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PRESENTED & RECORDED

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MICHAEL E. HORNE

REGISTER OF DEEDS

BY: ANA BUTLER

DEPUTY

BK: DE 2675

PG: 89 - 113

Prepared by and return to: Stegall & Clifford, PLLC, 202 Fair Oaks Lane, Winston-Salem, NC 27127

STATE OF NORTH CAROLINA
DAVIDSON COUNTY

**DECLARATION OF
RESTRICTIVE COVENANTS
For Hanes Meadows Subdivision
Plat Book 91, Page 76, and Book 93, Page 25
Davidson County Registry**

THIS DECLARATION IS MADE THIS 2nd day of October, 2024, by Hanes Meadows LLC, a North Carolina limited liability company, as owner and hereinafter referred to as the "Declarant." The Declarant hereby states and declares as follows:

WITNESS:

WHEREAS, Declarant is the owner and developer of all lots situation in the subdivision known as "Hanes Meadows" located in Midway Township, Davidson County, North Carolina, as shown on a plat thereof recorded in Plat Book 91, Page 76, and Book 93, Page 25, in the Davidson County Registry, known as the "existing property"; and

WHEREAS, it is the intention and purpose of the Declarant either to erect residences on said lots or to convey said lots to persons, firms, or corporations who will erect residences thereon for family and residential purposes; and

WHEREAS, it is the desire of the Declarant to establish a general plan pertaining to the enjoyment and use of said lots for the benefit of prospective purchasers, and to restrict the use of said lots in a uniform manner, and to put all persons on notice of such restrictions; and

WHEREAS, additional land may be annexed to the existing property by Declarant in future stages or development, without the consent of any other owner or any mortgagee, provided that said annexations must occur within 10 years after the date of this Declaration. Declarant may remove all or any property from the Exhibit A description by filing a written declaration of removal in the County Public Registry. The additions authorized herein shall be made by the filing of record a Supplement to Declaration of Covenants, Condition and Restrictions with respect to the additional land, which shall extend the scheme of this Declaration to such properties and thereby subject such additions to the benefits, agreements, restrictions, and obligations set forth herein.

WHEREAS, Declarant shall have and hereby reserves the right, at any time or from time to time, to file a replat of all or any part of the Properties owned by Declarant to affect a reconfiguration of any Lots or Common Elements in the Properties, subject to

Submitted electronically by "Stegall & Clifford, PLLC" -
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Davidson County Register of Deeds.

any necessary approval, joinder or consent of the appropriate county and/or municipal authorities.

NOW, THEREFORE, in consideration of the mutual covenants and easements herein granted to each party and for the benefit of any future owners of the parcels, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, the Declarant hereby states that all of said lots in Hanes Meadows, a plat of which is recorded in Plat Book 91, Page 76, and Book 93, Page 25, Davidson County Registry, shall be sold subject to the following:

ARTICLE I. DEFINITIONS

1. "Association" shall mean and refer to Hanes Meadows Homeowners Association, Inc., its successors and assigns.
2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having any interest merely as security for the performance of an obligation.
3. "Properties" shall mean and refer to that certain real property previously described and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
4. "Lot" shall mean and refer to any plot of land shown upon the site plan or approved final plat, as reasonably amended by Declarant from time to time, with the exception of the Common Elements, and shall include all improvements (including residential units) thereon. Each plot of land is the area for one residential unit, designed for single-family ownership.
5. "Declarant" shall mean and refer to Hanes Meadows, LLC, its successors and/or assigns, if such successors or assigns should acquire all of the Declarant's interest in the Properties.
6. "Common Elements" shall mean all fixtures, real property, and personal property owned by the Association for the common use and enjoyment of the Owners. Common Elements with respect to the Property subject to this Declaration, and any subsequent supplements or amendments, shall be shown on the various plats of Hanes Meadows recorded, or to be recorded, in the County Public Registry and designated thereon as "Common Elements" but shall exclude all Lots as herein defined and all public streets shown thereon. "Common Elements" shall include, but are not limited to: (i) the drainage ways, completed permanent detention or retention ponds; (ii) the entry monument(s); (iii) the playground area; (iv) the mailbox kiosk, and any other designated common elements.
7. "Board of Directors" shall mean and refer to the Board of Directors of the Association.

8. "Member" shall mean and refer to an Owner who holds membership in the Association pursuant to Article IV of this Declaration.
9. "County Public Registry" shall mean and refer to the Office of the Register of Deeds of Davidson County, North Carolina.
10. "Act" shall mean and refer to the "North Carolina Planned Community Act", Chapter 47F, North Carolina General Statutes.
11. "Special Declarant Rights" shall mean the rights as defined in Section 47F-1-103(28) of the Act for the benefit of a Declarant, including, but not limited to the following: to exercise any development right as defined in the Act; to maintain sales offices, management offices, models and signs, advertising of the Properties; and to elect, appoint, or remove any officer or Board Member of the Association during any period of Declarant control of the Association.

ARTICLE II. PROPERTY RIGHTS

Section One. Owners' Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Element, which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

- (a) The right of the Association to mortgage, dedicate or transfer all or any part of the Common Element to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Members. No such mortgage, dedication, or transfer shall be effective unless an instrument signed by two-thirds (2/3) of each class of Members agreeing to such dedication or transfer has been recorded;
- (b) The right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Element and facilities and in aid thereof to mortgage said property, provided that approval of the Members entitled to cast at least eighty percent (80%) of the votes in the Association shall be required to mortgage real property owned by the Association, and further provided that the rights of such mortgagee in said properties shall be subordinate to the rights of the Owners hereunder;
- (c) The right of the Association to adopt, publish, and enforce rules and regulations as provided in Article IX and levy fines;
- (d) The right of the Association or its representative to enter any Lot in order to perform any maintenance, alteration, or repair permitted herein to be performed by the Association, and the Owner of such Lot shall permit the Association or its representative to enter the Lot;

(e) The right of the Association or its representative to enter any Lot in the case of any emergency threatening such Lot or any other Lot for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate and shall not require prior notice; and

(f) The rights of the Declarant reserved in Article X and Article XI of this Declaration and the Special Declarant Rights.

Section Two. Title to the Common Element. The Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Element depicted on maps of the Properties to the Association, free and clear of all encumbrances and liens, except those encumbrances and liens set forth in this Declaration, utility easements, and storm drainage easements. Following conveyance of Common Element to the Association, Declarant shall be entitled to a prorata credit for all expenses of the Association incurred by Declarant (including insurance and real estate taxes), which have not theretofore been reimbursed to Declarant. The Common Element shall be conveyed without any express or implied warranties, which warranties are hereby expressly disclaimed by Declarant.

Section Three. Parking Rights. The Association may regulate parking within the public road ways that are a part of the Properties. Owners hereby consent to and authorize the Association to tow any vehicle that is parked in violation of this Declaration or rules and regulations of the Association.

ARTICLE III. MEMBERSHIP, VOTING RIGHTS, AND PURPOSES

Section One. Every Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

Section Two. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member(s) shall be the Declarant and shall be entitled to six (6) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) when all of the Lots on the Properties are deeded to persons other than Declarant or Declarant's affiliate; or seven (7) years after the later of the following: the date this

Declaration is recorded in the County Public Registry or the date any amendment adding additional real estate is recorded.

Section Three. Until the Class B Members are converted to Class A Members, Declarant is entitled to appoint all Board of Directors members, and the Association need not hold a meeting to elect directors until conversion of the Class B Members. Section Four. The Association shall have the right, duty and responsibility to: (i) acquire, administer, maintain and care for the Common Element; (ii) maintain the lawns on the Lots; (iii) establish, levy and collect assessments; (iv) engage contractors, vendors, employees or agents as it deems necessary to carry out all rights, duties and responsibilities; (v) make payment to contractors, vendors, employees or agents for services provided in caring out the purposes of the Association; (vi) enforce this Declaration; and (vii) perform all rights, duties and responsibilities set forth in the Declaration, Articles and Bylaws of the Association.

ARTICLE IV. COVENANT FOR MAINTENANCE ASSESSMENTS

Section One. Creation of the Lien and Personal Obligation of Assessments. Each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments, such assessments to be established and collected as hereinafter provided. The annual and special assessments, together with interest, late charges, costs and reasonable attorney's fees, shall be a charge on the Lots and upon filing of a claim of lien in the office of the Clerk of Superior Court of Davidson County in the manner provided in §47F-3-116(g) of the Act, shall be a continuing lien upon the Lots against which each such assessment is made. Each such assessment, together with interest, late charges, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his or her successors in title unless expressly assumed by them. If the Association should be dissolved or cease to exist, then in that event, every Owner of a Lot at the time of required maintenance shall be jointly and severally liable for any and all costs attendant thereto.

Section Two. 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 Properties and in particular for: (1) the improvement, maintenance, repair, and reconstruction of the Common Elements and maintaining the lawns of the Lots; (2) the maintenance, repair, and reconstruction of (a) any pond (detention, retention or water quality) as directed by the governmental office having jurisdiction for water quality protection, (b) entry monuments and retaining walls and such maintenance to include the cutting and removal of weeds and grass, (c) installation and maintenance of street lights (3) the removal of trash and rubbish; (4) the use and enjoyment of the Common Element, including, but not limited to, the cost of repairs, replacements, and additions; (5) the cost of labor, equipment, materials, management, and supervision; (6) the payment of taxes

and public assessments assessed against the Common Element; (7) the procurement and maintenance of insurance in accordance with this Declaration; (8) the employment of attorneys to represent the Association when necessary; (9) utility charges for commonly metered services; (10) assessments for public and private improvements made to or for the benefit of the Common Elements; and (11) such other needs as may arise.

Section Three. Reserves. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Elements, and those other portions of the Properties, which the Association may be obligated to maintain, and for unusual and unforeseen expenses of the Association. Such reserve fund is to be established, insofar as is practicable, out of annual assessments for common expense. Further, the reserve fund may be applied to operational deficits provided adequate reserves are maintained.

Section Four. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be Four Hundred Eighty Dollars (\$480.00) per Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment may be increased by the Board of Directors effective January 1 of each year without a vote of Membership, but subject to the limitation that any such increase shall not exceed the greater of twenty percent (20%) or the percentage increase in the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for all cities over preceding twelve (12) month period which ended on the previous October 1.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, or until increased as provided for in (b) or (c) below, whichever last occurs, the maximum annual assessment may be increased above the increase permitted in Section 4(a) above by a vote of two-thirds (2/3) of each class of Members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the monthly assessment at an amount which shall not exceed one twelfth (1/12) of the maximum annual assessment.

Section Five. Special Assessments. In addition to the annual assessments authorized above, the Association may levy in any assessment year a special assessment applicable to that year for the purpose of supplying adequate reserve funds for the replacement of capital improvements; for defraying, in whole or in part, the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Common Element; for insurance costs of the Association; or for unusual, unforeseen and nonrecurring expenses of the Association, provided that any such assessment shall have the assent of the Board of Directors. Any special assessment affecting or benefiting only particular Lots shall be equitably apportioned, by the Board, among the Lots affected or benefited.

Section Six. Notice and Quorum for any Action Authorized Under Section Four. Written notice of any meeting called for the purpose of taking any action authorized under Section Four shall be sent to all Members no 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 fifty percent (50%) 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 proceeding: meeting. Any special assessment affecting or benefitting only particular Lots shall be equitably apportioned, by the Board, among the Lots affected or benefited.

Section Seven. Uniform Rate of Assessment. Both annual and special assessments shall, except as herein otherwise specifically provided, be fixed at a uniform rate for all similar Lots and shall be collected on a monthly basis. Provided, however, that the assessment for Lots owned by Declarant which are not occupied as a residence, shall at all times be twenty-five percent (25%) of the assessments for other similar Lots.

Section Eight. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as to each building on the day of the month on which the first Lot in such building is conveyed by Declarant, to a non-related entity for occupancy. No dues shall be owed on Lots on which no residence has been constructed. 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 the first day of January of each calendar year. 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. Non-related entity means an entity, which is not owned, managed, or operated by any common individuals.

Section Nine. Effect of Nonpayment of Assessments: Remedies of the Association. A late charge of Twenty and No/100 Dollars (\$20.00) per month shall be added to any assessment not paid within thirty (30) days after the due date, together with interest from the due date at eight percent (8%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and in either event: interest, costs, and reasonable attorney's fees of any such action shall be added to the assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Element or abandonment of his or her Lot.

Section Ten. 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 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 mortgage or tax foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments,

which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section Eleven. Working Capital Fund. At the time of closing of the sale of each Lot, a sum equal of \$500 as an initial assessment for each Lot shall be collected and transferred to the Association for use as working capital. The purpose of said fund is to insure that the Association will have adequate cash available to satisfy expenses, and to acquire additional equipment or services deemed necessary or desirable. Amounts paid shall not be considered advance payment of monthly installments of annual assessments.

Section Twelve. Default By Association: Upon default by the Association in the payment to the jurisdiction entitled thereto of any assessments for public improvements or ad valorem taxes levied against the Common Elements, which default shall continue for a period of six (6) months, each Owner of a Lot shall become personally obligated to pay the jurisdiction a portion of the taxes or assessments in an amount determined by dividing the total taxes and/or assessments due to the jurisdiction by the total number of Lots in the Properties. If the sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, the sum shall become a continuing lien on the property of the Owner, his or her heirs, devisees, personal representatives, and assigns. The taxing or assessing jurisdiction may either bring an action at law against the Owner personally obligated to pay the same, or may elect to foreclose the lien against the property of the Owner.

ARTICLE V. EXTERIOR MAINTENANCE

Section One. Exterior Maintenance. Subject to the provisions of this Declaration as expressly set forth as the obligations of the Association, all maintenance, repair or replacement of the Lot and all structures, and other improvements located within the Lot shall be the sole responsibility of the Owner thereof who shall perform such maintenance in a manner consistent with the community and the applicable provisions of this Declaration. In the event that the need for maintenance or repair is caused through the willful or negligent act of the Owner, his or her family, or guests, or invitees, the Association may, but is not obligated to, perform such maintenance and the cost of such maintenance or repairs shall be added to and become a part of the assessment to which such Lot is subject, which is not subject to any maximum. The Association is hereby granted an easement right of access to go upon any Lot for performance of repairs or maintenance, the responsibility of which is the Association's hereunder.

ARTICLE VI. ARCHITECTURAL CONTROL

No landscaping, building, fence, signs, wall, antenna, satellite dish, or other structure or

improvement shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein (including but not limited to, color or painting or the exterior and type of exterior finish, any existing or builder-installed construction material, plant material or ground cover) be made, except in exceptional cases, when in such case, three copies of the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board (said committee being hereinafter referred to as the "Architectural Control Committee"). Absent such approval, the proposed improvement may not be commenced. Until such time as the Declarant assigns its rights to the Homeowner's Association, the Declarant shall be the Architectural Committee.

In the event an Owner of any Lot in the Properties shall make unauthorized changes to the premises and the improvements situated thereon in a manner unsatisfactory to the said Board of Directors or the Architectural Control Committee, said Board of Directors or the Architectural Control Committee shall have the right, through its agents and employees, to enter upon said Lot and to repair, maintain and restore the Lot and the exterior of the buildings and any other improvements erected thereon. The cost of such restoration and exterior maintenance and any other costs or attorney's fees incurred in the enforcement of the rights under these provisions shall be added to and become a part of the assessments to which such Lot is subject. Any approval by the said Board of Directors or the Architectural Control Committee shall be in accordance with the requirements set forth hereafter, and must be in writing.

ARTICLE VII. INSURANCE

Section One. Insurance coverage on the Common Element shall be governed by the following provisions:

(a) Ownership of Policies. All insurance policies upon the Common Element shall be purchased by the Association for the benefit of all the Association. Owners shall obtain insurance coverage at their own expense upon (i) their own personal property, (ii) their Lot and improvements thereon, (iii) for their personal liability and living expense, and (iv) such other coverage, as they may desire.

(b) Coverage. The Common Elements and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement;

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land; and

(iii) Such policies shall contain clauses providing for waiver of subrogation.

(c) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage, as the Association shall determine from time to time to be desirable and necessary.

(d) Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and shall be included as part of the annual assessment described in Article V above.

(e) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association, and shall provide that all proceeds thereof shall be payable to the Association. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purpose stated herein or stated in the Bylaws.

Section Two. Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Association, as insurance trustee shall be distributed in the following manner:.

(a) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefor.

(b) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs to the Common Element. Any proceeds remaining shall be held by the Association for future costs and expenses.

Section Three. Fidelity Insurance or Bond. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments, plus reserves accumulated.

ARTICLE VIII. USE RESTRICTIONS

Section One. Rules and Regulations for the Common Elements. 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 of the Common Elements. 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.

Section Two. Antennas and Satellite Dishes. No outside radio transmission tower, receiving antenna, or satellite dish shall be erected by an Owner within the Properties without the prior written approval of the Architectural Control Committee.

Section Three. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Properties, nor shall anything be done which may be or may become a nuisance or annoyance to the neighborhood.

Section Four. Use of Property:

- (a) Lots subject to these restrictions shall be used for residential purposes only and shall contain one (1) detached single family dwelling. A garage attached to the dwelling structure is permitted, and one (1) detached garage or outbuilding detached from the dwelling structure is permitted as long as it matches the aesthetic of the exterior dwelling structure. Plans for any detached garage or outbuilding shall be submitted to the Architectural Control Committee for approval prior to being constructed.
- (b) Size. The ground floor living area of a single-story residence, exclusive of basement, open porches, garages, terraces, and breezeways, shall be not less than 1,800 square feet. The living area of a one and one half-story residence, exclusive of basement, open porches, garages, terraces, and breezeways, shall be not less than 2,100 square feet. The living area of a two story residence shall be not less than 2,400 square feet, 1,200 square feet of which shall be apportioned to the ground floor living area. All ground floor living areas shall have a ceiling height of nine (9) feet.
- (c) Design and Construction Material. The exterior of all foundations shall be brick, stone, or Cementous siding. No stucco shall be allowed. Back, gables, and soffits may be vinyl. No mobile homes, modular homes, or manufactured homes shall be permitted in the subdivision.
- (d) Building Location. There shall be a setback from the front of each lot of thirty (50) feet, a side setback of ten (10) feet for neighboring lots, increased to fifteen (15) feet for side streets, and twenty (25) feet from the rear of each lot.
- (e) No Subdivision of Lots. The configuration of lots as shown on the recorded plat of this subdivision shall be maintained, and no lot or group of lots shall be subdivided to produce a greater number of lots or a smaller lot.
- (f) Fences. All fences in the subdivision must be black in color, and constructed of aluminum, other metal or vinyl, with the exception that chain link fences are prohibited regardless of color. No wooden or plastic fences shall be permitted.

Fencing shall be a maximum of 6 feet in height and must start no more than 10 feet from the rear of the home.

- (g) Pools. In-ground pools are permitted in the rear of each residence only subject to approval by Davidson County. No above-ground pools shall be permitted in the subdivision.
- (h) Driveways. All driveways in the subdivision shall be constructed of concrete. Lot owners are not permitted to park large commercial or recreational vehicles in the front area of the home or driveway if they are visible from the front of the home. Said vehicles may be stored in the rear of each lot, so long as the recreational vehicles cannot be seen from the front of the home.
- (i) Solar Panels. Solar panels are prohibited.
- (j) Buildings and Detached Garages. Exterior buildings and detached garages are permissible so long as they match the exterior of the home. No metal carports or out- buildings are allowed.
- (k) Streetlights and Common Areas. Maintenance and improvements of the streetlights and common areas shall be attributed to all owners equally as part of the common areas of the Association.

Section Five. Nuisances. No activity deemed noxious or offensive by the Architectural Control Committee or the Board shall be carried on upon any Lot or within the Common Element, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood as determined by said Architectural Control Committee or Board. Examples of such offensive activities shall include, but to be limited to, the origination or emission of any loud or disturbing noise or vibrations; the maintenance of an auto repair site, the maintenance of unsightly outdoor storage of personal property (including toys, motorcycles or other motor vehicles, tricycles, bicycles, wood piles or other miscellaneous items) on porches, patios, terraces or yards; or similar unsightly activity not in keeping with the aesthetic character and high level of appearance of the community. The Architectural Control Committee or the Board of Directors may establish reasonable rules and regulations for enforcing the provisions of this Section Five.

Section Six. Parking of Vehicles and Use of Property. No commercial vehicle, house trailer, boat, boat trailer, camper, tent, shed, or any other such vehicle, trailer, vessel or temporary structure shall be permitted to be parked or placed within the Properties except within area(s) which may be specifically designated for such purposes by the Association; provided, however, commercial vehicles, temporary buildings and other structures shall be permitted during the construction period by Declarant or as a temporary real estate sales office or construction office of Declarant. No abandoned vehicles or vehicles without license tags shall be parked on the street or in view of the front of the residence. The Lot shall be used for residential purposes. No garage,

outbuilding, or other appurtenant structure shall be used for residential purposes, either temporarily or permanently, nor shall any portion of the Property (except as expressly stated in the preceding sentence) be used except for residential purposes and for purposes incidental or necessary thereto. Home offices shall be allowed provided it does not create any traffic other than Owners and Occupants within the Properties. "Residential purposes" means residing in a Lot for any period of time.

Section Seven. Signs. With the exception of signs erected by Declarant pursuant to Article XI hereof, no sign of any kind whatsoever shall be erected upon or displayed or otherwise exposed to view on any Lot or any improvement thereon without the prior written consent of the Board of Directors of the Association. The Board of Directors prohibits the display of political signs earlier than forty-five (45) days before the day of the election and later than seven (7) days after an election day, and a Lot shall contain no more than one (1) political sign with the maximum dimension of 24x 24 inches unless the Town/City/County ordinance, whichever is applicable, expressly provides for a different size and number of political signs on a Lot. "For Sale" signs or temporary signs relating to the sale or financing of the home are allowed while a residence is being listed for sale.

Section Eight. Animals. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot; provided, however, dogs, cats or other household pets may be kept, not to exceed a total of four (4) such animals, provided they are not kept, bred or maintained for any commercial purposes. The foregoing limitation on the number of pets shall not apply to hamsters, small birds, fish or other constantly caged animals, nor shall it apply to require the removal of any litter born to a permitted pet prior to the time that the animals in such litter are three (3) months old. No animals may be kept chained in the yard of any residence. If any animal may, in the sole discretion of the Board of Directors or its designated committee, make an objectionable amount of noise, endanger the health of the occupants of other Lots, or otherwise constitute a nuisance or inconvenience to the Owner of other Lots, such animal shall be removed upon the request of the Board of Directors or its designated committee. If the Owner of such animal fails or refuses to honor such request, the animal may be removed at the direction of the Board of Directors. An Owner's failure to remove fecal matter or other solid waste left in any Common Element or Lot by an animal owned by an occupant of such Owner's Lot (or their guests or invitees) shall be conclusively deemed to be a nuisance, and shall subject such Owner to such reasonable penalties as may be determined by the Association, including without limitation, upon repeated violations, the removal of such animal as described above. The cost and expense of any removal of an animal under this Section Eight shall be the sole responsibility of the Owner of the Lot where the animal was kept (or was brought by a guest or invitee). In the event that such Owner fails to reimburse the Association for such cost and expense within twenty-one (21) days after the Association's demand for reimbursement, such cost and expense shall become part of the annual assessment against such Lot, and the amount of such cost or expense assessed against such Lot shall not be counted or considered in determining whether a maximum assessment has been made against such assessed Lot under Article V, Section Four of this Declaration.

Section Nine. Control of Pets. Every person owning or having possession, charge, care,

custody or control of any dog, cat or other uncaged pet shall keep such pet exclusively inside his own residential unit or inside the confines of such Owner's Lot; provided, however, that such pet may be off the Owner's Lot if it be under the control of a competent person and restrained by a chain, leash or other means of adequate physical control. Animals may not be kept chained in the yard of any residence. All Owners must control their pets at all times, whether or not such Owner is present, in a manner that will prevent any pet from (i) making noise at objectionable sound levels for extended periods of time, whether continuously or intermittently, (ii) endangering the health or safety of other Owners, their families, guests or invitees or creating fear in other Owners as to the safety of themselves, their families, guests or invitees, or (iii) otherwise constituting a nuisance or inconvenience to the Owner(s) of any other Lot; all of the foregoing as determined by the Association. Any pet identified by the Association as a potentially dangerous animal constituting an unreasonable risk or threat to any other Owner or as to other Owners generally, whether or not such risk or threat is deemed immediate or imminent, or as to the family, guests or invitees of any Owner or other Owners generally, whether due to the type, kind or species of such animal, or its size, natural proclivities or inherent nature, or as a result, whether in whole or in part, of the known tendencies, habits, disposition or history of such animal, or as a result of the manner in which such animal generally is supervised and controlled by its owner, or for any combination of any of the foregoing reasons, shall be subject to such further restrictions or control as the Association may in its absolute discretion deem appropriate, which further restrictions or control may include, without limitation, any one or more of the following additional requirements: (a) constant restraint of the animal by means of a cage, chain, leash or other means deemed appropriate and approved by the Association at all times while such animal is outside an Owner's residential unit, even while such animal is on such Owner's Lot; (b) limitations on the time periods or durations that such animal is permitted to be outside of its Owner's residential unit; (c) prohibiting the animal to be outside at any time without its Owner present; or (d) permanent removal of the animal from the Property.

Section Ten. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish, and all trash, garbage or other waste shall be stored in sanitary containers in accordance with the rules and regulations of any health or public safety authority having jurisdiction over the property. The sanitary containers shall only be placed outside at the earliest the evening before garbage pickup day and shall be immediately returned inside an enclosed area after garbage has been picked up. All incinerators or other equipment shall be kept in a clean and sanitary condition. No trash, garbage, or other waste may be placed within the Common Element, except in containers approved by the Board of Directors.

Section Eleven. Oil and Mining Operations. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon any Lot or within the Common Element. No derrick or other structure designated for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot or within the Common Element.

Section Twelve. Fines and Penalties. The Association, by the Board of Directors, may impose fines and penalties for any violation of the Declaration Bylaws, Articles of Incorporation or Rules and Regulations, pursuant to the Act. The Association's Board shall determine violations of the Declaration, Bylaws, Articles of Incorporation and Rules and Regulations. The Owners and Members consent to the Board making such determination and the assessment of a \$50.00 per day fine for violations of the Declaration, Bylaws, Articles of Incorporation, and Rules and Regulations and consent to the Association recording a lien against the Owner's or Member's Lot to collect such fines. The following procedure shall govern the imposition of fines: (i) the Association shall give written Notice of Violation of the Declaration, Bylaws, Articles of Incorporation, and Rules and Regulations adopted by the Board of Directors; (ii) if the Owner or Member does not respond within ten (10) days of receipt of the Notice of Violation, the Owner or Member shall be deemed to have agreed with such determination; (iii) if the Owner or Member objects to such Notice of Violation, it shall provide all written evidence as to why such act or omission does not constitute a violation of the Declaration, Bylaws, Articles of Incorporation or Rules and Regulations within ten (10) days of receipt of the Notice of Violation; (iv) the Board shall consider all written evidence submitted by the Owner or Member and shall make a final determination thereon within fifteen (15) days of receipt of the Owner's or Member's written material; (v) the Association, through the Board of Directors, shall respond to an Owner's or Member's objection in writing with a final determination on the issue; (vi) if the Owner or Member does not adhere to the Association's initial determination or final determination, if applicable, the Association shall be entitled to levy a fine and immediately record a lien therefore against the Owner or Member, not exceeding \$50.00 per day for as long as the violation of Declaration, Bylaws, Articles of Incorporation or Rules and Regulations continue. Upon the thirtieth (30) day after recording a lien, the Association shall be entitled to initiate foreclosure proceedings against the Owner if the fines have not been fully paid.

Section Thirteen. Rules and Regulations Concerning the Use of the Lot. Rules and Regulation concerning the use of the Lots may be promulgated by the Association acting by and through its Board of Directors, each of which shall be deemed to be incorporated herein by reference and made a part thereof, as amended from time to time. The Association shall deliver such rules and regulations to Owners prior to the time that they become effective. The rules and regulations promulgated from time to time shall be deemed to be reasonable and enforceable, so long as they bear any relationship to the safety, health, happiness and enjoyment of the Owners, and in furtherance of a plan to provide for the congenial occupation of the Lots, to promote and protect the cooperative aspects of ownership, the value of the Lots and/or facilitate the administration of the community as a first class, safe, healthy, happy, quiet and restful residential community. The Board of Directors of the Association is hereby granted specific power and authority to enforce said rules and regulations.

ARTICLE IX. EASEMENTS

All of the Properties, including Lots and Common Elements, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone, and electric power line and other public utilities as shall be established by the Declarant or by its predecessors in title; further, the Association shall have the power and authority to grant and establish upon, over, under, and across the Common Elements conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Properties. In addition, there is hereby reserved in the Declarant and its agents and employees an easement and right of ingress, egress, and regress across all Common Elements, now or hereafter owned by the Association, for the purpose of construction of improvements within the Properties, including the right of temporary storage of construction materials on said Common Elements. So long as Declarant owns any property described on Exhibit "A", Declarant reserves blanket easements and the right to grant such specific easements over all the Properties, including Lots and Common Elements, as may be necessary in conjunction with the orderly development of the property described on Exhibit "A" or any adjacent property (including without limitation the planning, construction, marketing, leasing, management and maintenance of improvements) for use, enjoyment, access, construction and maintenance of public or private utilities and storm drainage (whether subsurface or surface). No such easements may be located within the area beneath any building located thereon.

Declarant reserves access easements over all Lots for construction, either for that Lot or any adjacent property and easements for the installation of public or private utilities and storm drainage (whether subsurface or surface).

ARTICLE X. DECLARANT'S RIGHTS

The right is reserved by Declarant, or its agents, to place and maintain on the Properties all model homes, sales offices, advertising signs and banners and lighting in connection therewith and other promotional facilities at such locations and in such forms as shall be determined by Declarant. There is also reserved unto Declarant, its agents and prospective purchasers and tenants, the right of ingress, egress and transient parking in and through the Properties for such sales purposes. Declarant also reserves the right to maintain on the Properties without charge (a) a general construction office for Declarant's contractors and (b) appropriate parking facilities for the employees of Declarant's agents and contractors. Notwithstanding any other provision to the contrary, no annual or special assessment shall be due for any models of the Declarant. Notwithstanding any provision herein to the contrary, the rights and easements created under this Declaration are subject to the right of Declarant to execute all documents and do all other acts and things affecting the Properties, which in the Declarant's opinion, are required to implement any right of Declarant set forth in this Declaration (including the making of any dedications or conveyances to public use) provided any such document or act is not inconsistent with the then existing property rights of any Owner. Notwithstanding any provision to the contrary, Declarant reserves the right and power, and each Owner by acceptance of a deed to a Lot is deemed to and does give

and grant to Declarant a power of attorney, which right and power is coupled with an interest and runs with the title to a Lot and is irrevocable (except by Declarant), without the consent, approval or signature of each Owner, to (i) amend the Declaration and all attachments, to the extent necessary to confirm to the requirements then governing the purchases or insurance of mortgages by The Mortgage Corporation, Federal National Mortgages Association, Governmental National Mortgages Association, Federal Home Loan Mortgage Corporation, Mortgage Guaranty Insurance Corporation, Department of Housing and Urban Development, the Federal Housing Administration, the Veterans Administration, or any other similar agency or organization, (ii) induce any such agencies or entities to make, purchase, sell, insure or guarantee first mortgages covering Lot ownership, (iii) to correct typographical errors, surveyor errors in descriptions or otherwise, or obvious factual errors or omissions, the correction of which would not impair the interest of any Owner or mortgagee, (iv) bring this Declaration into compliance with the Act, (v) to amend any Exhibits, (vi) to exercise any Special Declarant Rights or development rights; and further provided that if there is an Owner other than the Declarant, the Declaration shall not be amended to increase the scope or the period of control of the Declarant, or (vii) to amend this Declaration in any manner which does not materially affect an Owner's use and enjoyment of his or her Lot; and further provided that if there is an Owner other than the Declarant, the Declaration shall not be amended to increase the scope or the period of control of the Declarant. Each deed, mortgage, other evidence of obligation, or other instrument affecting a Lot and the acceptance thereof shall be deemed to be a grant and acknowledgment of, and consent to the reservation of, the power of Declarant to vote in favor of, make, execute and record any of the foregoing amendments. The rights of Declarant under this Section shall terminate at such time as Declarant no longer holds or controls title to a Lot and the right of Declarant to add the Additional Property has expired.

Section One. Commercial Use. No lot or structure thereon shall be used for running a business, professional, commercial, or manufacturing purposes of any kind. This provision does not prohibit using a portion of the home as a home office for remote work purposes, so long as the work being performed does not involve clients coming to the home or the provision of professional services to the public, including, but not limited to, salon services, pet grooming, massage therapy or physical therapy, physical fitness training, and the like. Remote work from home situations are allowed. No noxious, hazardous, or offensive activity shall be conducted on any lot in this subdivision. Waivers to this section may be granted by the Declarant or the Homeowners' Association on a case-by-case basis.

ARTICLE XI. DISPUTE RESOLUTIONS AND LIMITATIONS ON LITIGATION

Section One. Agreement to Avoid Costs of Litigation and to Limit Rights to Litigate Disputes. The Association, Declarant, all Persons subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties in order to avoid the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes

between such Bound Party and any other Bound Party involving the Properties including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of this Declaration, the By-Laws, the Association rules, or the Articles (collectively "Claim"), except for those Claims authorized in Section Two, shall be resolved using the procedures set forth in Section Three in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

Section Two. Exempt Claims. The following Claims ("Exempt Claims") shall be exempt from the provisions of Section Three;

- (a) Any suit by the Association against any Bound Party to enforce the provisions of Article V (Assessments); .
- (b) Any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of Article VII (Architectural Control) and Article IX (Use Restrictions); and
- (c) Any suit between Owners (other than Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of North Carolina in the absence of a claim based on the Declaration, By-Laws, Articles or rules of the Association, if the amount in controversy exceeds \$5,000.00.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in Section Three, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of Section Three shall require the approval of the Association.

Section Three. Mandatory Procedures for All Other Claims. All claims other than Exempt Claims shall be resolved using the following procedures:

- (a) Notice. Any Bound Party having a claim ("Claimant") against any other Bound Party ("respondent"), other than an Exempt Claim, shall notify each respondent in writing of the Claim (the "Notice"), stating plainly and concisely:
 - 1) The nature of the Claim, including date, time, location, persons involved and respondent's role in Claim;
 - 2) The basis of the Claim ("Claimant") (i.e., the provisions of this Declaration, the By-Laws, the Articles or rules or other authority out of which the claim arises);
 - 3) What Claimant wants Respondent to do or not to do to resolve the Claim;

4) The Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.

(b) Negotiation.

(1) Each Claimant and Respondent (the "Parties") shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good negotiation.

(2) Upon receipt of a written request from any Bound Party, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in

resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the community.

(c) Mediation.

1) If the Parties do not resolve the Claim through negotiation within 30 days of the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have 30 additional days within which to submit the Claim to mediation under the auspices of any dispute resolution center or other such independent agency providing similar services in the same geographical area upon which the Parties may mutually agree.

2) If Claimant does not submit the Claim to mediation within 30 days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a party to the foregoing proceedings.

3) If the Parties do not settle the Claim within 30 days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice shall set forth when and where the Parties met, that the parties are at an impasse, and the date that mediation was terminated.

(4) Each Bound Party shall, within five days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand ("Settlement Demand") to the Respondent. The Respondent shall make a formal written settlement offer ("Settlement Offer") to the Claimant. If the Claimant fails to make a Settlement Demand, Claimants original Notice shall constitute the Settlement Demand. If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a "zero" or "take

nothing" Settlement Offer.

(d) Final and Binding Arbitration. Notwithstanding any other provision herein to the contrary, any and all claims, disputes and controversies by and between the Declarant, Association and/or Owners or any combination thereof arising from or related to the Properties (including Lots and Common Elements), any improvements to the Properties, the sale of the Properties, including, without limitation, any claim of breach of contract or warranty, negligence, negligent or intentional misrepresentation or non disclosure in the inducement, execution or performance of any contract, including this arbitration agreement, and breach of any alleged duty of good faith and fair dealings, shall be submitted to arbitration by and pursuant to the rules of Construction Arbitration Services, Inc. (hereinafter CAS) in effect at the time of the request for arbitration or by such other arbitration service as Declarant shall, in its sole discretion select, and pursuant to the rules of that arbitration service in effect at the time of the request for arbitration. This arbitration agreement shall inure to the benefit of, and be enforceable by all successors and assigns of the parties. Any party shall be entitled to recover reasonable attorneys' fees and costs incurred in enforcing this arbitration agreement, and the arbitrator shall have sole authority to award such fees and costs. The decision of the arbitrator shall be final and binding and may be entered as a judgment in any state or federal court of competent jurisdiction. This arbitration agreement shall be deemed to be a self executing arbitration agreement. Any disputes concerning interpretation or the enforceability of this arbitration agreement, including without limitation, its revocability or voidability for any cause, the scope of arbitrable issues and any defense based on waiver, estoppel or laches shall be decided by the arbitrator. The initiation of or participation by any party in any judicial proceedings concerning this arbitration agreement or any matter arbitrable hereunder shall not be deemed a waiver of the right to enforce this arbitration agreement, and notwithstanding provision of law to the contrary, shall not be asserted or accepted as a reason to delay, to refuse to participate in, or to refuse to enforce this arbitration agreement. Any party who shall commence a judicial proceeding concerning a dispute that is arbitrable, however, shall also be deemed a party requesting arbitration within the meaning of this arbitration agreement. The arbitrator's compensation shall be borne equally by the arbitrating parties. Any additional fees may be assessed in accordance with the arbitration rules and fees. Parties expressly agree that this arbitration agreement involves and concerns interstate commerce and is governed by the provisions of the Federal Arbitration Act (9 USC §1 et seq.) now in effect as the same may from time to time be amended, supplanted or replaced, to the exclusion of any different or inconsistent state or local law, ordinance or judicial rule; and to the extent that any local law, ordinance or judicial rule may be inconsistent with any provision of the rules of the arbitration service under which the arbitration proceeding shall be conducted, the latter rule shall govern the conduct of the proceedings. If any provision of this arbitration agreement shall be determined by arbitrator or by any court to be (i) non-enforceable or (ii) have been waived, the remaining provision shall be deemed to be severable therefrom and enforceable according to their terms.

Section Four. Allocation of Costs of Resolving Claims.

(a) Each Bound Party shall bear its own costs incurred prior to and during the proceedings described in Section Three (a), (b) and (c), including the fees of its attorney or other representative. Each Bound Party shall share equally all charges rendered by the mediator(s) pursuant to Section Three).

(b) Each Bound Party shall bear its own costs (including the fees of its attorney or other representative) incurred after the Termination of Mediation under Section Three (c) and shall share equally in the costs of conducting the arbitration proceeding (collectively, "Post Mediation Costs"), except as otherwise provided in subsection Section Four (c).

(c) Any Award, which is equal to or more favorable to Claimant than Claimant's Settlement Demand shall add such Claimant's Post Mediation Costs to the Award, such Costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than Respondent's Settlement Offer to that Claimant shall also award to such Respondent its Post Mediation Costs, such Costs to be borne by all such Claimants.

Section Five. Enforcement of Resolution. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with Section Three and any Bound Party thereafter fails to abide by the terms of such agreement, or if any Bound Party fails to comply with the terms of any Award following arbitration, then any other Bound Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in Section Three, in such event, the Bound Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Bound Party (or if more than one non-complying Bound Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorneys fees and court costs. Section Six. Commencement of Litigation.

(a) Any litigation by the Association other than the "Exempt Claims" set out in Section Two or (b) any arbitration against the Declarant shall both require an affirmative vote of seventy five percent (75%) of the Members of the Association prior to the institution of such litigation. No lawsuit shall be permitted against the Declarant. The Association and Owners agree to give the Declarant written notice of any claim or defect in the Properties prior to requesting arbitration, and further grant the Declarant a sixty day period within which to investigate the claim or defect and respond to the Association and/or Owners.

ARTICLE XII. GENERAL PROVISIONS

Section One. Enforcement. The Declarant, Association, or any Owner shall have the right to enforce, by 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 Declarant, Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section Two. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section Three. Duration. The covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of the lot owners for a term of thirty (30) years from the date this Declaration is recorded. Thereafter, said covenants and restrictions shall automatically be extended for successive periods of ten (10) years each, unless and until an instrument signed by the then-owners of two-thirds of the lots is recorded agreeing to change said covenants and restrictions in whole or in part; provided however, that no such agreement to change shall be effective unless made and recorded three (3) months in advance of the effective date of such change.

Section Four. Amendment. This Declaration may be amended or modified in any manner by the Declarant or by two-thirds of all lot owners, and such amendments or modifications shall become effective upon recording thereof in the Office of the Register of Deeds of Davidson County, North Carolina.

Section Five. Management and Contract Rights of Association. Declarant may enter into a contract with a management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance, and management of the Properties. Declarant contemplates that the initial manager may be the Declarant or a firm affiliated with the Declarant. The initial Board of Directors of the Association shall ratify and approve the management contract, which will provide for such manager or management company to act as a managing agent for the Association with respect to the Properties at a rate not to exceed the greater of: (i) Ten Dollars (\$10.00) per month for each Lot that has become subject to an assessment by the Association under Article V, Section Eight of this Declaration, or (ii) Four Hundred Dollars (\$400.00) per month. Any such contract or lease entered into by Declarant or by the Association while Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract, without justification or penalty, upon sixty (60) days notice.

Section Six. Rights of Noteholders. Any institutional holder of a first mortgage on a Lot ("Mortgage Holder") will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and the right

to designate a representation to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage, (e) receive written notice of any sixty-day delinquency in the payment of assessments or charges owed by the Owner of any unit on which it holds the mortgage, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Owners' Association, (g) receive written notice of any proposed action that requires the consent of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy.

Section Seven. Notices. Any notice required or desired to be given under the provisions of this Declaration shall be deemed to have been properly delivered when deposited in the United States mail, postage prepaid, directed to the last known Mortgage Holder or other party entitled to notice, at the last known address for each such party, all as shown on the books and records of the Association at the time such notice is given.

Section Eight. Exculpation. It is expressly understood and agreed that nothing contained in this Declaration shall be interpreted or construed as creating any liability whatsoever, directly or indirectly, against Declarant or any of its officers, members, managers, employees, agents, attorneys, heirs, executors, legal representatives, successors or assigns (collectively the Declarant Related Parties) for monetary relief or damages. In particular, and without limiting the generality of the foregoing, if any proceeding shall be brought to enforce the provisions of this Declaration, the party instituting such proceeding shall not be entitled to take any action to procure any money judgment against the Declarant or any related parties.

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

Section Ten. Disclaimer of All Warranties. Declarant and Developer hereby disclaim and exclude any and all warranties, expressed or implied (including, without limitation, any implied warranty of habitability, merchantability, quality or fitness for particular purpose), with respect to the Property, Common Elements, the Lots and the dwellings. The Association and any Owner knowingly agree to waive any and all rights that they may have pursuant to the implied warranty of habitability. The Association and Owners acknowledge and agree that the sole warranties that apply to

the Property, Common Elements, Lots and dwellings are solely contained within the purchase agreement for the acquisition of the Lot or dwelling from the seller thereof.

Section Eleven. Disclaimer of Other Entities. Owners and the Association acknowledge and understand that their relationship is with the Declarant, pursuant to the written terms of this Declaration, and no other entity notwithstanding anything to the contrary in advertising, promotional or other materials. Owners and the Association acknowledge that they have no claim against any entity including affiliates, subsidiaries, parents or otherwise under common control of Declarant, and Owners and the Association waive and release any such claims, if any. Section Eleven. Assignments by Declarant. All rights which are specified by this Declaration to be the rights of the Declarant are assignable, mortgageable, pledgeable or transferable. Any successor to, or assignee of, the rights of the Declarant hereunder (whether as the result of voluntary assignment, foreclosure, assignment in lieu of foreclosure or otherwise) shall hold or be entitled to exercise the rights of the Declarant hereunder as fully as if named as such party herein. No party exercising rights as Declarant hereunder shall have or incur any liabilities for the acts of any other party which previously exercised or subsequently shall exercise such rights.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its corporate name and its corporate seal to be hereunto affixed, by authority of its Board of Directors, the day and year first above written.

(THE REST OF THIS PAGE IS LEFT INTENTIONALLY BLANK)

IN WITNESS THEREOF, Declarant has executed this Declaration of Restrictive Covenants this 2 day of October, 2024.

Hanes Meadows LLC

By: [Signature]
Carl Cain, Member

By: [Signature]
Sanjay A. Aher, Member

By: [Signature]
Steven K. Myrick, Member

State of North Carolina
County of Guilford

I, Laurie R Stegall, a Notary Public of the County of Guilford, State of North Carolina, certify that Carl Cain, Sanjay A. Aher, and Steven K. Myrick, Members of Hanes Meadows LLC personally came before me this day and acknowledged that they are members of Hanes Meadows LLC, a Limited Liability Company, and that they, as a Member, being authorized to do so, executed the foregoing on behalf of the Limited Liability Company.

Witness my hand and official seal this 2 day of October, 2024.

[Signature]
Notary Public

My Commission Expires: 4/16/25

