this Declaration requires, the singular shall include the plural and one gender shall include all.
- 13.9. No Exemption. No Owner or other party may exempt himself from the coverage hereof or obligations imposed hereby by non-use or abandonment of such Owner's Lots or the Common Area.
- 13.10. Conflict Between Declaration and Articles of Incorporation, Bylaws. Whenever there exists a conflict between the provisions of this Declaration and the Articles of Incorporation or Bylaws of the Association, the provisions of this Declaration shall control, and whenever there is a conflict between the provisions of the Articles of Incorporation and Bylaws, the provisions of the Articles of Incorporation shall control. In the event of a conflict between the Act and this Declaration, the Act shall control.
- 13.11. Laws of North Carolina. This Declaration shall be subject to and construed in accordance with the laws of the State of North Carolina and all-applicable laws and regulations of the United States of America.
- 13.12. Assignment. Declarant specifically reserves the right, in its sole discretion, at any time and from time to time, to assign (temporarily or permanently) any or all of its rights, privileges and powers under this Declaration or under any Supplemental Declaration.

[Signature Page to Follow]

IN WITNESS WHEREOF, the undersigned, being the Declarant, has caused this instrument to be executed as of the 28<sup>th</sup> day of DECEMBER, 2012.

MAY STREET PARTNERS

By: *Robert M. Friesen* (SEAL)  
Robert M. Friesen, Partner

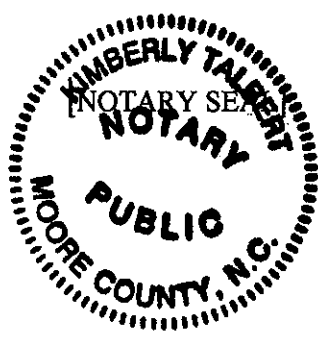
By: *Lloyd M. Sullivan* (SEAL)  
Lloyd M. Sullivan, Partner

STATE OF NORTH CAROLINA §  
  §  
COUNTY OF MOORE §

ACKNOWLEDGEMENT

I certify that Robert M. Friesen personally appeared before me this day, and acknowledged to me that he signed the foregoing document in the capacity indicated thereon:

Date: December 28, 2012  
*Kimberly Talbert*  
Notary Public  
Print Name: Kimberly Talbert  
My Commission Expires: 3/11/14

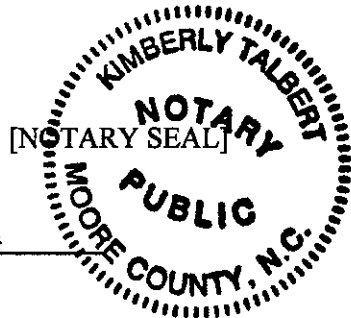


STATE OF NORTH CAROLINA §  
  §  
COUNTY OF MOORE §

ACKNOWLEDGEMENT

I certify that Lloyd M. Sullivan personally appeared before me this day, and acknowledged to me that he signed the foregoing document in the capacity indicated thereon:

Date: December 28, 2012  
*Kimberly Talbert*  
Notary Public  
Print Name: Kimberly Talbert  
My Commission Expires: 3/11/14



**EXHIBIT A**

BEING Lots No. 11 to 27 inclusive as shown on a map entitled, "Property of P. F. Buchan, Southern Pines, N.C., November 20, 1927, J.B. Swett, C.E." said Map being duly recorded in the Office of the Register of Deeds for Moore County in Book of Deeds No. 112, Page 598, to which reference is hereby made, and by such reference made a part of the description herein.

There is excepted, however, a portion of Lots Number 19 and 20 as shown on the above map, as follows: BEGINNING at a concrete monument in the eastern boundary of May Street (S.R. 2080 and formerly US Highway No. 1) running thence along the eastern boundary of the State Road, N 53° 15' East 20 feet to an iron pin, a new corner in the western boundary of Lot Number 19; thence, a new line S 65° 04' East 194.18 feet to an iron pin, a new corner in the eastern boundary of Lot Number 19; thence continuing S 65° 04' East 32.48 feet to an iron pin, a new corner in Lot Number 20; thence 53° 15' West 20 feet to an iron pin, a new corner, in the southern line of Lot Number 20; thence N 65° 00' West 226.66 feet to the point of BEGINNING.