

BK: R 8442

PG: 1-45

RECORDED:

04-28-2021

02:19:22 PM

BY: KELLY SALO

DEPUTY-GB



2021031439

NC FEE \$146.00

GUILFORD COUNTY, NC

JEFF L. THIGPEN

REGISTER OF DEEDS

STATE OF NORTH CAROLINA)

COUNTY OF GUILFORD)

PREPARED BY AND RETURN TO:

MARC L. ISAACSON, ESQ.

ISAACSON SHERIDAN

804 GREEN VALLEY ROAD, SUITE 200

GREENSBORO, NC 27408

US
M

DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS

FOR

NORTHERN WOODS SUBDIVISION

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS

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

TABLE OF CONTENTS

	<u>PAGE</u>
ARTICLE I – Definitions.....	5
Section 1.1 Definitions.....	5
ARTICLE II – Property Subject To This Declaration.....	7
Section 2.1 Property Subject To This Declaration.....	7
Section 2.2 Other Property.....	7
Section 2.3 Withdrawal of Property.....	7
ARTICLE III – Property Owners Association.....	7
Section 3.1 Nonprofit Corporation.....	7
Section 3.2 Membership.....	8
Section 3.3 Mergers.....	8
Section 3.4 Classes.....	8
ARTICLE IV – Assessments.....	8
Section 4.1 Purpose of Assessment.....	8
Section 4.2 Creation of the Lien and Personal Obligation for Assessments.....	9
Section 4.3 Late Charges.....	9
Section 4.4 Personal Liability.....	9
Section 4.5 Certificate of Payment.....	9
Section 4.6 Assessments.....	9
Section 4.7 Computation of Annual Assessments.....	9
Section 4.8 Special Assessments.....	9
Section 4.9 Lien for Assessments.....	10
Section 4.10 Priority.....	10
Section 4.11 Effect of Nonpayment of Assessment.....	10
Section 4.12 No Set Off or Deduction.....	10
Section 4.13 Application of Payments.....	10
Section 4.14 Date of Commencement of Assessments.....	10
Section 4.15 Specific Assessments.....	11
Section 4.16 Budget Deficits during Declarant Control.....	11
Section 4.17 Benefited Assessment.....	12
Section 4.18 Non-Resident Use of Common Property	12
ARTICLE V – Maintenance & Conveyance of Common Property to Association.....	12
Section 5.1 Association’s Responsibility.....	12
Section 5.2 Owner’s Responsibility.....	13
Section 5.3 Conveyance of Common Property by Declarant to Association.....	14
ARTICLE VI – Use Restrictions and Rules.....	14
Section 6.1 General.....	14
Section 6.2 Residential Use.....	14
Section 6.3 Sales/Construction Office.....	14
Section 6.4 Architectural Standards.....	14

Section 6.5	Approved Builders	21
ARTICLE VII	– Insurance and Casualty Losses.....	21
Section 7.1	Insurance on Common Property.....	21
Section 7.2	Liability Insurance.....	21
Section 7.3	Damage and Destruction-Insured by Owners...	21
ARTICLE VIII	– Deed of Trust Provisions.....	22
Section 8.1	Notices of Action.....	22
Section 8.2	No Priority.....	22
Section 8.3	Notice to Association.....	22
Section 8.4	Applicability of Section.....	22
Section 8.5	Amendments by Board.....	22
ARTICLE IX	– Easements.....	22
Section 9.1	Easements for Use and Enjoyment.....	23
Section 9.2	Easements for Utilities.....	24
Section 9.3	Easement for Drainage.....	24
Section 9.4	Easement for Entry.....	24
Section 9.5	Easement for Maintenance.....	24
Section 9.6	Easement for Entry Features.....	25
Section 9.7	Construction and Sale Period Easement.....	25
Section 9.8	Irrigation Easements.....	26
Section 9.9	Fence Easement.....	26
Section 9.10.	Right to Notice of Design or Construction Claims and Easement to Inspect and Right to Correct.....	26
ARTICLE X	– Intentionally Deleted.....	26
ARTICLE XI	– General Provisions.....	26
Section 11.1	Enforcement.....	26
Section 11.2	Jurisdiction and Venue.....	27
Section 11.3	Self-Help.....	27
Section 11.4	Duration.....	27
Section 11.5	Amendment.....	27
Section 11.6	Partition.....	28
Section 11.7	Gender and Grammar.....	28
Section 11.8	Severability.....	28
Section 11.9	Captions.....	28
Section 11.10	Indemnification.....	28
Section 11.11	Books and Records.....	29
Section 11.12	Financial Review.....	29
Section 11.13	Notice of Sale, Lease, or Acquisition.....	29
Section 11.14	Agreements.....	29
Section 11.15	Implied Rights.....	30
Section 11.16	Conflicts.....	30
Section 11.17	No Mechanic’s Liens.....	30
ARTICLE XII	– Variances.....	30

ARTICLE XIII – Litigation.....	30
Section 13.1 Required Vote	30
Section 13.2 Alternative Dispute Resolution	31
Section 13.3 Dispute Resolution Procedures	32
ARTICLE XIV – Condemnation.....	33
Section 14.1 Partial Taking: Without Direct Effect on Lots....	33
Section 14.2 Partial or Total Taking: Directly Affecting Lots...	33
Section 14.3 Notice to Mortgagees.....	33

**DECLARATION OF COVENANTS,
CONDITIONS, and RESTRICTIONS**

FOR

NORTHERN WOODS SUBDIVISION

NORTHERN WOODS 7, LLC, a North Carolina limited liability company ("Declarant"), makes this Declaration on this the 28 day of April, 2021.

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described on Exhibit A, attached to this Declaration; and

WHEREAS, Declarant desires to subject the real property described on Exhibit A to the provisions of this Declaration to create a community of single-family residential homes;

NOW THEREFORE, Declarant hereby declares that the real property described on Exhibit A of this Declaration, including any improvements which may be (but are not required to be) constructed on that property, is subjected to the provisions of this Declaration and of the North Carolina Planned Community Act. Such real property shall be held, sold, transferred, conveyed, used, occupied, or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens contained in this Declaration. The provisions of the Declaration shall be binding on all persons having any right, title, or interest in all or any portion of the property now or hereafter made subject hereto, their respective heirs, legal representatives, successors, successors-in-title, and assigns and shall inure to the benefit of each and every owner of all or any portion thereof.

ARTICLE I
Definitions

Section 1.1 Definitions. The following words, when used in this Declaration (unless the context shall prohibit), shall have the following meanings:

- (a) "Area of Common Responsibility" shall mean the Common Property, together with such other areas, if any, for which the Association has responsibility pursuant to this Declaration, any recorded plat, other covenants, contracts or agreements.
- (b) "Association" shall mean Northern Woods Homeowners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns ("Association").
- (c) "Board of Directors" or "Board" of the Association shall be the appointed or elected body, as applicable, having its normal meaning under North Carolina law.
- (d) "Bylaws" shall refer to the Bylaws of the Association.
- (e) "Common Property" shall mean, if any, the real property (including property in the "open space"), interests (whether contractual, equitable or legal) in real

property, and personal property, easements, and other interest, together with improvements located on that property (if any) which are now or are hereafter owned by the Association for the common use and enjoyment of some or all of the Owners including, but not limited to, cluster box units installed at or in the Community ("CBU") and the storm drainage systems which serve the subdivision to the extent that they are outside dedicated rights of way and any areas within dedicated conservation easements. Common Property shall include all "Sign Location(s)" and "Common Element(s)" identified on that certain plat recorded at Plat Book 206, Page 37-39, Office of the Guilford County Register of Deeds.

- (f) "Community" shall mean the real property and interests described on Exhibit A and such additions to that property as may be made by Declarant or by the Association pursuant to this Declaration.
- (g) "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. The Board of Directors of the Association may more specifically determine such standard. Such determination must be consistent with the Community-Wide Standard originally established by the Declarant, in its sole discretion.
- (h) "Declarant" shall mean that person or entity executing this Declaration as Declarant. The Declarant may appoint and designate a successor Declarant by designating such appointment or designation in a deed filed in the Office of the Guilford County Register of Deeds. Builders who construct single family houses shall have certain Special Declarant Rights as identified herein.
- (i) "Declaration" refers to this document and shall include any Supplementary Declaration.
- (j) "Development Period" means the period for so long as the Declarant owns any property in the Community or has the right to annex additional property.
- (k) "Exclusive Common Property" shall mean real property, interests in real property, and personal property, easements, and other interests, which the Association owns and which are designated for the common use and enjoyment of less than all of the Owners.
- (l) "Lot" shall mean any plot of land within the Community, whether or not improvements are constructed on that land, which constitutes or will constitute, after the construction of improvements, a Single-Family Detached Dwelling site as shown on a plat recorded in the Office of the Guilford County Register of Deeds. The ownership of each Lot shall include, and there shall pass with each Lot as an appurtenance thereto (whether or not separately described), all of the right, title, and interest of an Owner in the Common Property supporting said Lot and membership in the Association.
- (l) "Member" shall mean and refer to every person who is a member of the Association.

- (m) "Deed of trust" means any deed of trust, security deed, or similar instruments used for the purpose of encumbering real property in the Community as security for the payment or satisfaction of an obligation.
- (n) "Obligee" shall mean the holder of a Deed of trust.
- (o) "Occupant" shall mean any Person occupying all or any portion of a Lot or other property located within the Community for any period of time, regardless of whether such Person is a tenant or the Owner of such property.
- (p) "Owner" shall mean the record owner, whether one or more Persons, of the fee simple title to any Lot located within the Community; excluding any Person holding such interest merely as security for the performance or satisfaction of any obligation.
- (q) "Person" means a natural person, corporation, joint venture, partnership (general or limited), association, trust, or other legal entity.
- (r) "Supplementary Declaration" means an amendment or supplement to this Declaration which places additional restrictions and obligations on the land described therein, or both.
- (s) "Total Association Vote" means all of the votes attributable to members of the Association. If the Total Association Vote is taken during a time while Declarant has the right to appoint members of the Board of Directors, a Total Association Vote approving some item or proposition must contain the affirmative vote of Declarant or the item or proposition will be deemed not to have been approved.

ARTICLE II
Property Subject To This Declaration

Section 2.1 Property Subjected To This Declaration. The real property that is subject to the covenants and restrictions contained in the Declaration is the real property described in Exhibit A.

Section 2.2 Other Property. Only the real property described in Section 2.1 is made subject to this Declaration. However, Declarant may subject additional property by recording one or more Supplementary Declarations.

Section 2.3 Withdrawal of Property. Declarant reserves the right to amend this Declaration during the Development Period for the purpose of removing any portion of the real property described in Exhibit A from the coverage of this Declaration. Such amendment shall not require the consent of any person other than the Owner of the property to be withdrawn, if not Declarant. If the property to be withdrawn is common property, the Association shall consent to such withdrawal, but no property shall be withdrawn if such withdrawal would violate any conservation easement requirements.

ARTICLE III
Property Owners Association

Section 3.1 Nonprofit Corporation. Northern Woods Homeowners Association, Inc. is a nonprofit corporation organized under the laws of the State of North Carolina. A Board of three (3) Directors who need not be Members of the Association shall manage the Association. Until the Association is formally turned over to the residents in accordance with the provisions of this document and the first annual meeting is held, the initial Board of Directors shall be appointees of Northern Woods 7, LLC. The Association may increase the size of the Board up to seven (7) Members by a majority vote of the Members. The initial mailing address of the Board shall be 7-B Corporate Center Court, Greensboro, North Carolina 27408. Said Board shall be responsible for adopting and ratifying the Bylaws of the Association included herein as Exhibit B and distributing the same to the Members thereof.

Section 3.2 Membership. Every person who is record Owner of a fee or undivided fee interest in any Lot that is subject to covenants of record and to assessment by the Association, including contract sellers, but excluding persons who hold an interest merely as security for the performance of any obligations, shall be a Member of the Association. Ownership of such interest shall be the sole qualification for such membership. No Owner shall have more than one membership in the Association and there shall be only one vote for each Lot in the development. The Lot's vote shall be suspended in the event more than one Person seeks to exercise it. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot that is subject to assessment. The Board of Directors may make reasonable rules regarding proof of ownership.

Section 3.3 Mergers. To the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, provided that any such merger or consolidation shall have the consent of two-thirds (2/3) of the entire Class A Membership and two-thirds (2/3) of the entire Class B Membership, if any.

Section 3.4 Classes. The Association shall have the following two classes of voting membership:

- (a) **Class A.** Class A Members shall be all Owners, with the exception of the Declarant. Class A Members shall be entitled to one 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 the Owners thereof determine, but in no event shall more than one vote be cast with respect to any Lot, and no fractional vote may be cast with respect to any Lot.
- (b) **Class B.** The Class B Member shall be the Declarant, which shall be entitled to nine (9) votes for each Lot in which it holds a fee or undivided fee interest, provided that 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:
 - (1) When the total votes outstanding in Class A membership (excluding Lots owned by Declarant) equals the total votes outstanding in Class B

membership; or

(2) Upon declaration of the Declarant.

ARTICLE IV Assessments

Section 4.1 Purpose of Assessment. The assessments provided for in this Declaration shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and Occupants of Lots, as may be authorized from time to time by the Board.

Section 4.2 Creation of the Lien and Personal Obligation for Assessments. Each Owner agrees to timely pay to the Association: (a) annual assessments or charges; (b) special assessments; (c) specific assessments; (d) assessments for the Shared Amenity Areas and (e) benefited assessments against any particular Lot, which are established pursuant to the terms of this Declaration. Each Owner also agrees to pay reasonable penalties as may be imposed in accordance with the terms of this Declaration.

Section 4.3 Late Charges. All assessments shall accrue late charges, interest (not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum on the principal amount due), and costs, including without limitation, reasonable attorney's fees and costs actually incurred. The assessments and charges shall be a continuing lien upon the Lot against which each assessment is made, and shall also be the personal obligation of the person who was the Owner of such Lot at the time the assessment fell due.

Section 4.4 Personal Liability. Each Owner shall be personally liable for the portion of each assessment coming due while the owner of a Lot, and each grantee of an Owner shall be jointly and severally liable for the assessments which are due at the time of conveyance; however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Oblige taking title through foreclosure proceedings.

Section 4.5 Certificate of Payment. The Association shall, within five (5) business days after receiving a written request, furnish a certificate signed by an officer of the Association or its appointee setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate shall be binding upon the Association as of the date of issuance. The Board shall have the right to impose a reasonable charge for providing this certificate.

Section 4.6 Assessments. Assessments shall be levied equally on all similarly situated Lots and shall be paid in such manner and on such dates as may be fixed by the Board. The Board may allow assessments to be paid by periodic payments, and the Board shall have the right to accelerate any unpaid installments in the event an Owner is delinquent.

Section 4.7 Computation of Annual Assessments. The Board shall prepare a budget covering the estimated costs of operating the Association during the coming year, which may include a capital contribution or reserve. The Board shall cause the budget and the assessments to be mailed or delivered to each Member at least thirty (30) days prior to the end of the current fiscal year. The budget and the assessment shall become effective unless disapproved at a meeting by a majority of the Total Association Vote. In the event the membership disapproves the proposed budget, or the Board fails to establish a budget for the

succeeding year, the budget in effect for the then current year shall continue for the succeeding year until changed by the Board. In the event the Board's budget is disallowed, the Board shall have the right to make a new budget retroactive to the start of the fiscal year.

Section 4.8 Special Assessments. In addition to the other assessments authorized by this Declaration, the Association may levy special assessments from time to time. Special Assessments must be approved at a meeting by two-thirds (2/3) of the Total Association Vote. Special assessments shall be paid as determined by the Board, and the Board may permit special assessments to be paid in installments extending beyond the fiscal year in which the special assessment is imposed.

Section 4.9 Lien for Assessment. All sums assessed against any Lot, Owner or member pursuant to this Declaration shall be secured by a lien on such Lot in favor of the Association.

Section 4.10 Priority. The lien of the Association shall be superior to all other liens and encumbrances on such Lot, except for (a) liens for ad valorem taxes; (b) liens for all sums unpaid on a first priority Deed of trust or any other Deed of trust or security instrument filed prior in time to a lien of the Association, or (c) a lien arising by virtue of any Deed of trust in favor of Declarant which is duly recorded in the Office of the Guilford County Register of Deeds. All other Persons acquiring liens or encumbrances on any Lot after this Declaration shall have been recorded shall be deemed to acknowledge that their liens shall be inferior to the lien of the Association for assessments in existence at that time or which arise in the future.

Section 4.11 Effect of Nonpayment of Assessment. Assessments (or installments) not paid when due shall be delinquent. Any assessment (or installment) which is delinquent for a period of more than ten (10) days shall incur a late charge in an amount set by the Board. If the Assessment is not paid within thirty (30) days, a lien shall attach and shall be evidenced by the filing of a Notice of Lien. The lien shall include all assessments then due or which come due until the lien is canceled of record, and any other amounts provided in this Declaration or permitted by law. In the event that the assessment remains unpaid after thirty (30) days, the Association may institute suit to collect such amounts and foreclose its lien. The Association shall have the right to foreclose its lien in the same manner as provided for the foreclosure of deed of trust liens in North Carolina or through any other method allowed by law. The Association shall have the power to bid on the Lot at any foreclosure sale and to acquire, hold, lease, deed of trust or convey the same. The Association shall also have the right and option to proceed personally against any defaulting Owner to obtain a judgment for all unpaid assessments, penalties, and late charges which may be added thereto. In any action for collection of past due assessments or in the filing or foreclosure of a lien, the Association may also collect the costs of such collection, including reasonable attorneys' fees and costs.

Section 4.12 No Set Off or Deduction. No Owner may waive or otherwise exempt himself from liability for the assessments provided for in this Declaration, other than as provided for in Paragraph 4.16, and other than any Builder whose total assessment liability shall be one quarter (1/4) the annual assessment payable at closing on Builder's conveyance of a constructed single family residence to a third party purchaser. No setoff, diminution, or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action, for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of

any municipal or other governmental authority. The obligation to pay assessments is a separate and independent covenant on the part of each Owner and is not subject to setoff.

Section 4.13 Application of Payments. All payments shall be applied first to costs (including reasonable attorneys fees), then to late charges, then to interest and then to delinquent assessments.

Section 4.14 Date of Commencement of Assessments. Assessments shall start on the first day of the month following the sale of the Lot to a Person; however, the sale of a Lot to a contractor for the purpose of construction of a home shall not cause assessments to commence. The first assessment shall be prorated and collected according to the number of days then remaining in that assessment period at the time the contractor sells the Lot or the home is otherwise occupied.

At the time of closing of the sale of each Lot, the prorata share of the annual Property Owner's Association assessment plus an additional 2/12 of the annual assessment shall be collected from the purchaser and transferred to the Association's working capital fund and maintained in an account for the use and benefit of the Association. Declarant shall make a contribution in the amount of not less than \$20,000 to the working capital fund of the Association upon the closing of the first sale of a Lot to a third-party buyer, and such amount is intended for use by the Association in maintaining and repairing the private streets located within the Community. The purpose of the fund is to ensure that the Association Board will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advanced payment of regular assessments. No such assessment may be used by the Declarant for the initial development of the subdivision's infrastructure or improvements, but such assessments may be used for utilities, maintenance and other reasonable expenses as deemed applicable by Declarant up until such time as Declarant's Class B shares convert to Class A shares at which time the Association may review the Assessments in place and revise such amounts as needed. The Declarant is exempt from paying any assessments.

Section 4.15 Specific Assessments. The Board, in its sole discretion, shall have the power to specifically assess pursuant to this Section, as it shall deem appropriate, except as to Builders. Failure of the Board to exercise its authority under this Section shall not be grounds for any action against the Association or the Board of Directors and shall not constitute a waiver of the Board's right to exercise its authority under this Section in the future. The Board may also specifically assess Owners for the following Association expenses (except for expenses incurred for maintenance and repair of items which are the maintenance responsibility of the Association):

- (a) Expenses of the Association which benefit less than all of the Lots may be specifically assessed equitably among all of the Lots which are benefited according to the benefit received; and
- (b) Expenses of the Association which benefit all Lots, but which do not provide an equal benefit to all Lots, may be assessed equitably among all Lots according to the benefit received.

Section 4.16 Budget Deficits During Declarant Control. For so long as the Declarant has the authority to appoint the directors and officers of the Association, Declarant may (but

shall not be required to):

- (a) advance funds to the Association sufficient to satisfy the deficit, if any, between the actual operating expenses of the Association and the sum of the annual, special, specific, and benefited assessments collected by the Association in any fiscal year. Such advances shall, upon request of Declarant, be evidenced by promissory notes from the Association in favor of the Declarant. The failure of Declarant to obtain a promissory note shall not invalidate the debt; or
- (b) cause the Association to borrow funds for said needed advances from a third party at the then prevailing rates in the local area of the Community. Declarant, in its sole discretion, may guarantee repayment of such loan, if required by the lending institution, but no deed of trust secured by the Common Property or any of the improvements maintained by the Association shall be given in connection with such loan; or
- (c) acquire property for, or provide services to, the Association or the Common Property. Declarant shall designate the value of the property or the services provided and such amounts, at the request of the Declarant, shall be evidenced by a promissory note of the Association. Failure to obtain a promissory note shall not invalidate the obligation referred to in this Section.

Section 4.17 Benefited Assessment. The Association shall have the power to levy benefited assessments against a particular Lot or Lots to cover the costs, including overhead and administrative costs, of providing services to the Lots upon request of an Owner pursuant to any menu of special services, which the Association may offer. By way of example, such services and facilities might include landscape maintenance, pest control service, trash collection, recycling, and similar services and facilities. The Association may levy benefited assessments in advance of providing the requested service.

Section 4.18 Non-Resident Use of Common Property. Any use of the Common Property by a person who does not qualify as an Owner or his tenant, guest, invitee, or family member shall be prohibited.

ARTICLE V

Maintenance & Conveyance of Common Property to Association

Section 5.1 Association's Responsibility:

- (a) The Association shall maintain in good repair the Common Property, including (without limitation) maintenance, repair, and replacement of all landscaping and improvements situated on the Common Property, including the land identified as open space and landscape buffers. All open space shall be maintained as a perpetual open space/conservation easement and shall not be used for any other purpose. Improvements on the land subject to this easement shall not be improved except for pedestrian activity and passive recreation. The open space shall not be divided.
- (b) The Association shall also maintain all entry features (including the expenses for water and electricity, if any, provided to all such entry features), and common

areas; operate and maintain street lights (if not maintained and operated by a governmental entity or utility company) for the Community; maintain all storm water collection and detention facilities and easements serving the Community (that are not maintained by a governmental entity); maintain all private streets or roads; and all property outside of Lots located within the Community which was originally maintained by Declarant. NOTE: ALL STREETS WITHIN THIS COMMUNITY ARE PRIVATE STREETS AND WILL NOT BE MAINTAINED BY ANY GOVERNMENTAL AGENCY UNLESS EXPRESSLY DEDICATED TO THE PUBLIC.

- (c) The Association shall have the right, but not the obligation, to maintain other property not owned by the Association, whether within or without the Community, including the yards of Owners, where the Board has determined that such maintenance would benefit the Owners. This maintenance right shall include but not be limited to the right of the Association to install, repair, reset or control irrigation systems on Lots, to replace, maintain, chemically treat, fertilize and control placement of foliage, shrubs, grass, mulch or other vegetation. The association shall have the right, but not the obligation to remove any locks or other devices which prevent any maintenance right hereunder without liability to the Lot Owner. Owners may not alter, add to or change the original landscaping without consent of the ARC. Owners may plant seasonal flowers or other type foliage, but the ARC shall retain the right to have those items removed in the ARC's sole discretion.
- (d) The Association shall also own and maintain landscaping of that easement, buffer or berm area abutting any public right of way or adjoining property. Such maintenance shall include cutting grass and maintaining trees and shrubs initially installed by Declarant or installed by the Association. Declarant planted a double row of Japanese Cryptomeria along the western line of the development which trees shall be maintained by the Association. The Association shall replace any dying or dead trees.
- (e) The Association shall also own and authorize all signage within all easements or common areas as may be utilized by Builders to market and sell during the Declarant Period of Control.
- (f) In the event that the Association determines that the need for maintenance, repair, or replacement of property described in (a), (b), (c), (d) or (e) above is caused through the willful or negligent act of an Owner, or the family, guests, lessees, or invitees of any Owner, and is not covered or paid for by insurance, in whole or in part, then the Association may perform such maintenance, repair, or replacement at such Owner's sole cost and expense, and all costs thereof shall be a special assessment against such Owner subject to the Association's lien and collection rights provided for in this Declaration.
- (g) All maintenance shall be performed consistent with the Community-wide Standard.

Section 5.2 Owner's Responsibility. Except as provided otherwise in this Declaration or any Supplementary Declaration hereto, all maintenance of the Lot and all structures, parking

areas, landscaping, and other improvements thereon shall be the sole responsibility of the Owner thereof, who shall maintain such Lot in a manner consistent with the Community-Wide Standard and this Declaration. In the event that the Board determines that any Owner has failed or refused to discharge properly any of such Owner's obligations with regard to the maintenance, repair, or replacement of items for which such Owner is responsible, the Association may perform such maintenance, repair, or replacement for the Owner at the expense of the Owner. Except in an emergency situation, the Association shall give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice within which to complete such maintenance, repair, or replacement, or, in the event that such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work, which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at such Owner's sole cost and expense, and all costs shall be an assessment and subject to the collection remedies of Section 4.11 for non-payment of an assessment.

Section 5.3 Conveyance of Common Property by Declarant to Association. The Declarant may convey to the Association any personal property, any improved or unimproved real property, leasehold, easement, or other property interest located within or adjacent to the Community. Such conveyance shall be accepted by the Association and acknowledged by a letter of acceptance (if requested) and the property shall thereafter be Common Property to be maintained by the Association for the benefit of all or a part of its members. Declarant shall not be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section. Upon written request of Declarant, the Association shall re-convey to Declarant any unimproved portions of the Common Property originally conveyed by Declarant to the Association for no (or nominal) consideration to the extent conveyed by Declarant in error or needed by Declarant to make adjustments in property lines.

ARTICLE VI **Use Restrictions and Rules**

Section 6.1 General. This Section sets out certain use restrictions that must be complied with by all Owners and Occupants. These use restrictions may only be amended as provided in this Declaration. In addition, the Board may, from time to time, without consent of the members, promulgate, modify, or delete other use restrictions and rules and regulations applicable to the Community. Such use restrictions and rules shall be distributed to all Owners and Occupants prior to the date that they are to become effective and shall thereafter be binding upon all Owners and Occupants until and unless overruled, cancelled, or modified in a regular or special meeting by a majority of the Total Association Vote.

Section 6.2 Residential Use. All lots in the Northern Woods Subdivision shall be used for residential purposes exclusively. No business or business activity may be conducted on any of said Lots at any time except that a resident may have a home office so long as such business, in the sole discretion of the Board, does not create a disturbance, increase traffic flow, or parking congestion and complies with all applicable governmental regulations. Leasing of a Lot shall not be considered a business or business activity.

Section 6.3 Sales/Construction Office/Signage. The Declarant and/or its appointee

and/or any Builder in the Subdivision shall have the right to operate a sales office and a construction office from one or more Lots within Subdivision. Declarant and/or its appointee and/or any Builder in the Subdivision may have one or more model homes within Subdivision which may be operated under a leasehold status or otherwise. Declarant and/or its appointee and/or any Builder in the Subdivision may utilize marketing and sales signage on Lots owned by Builder, and shall be authorized to have entry way and common area signage.

Section 6.4 Architectural Standards. No exterior construction, alteration, addition, or erection of any nature whatsoever shall be commenced or placed upon any part of the Community, except such as is installed by the Declarant, or as is approved in accordance with this Section, or as is otherwise expressly permitted herein. Except as provided above, no exterior construction, addition, erection, or alteration shall be made unless and until plans and specifications showing at least the nature, kind, shape, height, materials, and location shall have been submitted in writing to, and approved by, an Architectural Review Committee to be established by the Declarant or Board. With respect to the Architectural Review Committee:

- (a) The Architectural Review Committee (ARC) may be established such that it is divided into two (2) subcommittees, with one (1) subcommittee having jurisdiction over modifications and the other having jurisdiction over new construction.
- (b) The Board may employ architects, engineers, or other persons as it deems necessary to enable the Architectural Review Committee to perform its review.
- (c) The Architectural Review Committee may, from time to time, delegate any of its rights or responsibilities hereunder to one (1) or more duly licensed architects or other qualified Persons, which shall have full authority to act on behalf of the committee for all matters delegated.
- (d) Written design guidelines and procedures shall be promulgated for the exercise of this review, which guidelines may be provided for a reasonable fee.
- (e) So long as the Declarant owns any property for development or sale in the Community, the Declarant shall have the right to appoint all members of the Architectural Review Committee, and shall be the approval authority for home plan, signage and other Architectural Review Committee matters. Upon the expiration or earlier surrender in writing of such right of the Declarant, the Board shall appoint the members of the Architectural Review Committee.
- (f) An Owner must submit plans and specifications to the Architectural Review Committee in a form that is established by and acceptable to the Architectural Review Committee. A failure by the Architectural Review Committee to respond to any request or application shall not constitute a waiver, and no waiver by the Architectural Review Committee shall be effective unless it is in writing and signed by the Chairman of the Architectural Review Committee or the Chairman's designee. As a condition of approval under this section, each Owner, on behalf of such Owner and such Owner's successors-in-interest shall assume all responsibilities for maintenance, repair, replacement, and insurance to and on any change, modification, addition, or alteration. In the discretion of the Architectural

Review Committee, an Owner may be made to verify such condition of approval by a recordable written instrument acknowledged by such Owner on behalf of such Owner and such Owner's successors-in-interest. The Architectural Review Committee shall be the sole arbiter of such plans and may withhold approval for any reason, including purely aesthetic considerations, and it shall be entitled to stop any construction in violation of these restrictions. Any member of the Board or its representatives shall have the right, during reasonable hours and after reasonable notice, to enter upon any property to inspect for the purpose of ascertaining whether or not a violation of this Covenant exists. These Persons shall not be deemed guilty of trespass by reason of such entry. In addition to any other remedies available to the Association, in the event of noncompliance with this Section, the Board may, as provided in this Declaration, record in the appropriate land records a notice of violation naming the violating Owner.

Plans and specifications are not approved for engineering or structural design or quality of materials, and by approving such plans and specifications neither the Architectural Review 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 Review 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 or 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 Review 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 any claims, demands, and causes of action arising out of or in connection with any judgment, negligence, or nonfeasance of said parties 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. No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Subdivision in connection with or in anticipation of any potential or pending claim, demand or litigation involving such design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the owner of the property to discuss the owner's concerns and conduct their own inspection.

- (g) Signs. No sign of any kind shall be erected by an Owner or Occupant within the Community without the prior written consent of the Architectural Review Committee, which consent shall be in its sole discretion. Any sign erected without such consent may be removed by the Architectural Review Committee or any member of the Board of the Association who shall have the right to enter any Lot for such purposes. Notwithstanding the foregoing, the Board and the Declarant shall have the right to erect reasonable and appropriate signs. Any signs required

by legal proceeding may be erected upon any Lot. All "For Sale" "For Lease" or any other sign shall be approved by the ARC. Such signs shall be uniform in nature. Provided, however, with respect to political signs and flags, the following shall apply:

POLITICAL SIGNS: Political signs are allowed but are limited to one sign per Lot and must not be larger than 4 square feet. Signs cannot be posted prior to forty-five (45) days before or seven (7) days after an election, as defined in North Carolina General Statutes, Chapter 47F-3-121.

FLAGS: Flags are permitted but must be no larger than 4 X 6 feet and must be flown in a manner that complies with any applicable laws, regulations or ordinances.

- (h) Vehicles. The term "vehicles," as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, trucks, campers, buses, vans, and automobiles. Unless and except to the extent that the Occupants of a Lot shall have more vehicles than the number of parking areas serving their Lot, all vehicles shall be parked within such parking area. Where the Lot contains a garage, "parking area" shall refer to the number of garage parking spaces. All single-family detached homes shall contain a two-car garage. Garage doors shall be kept closed at all times, except during times of ingress and egress from the garage.
- a. No boat, motor home, trailer, recreational vehicle, or trailer may be left within any portion of the Community for extended periods of time (but in no event for a period longer than two (2) days) or for shorter periods in a repetitive manner, in the reasonable discretion of the Board, unless it is stored in a garage or stored in another area designated or approved by the Board. Vehicles, boats, motor homes, trailers, or recreational vehicles which are either unlicensed or inoperable for a period of five (5) days or more may not be stored upon any portion of the Community at any time unless fully enclosed in a garage. Residents shall not park in the streets of the Community at any time and their guests/invitees shall not park in the streets of the Community for periods greater than 12 hours continuously for the purposes of visiting a resident or otherwise.
 - b. No unlicensed vehicle shall be left upon any portion of the Community, except in a garage or other area designated by the Board.
 - c. Such vehicles identified in (a) and (b) above must be removed by the Owner. The Association shall have the right to remove any such vehicle if not removed by the Owner within ten (10) days of notice, and the costs of such removal shall be an assessment against the Owner.
- (i) Off Road. No motorized vehicles shall be permitted on pathways or unpaved Common Property except for public safety vehicles and vehicles authorized by the Board.
- (j) Leasing. Lots in Neighborhoods designated for residential development may be

leased only for residential purposes. All leases shall have a minimum term of at least six (6) months. All leases shall require, without limitation, that the tenant acknowledge receipt of a copy of the Declaration, Bylaws, use restrictions, and rules and regulations of the Association. The lease shall also obligate the tenant to: (i) deliver to the Association (or its management company) a copy of the executed lease agreement along with a certificate of insurance showing adequate renters insurance coverage, and (ii) comply with the terms of the foregoing documents and shall provide that in the event of noncompliance, the Board, in addition to any other remedies available to it, may evict the tenant on behalf of the Owner and specifically assess all costs associated therewith against the Owner and the Owner's property

- (k) Occupants Bound. All provisions of the Declaration, Bylaws, and of any rules and regulations, use restrictions or design guidelines promulgated pursuant thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants even though Occupants are not specifically mentioned. Fines may be levied against Owners or Occupants. If a fine is first levied against an Occupant and is not paid timely, the fine may then be levied against the Owner.
- (l) Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any residential Lot, with the exception of dogs, cats, or other usual and common household pets in reasonable number, as determined by the Board. No pets shall be kept, bred, or maintained for any commercial purpose. Dogs, which are household pets, shall be kept within a dwelling, enclosed yard, or a yard area bordered by an "invisible fence" designed for animal control, unless on a leash. No pet which has caused any damage or injury shall be walked in the community, whether on a leash or otherwise. All pets shall be registered, licensed, and vaccinated as required by law. Pets, which endanger health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners or Occupants must be removed from the Subdivision by their owner upon request of the Board. The Board is authorized (but not required) to issue reasonable rules for the protection of all Owners in the Subdivision relating to the number and size of the pets, which may be kept on any numbered Lot. If the Board promulgates reasonable rules under this paragraph and a future Board changes the rules, pets existing at the time of the change shall be permitted to stay in the Subdivision. New or additional pets will have to comply with the new rule. Pet owners shall be required to remove animal wastes left by their pets from lots, common areas, and streets immediately.
- (n) Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on his or her property. No property within the Community shall be used, in whole or in part, for the storage of any property or thing that will cause such Lot to appear to be in an unclean or untidy condition or that will be obnoxious to the eye. Nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the Occupants of surrounding property. No noxious or offensive activity shall be carried on within the Community. Nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to

any Person using any property within the Community. There shall not be maintained any plants or animals or device or thing of any sort whose activities or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Community. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device (except such devices as may be used exclusively for security purposes) shall be located, installed, or maintained upon the exterior of any Lot unless required by law.

- (o) Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities (including, without limitation, the assembly and disassembly of motor vehicles and other mechanical devices) which might tend to cause disorderly, unsightly, or unkempt conditions shall not be pursued or undertaken in any part of the Community.
- (p) Antennas. Unless prohibited by law, no exterior antennas of any kind, including, without limitation, satellite dishes, shall be placed, allowed, or maintained upon any portion of the Community, including any Lot, without the prior written consent of the Architectural Review Committee. Satellite dishes, which are standard colors and are eighteen inches or less shall be allowed, provided they are not prominently visible from the street, are installed upon or adjacent to a residence on the side not facing the street, and are integrated with the surrounding landscape. If an antenna is installed on the sides of the house, it shall not be placed in a position that from the street, it appears to be on the front of the house.
- (q) Drainage. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas, including but not limited to fences which impede the flow of water. Declarant shall have the right to enter onto any Lot or other property within the Subdivision to remove any such obstruction or debris. No Owner or Occupant may alter, obstruct, or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains, the right to alter same being expressly reserved to Declarant.
- (r) Sight Distance at Intersections. All property located at street intersections shall be landscaped so as to permit safe sight across the street corners. No fence, wall, hedge, or shrub planting shall be placed or permitted to remain where it would create a traffic or sight problem.
- (s) Garbage Cans, Woodpiles, Etc. All garbage cans, woodpiles, hot tubs, spas, and related equipment, and other similar items shall be located or screened so as to be concealed from view of neighboring streets and property. All rubbish, trash, and garbage shall be regularly removed and shall not be allowed to accumulate. Declarant reserves the right to dump and bury rocks on the property within the Community as needed for efficient construction and to allow developers and builders within the Community to bury rocks removed from a building site. Trash, garbage, debris, or other waste matter of any kind may not be burned within the Community except that Declarant may maintain a "burn pit" during development and construction of the Community. The Association may require Owners to use one trash company for trash removal.

- (t) Subdivision of Lot. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the Architectural Review Committee or Declarant. Declarant, however, hereby expressly reserves the right to replat any Lot or Lots owned by Declarant. Any such division, boundary line change, or replatting shall not be in violation of the applicable subdivision and zoning regulations. Declarant's right to replat any Lot shall include the right to change the configuration of streets and otherwise make changes on the final plat for the Community as to how the streets and common areas in the Community are laid out.
- (u) Guns. The use of firearms in the Community is prohibited. The term "firearms" includes shotguns, rifles, pistols, "BB" guns, pellet guns, paintball guns, and small firearms of all types.
- (v) Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed, or maintained upon any Lot without the prior written consent of the Architectural Review Committee. Notwithstanding the foregoing, the Declarant shall have the right to erect fencing of any type, at any location, on any Lot during the period that such Lot is owned by Declarant. The Board of Directors shall have the right to erect fencing of any type considered appropriate or desirable by the Board at any location on the Common Property.
- (w) Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within The Community, except for temporary lines as required during construction, and lines installed by or at the request of Declarant.
- (x) Air-Condition Units. No window or through the wall air conditioning or heating units are allowed.
- (y) Lighting. Except as may be permitted by The Architectural Review Committee, exterior lighting visible from the street shall not be permitted except for (a) approved lighting as originally installed on a Lot; (b) streetlights in conformity with an established street lighting program for the Community; (c) seasonal decorative lights (but only for a period of time and in a manner consistent, in the opinion of the Architectural Review Committee, with the character of the Subdivision); or (d) front house illumination of model homes.
- (z) Artificial Vegetation, Exterior Sculpture, and Similar Items. No artificial vegetation shall be permitted on the exterior of any property. Exterior sculpture, fountains, flags, flag poles, and similar items must be approved by The Architectural Review Committee.
- (aa) Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed unless they are an integral and harmonious part of the architectural design of a structure, as determined in the sole discretion of the Architectural Review Committee.
- (bb) Swimming Pools and Hot Tubs. No swimming pool shall be constructed, erected,

or maintained upon any Lot except with the prior written approval of the Architectural Review Committee. Hot tubs and portable spas shall not be permitted without the prior written consent of the Architectural Review Committee. There shall be no above ground pools allowed.

- (cc) Gardens and Play Equipment. No vegetable garden, statuary, or play equipment (including, without limitation, basketball goals) shall be erected on any Lot without the prior written consent of the Architectural Review Committee, and any such items must be located between the rear dwelling line and the rear lot line.
- (dd) Mailboxes. Unless a CBU (as described above) is provided, all mailboxes and posts located on residential Lots shall be of uniform or similar style approved by the Architectural Review Committee. Each Owner shall maintain said mailboxes and posts, if any.
- (ee) Exteriors. The Architectural Review Committee must approve any change to the exterior color of any improvement located on a Lot, including, without limitation, the dwelling. Notwithstanding other provisions and prohibitions of the ARC, exterior materials are to be brick, stone, stucco, vinyl, aluminum siding or hardiplank or combinations thereof. Foundations, if any, shall be concrete slab. Facia, soffits and frieze board may be vinyl or similar, including copper, synthetic stone, or other materials which fit with the harmony of design. Exterior colors must also be approved by the ARC.
- (ff) Clothesline. No exterior clotheslines of any type shall be permitted upon any Lot.
- (gg) Exterior Security Devices. No exterior security device, including, without limitation, window bars, shall be permitted on any residence or Lot. Signs less than 6" by 6" placed on the Lot or the exterior of the residence stating that such residence is protected by a security system shall not be deemed to constitute an exterior security device.
- (hh) Entry Features. Owners shall not alter, remove, or add improvements to any entry features constructed by the Declarant on any Lot, or any part of any easement area associated therewith without the prior written consent of the Architectural Review Committee.
- (ii) Minimum Square Footage. Unless otherwise approved by the ARC, which the ARC shall be under no obligation to approve, the main/first level of all dwellings shall be a minimum of 1800 heated square feet. There shall additionally be a minimum of a two car garage.

Section 6.5 Approved Builder. Declarant reserves the right to approve builders. Declarant currently plans to sell all Single Family Lots, pursuant to plans approved by the municipality ("Builder"). At such time as Builder would cease being Declarant's sole builder for whatever reason, Declarant reserves the right, but not any obligation to approve its builders not inconsistent herewith. Any builder requesting by application of building permit to construct any structure or improvement in any fashion whatsoever in the community shall obtain, in writing, authorization to undertake construction in the community. Approval or

disapproval shall be in the sole discretion of the Declarant, but such approval will not be unreasonably withheld. Each Purchaser of a Lot shall determine through consultation with an approved builder the type dwelling or improvement that may be placed on the Lot prior to purchasing a Lot. Declarant shall have no obligation whatsoever, to repurchase Lots from Purchasers who have not made such consultation prior to purchasing a Lot or subsequent purchasers who cannot agree upon the type of dwelling or improvement to be constructed. This restriction shall not create any sort of guaranty or implied warranty of quality, workmanship or merchantability of any nature whatsoever by Declarant and said restriction is to ensure a uniform and aesthetically pleasing development of the Community along with a harmonious relationship between the approved builders and in efforts to preserve the value of homes throughout the community.

ARTICLE VII **Insurance and Casualty Losses**

Section 7.1 Insurance on Common Property. The Board of Directors, as the duly authorized agent of the Association, shall have the authority to obtain insurance for all insurable improvements (whether or not located on the Common Property), which the Association is obligated to maintain.

Section 7.2 Liability Insurance. The Board shall obtain, if reasonably available, directors' and officers' liability insurance.

Section 7.3 Damage and Destruction-Insured by Owners. The damage or destruction by fire or other casualty to all or portion of any improvement on a Lot shall be repaired by the Owner thereof within seventy-five (75) days after such damage or destruction or, where repairs cannot be completed within seventy-five (75) days, they shall be commenced within such period and shall be completed within a reasonable time thereafter.

ARTICLE VIII **Deed of Trust Provisions**

The following provisions are for the benefit of holders of first Deed of trusts on Lots in the Community. The provisions of this Section apply to both this Declaration and the Bylaws, notwithstanding any other provisions contained therein.

Section 8.1 Notices of Action. An institutional holder, insurer, or guarantor of a first Deed of trust, who provides a written request to the Association (such request to state the name and address of such holder, insurer, or guarantor and the Lot number, therefore becoming an "eligible holder") will be entitled to timely written notice of:

- (a) any condemnation loss or any casualty loss which affects a material portion of the Community or which affects any Lot on which there is a first Deed of trust held, insured, or guaranteed by such eligible holder;
- (b) any delinquency in the payment of assessments or charges owed by an Owner of a Lot subject to the Deed of trust of such eligible holder, where such delinquency has continued for a period of sixty (60) days; provided, however, notwithstanding this provision, any holder of a first Deed of trust, upon request, is entitled to written notice from the Association of any default in the performance by the Owner of the

encumbered Lot of any obligation under the Declaration or Bylaws of the Association which is not cured within sixty (60) days;

- (c) any lapse, cancellation, or material modification of any insurance policy maintained by the Association.

Section 8.2 No Priority. No provision of this Declaration or the Bylaws gives, or shall be construed as giving, any Owner or other party priority over any rights of the first Deed of trust of any Lot in the case of distribution to such Owner of insurance proceeds or condemnation awards for losses to, or a taking of, the Common Property.

Section 8.3 Notice to Association. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Deed of trust encumbering such Owner's Lot.

Section 8.4 Applicability of Section. Nothing contained in this Section shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or North Carolina law for any or the acts set out in this Section.

Section 8.5 Amendments by Board. Should the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, U. S. Department of Housing and Urban Development or the U. S. Department of Veterans Affairs subsequently delete any of their respective requirements, which necessitate the provisions of this Section or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Section to be recorded to reflect such changes.

ARTICLE IX Easements

Section 9.1 Easements for Use and Enjoyment.

- (a) Every Owner of a Lot shall have a right and easement of ingress and egress, use and enjoyment in and to the Common Property and private roadways, which shall be appurtenant to and shall pass with the title to each Lot, subject to the following provisions:
 - (1) the right of the Association to charge reasonable admission and other fees for the use of any portion of the Common Property, to limit the number of guests of Lot Owners and tenants who may use the Common Property, and to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner, his family, tenants, guests, and invitees;
 - (2) the right of the Association to suspend the voting rights of a Lot Owner and the right of an Owner to use the recreational facilities available for use by the Community, if any, for any period during which any assessment against such Owner's Lot which is hereby provided for remains unpaid; and, for a reasonable period of time for an infraction of the Declaration, Bylaws, or rules and regulations;
 - (3) the right of the Association to borrow money for the purpose of improving or

maintaining the Common Property, or any portion thereof, and to give as security for the payment of any such loan a Deed of trust conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such Deed of trust given by the Association shall be subject and subordinate to any rights, interests, options, easements and privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any Deed of trust irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community. Any such Deed of trust on the Common Property shall be subject to approval by at least two-thirds (2/3) of the Total Association Vote (excluding votes held by the Declarant). Any provision in this Declaration or in any such Deed of trust given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default hereunder shall not cancel or terminate any rights, easements or privileges herein reserved or established for the benefit of Declarant, or any Lot or Lot Owner, or the holder of any Deed of trust, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community;

- (4) the right of the Association to dedicate or grant licenses, permits or easements over, under and through the Common Property to governmental entities for public purposes; and
 - (5) the right of the Association to dedicate or transfer all or any portion of the Common Property subject to such conditions as may be agreed to by the members of the Association. No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer has been approved by the affirmative vote of at least two-thirds (2/3) of the Total Association Vote excluding votes held by the Declarant.
- (b) Delegation. Any Lot Owner may delegate such Owner's right of use and enjoyment in and to the Common Property and facilities located thereon to the members of such Owner's family in residence and to such Owner's tenants and guests and shall be deemed to have made a delegation of all such rights to the occupants of such Owner's lot, if leased.

Section 9.2 Easements for Utilities. There is hereby reserved to the Declarant and the Association blanket easements upon, across, above and under all property within the Community, including all Lots, for access, ingress, egress, installation, repairing, replacing and maintaining all utilities serving the Community or any portion thereof. This easement shall include, without limitation, gas, water, sanitary sewer, telephone, electricity, cable television, security, as well as storm drainage and any other service or system which the Declarant or the Association might decide to have installed to service the Community. It shall be expressly permissible for the Declarant, the Association, or the designee of either, as the case may be, to install, repair, replace, and maintain or to authorize the installation, repairing, replacing, and maintaining of such wires, conduits, pipes, cables and other equipment related to the providing of any such utility or service. Should any party furnishing any such utility service request a specific license or easement by separate recordable document, the Declarant or the Board, as the case may be, shall have the right to grant such easement.

Section 9.3 Easement for Drainage. Declarant hereby reserves a perpetual easement across all Community property for the purpose of altering drainage and water flow across all Community property. This right shall include, but is not limited to, altering swales, installing drains, drainage ditches, pipes, inlets, headwalls, and altering channeling, or piping water flow across any Lot or any property in the Community. Rights exercised pursuant to this reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 9.4 Easement for Entry. In addition to the other rights reserved to Declarant and the Association, the Declarant or the Association shall have the right (but not the obligation) to enter upon any property or Lot within the Community for emergency, security, and safety reasons. This right may be exercised by the Declarant or its designee, any officer of the Board, and all governmental employees, policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner, and the entering party shall be responsible for any damage caused. This right of entry shall include the right of the Board to enter to cure any condition, which may increase the possibility of a fire, slope erosion, or other hazard or condition in the event an Owner or Occupant fails or refuses to cure the condition upon request by the Board.

Section 9.5 Easement for Maintenance. Declarant hereby expressly reserves a perpetual easement for the benefit of Declarant or the Association across such portions of the Community, determined in the sole discretion of the Declarant and the Association, as is necessary to allow for the maintenance required by this Declaration. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Owners' property, reasonable steps shall be taken to protect such property, and damage shall be repaired by the Person causing the damage at its sole expense.

Section 9.6 Easement for Entry Features. There is hereby reserved to the Declarant and the Association an easement for ingress, egress, installation, construction, landscaping and maintenance of entry features and similar streetscapes for the Community, over and upon each Lot as more fully described on the recorded subdivision plats for the Community. The easement and right herein reserved shall include the right to cut, remove and plant trees, shrubbery, flowers and other vegetation around such entry features and the right to grade the land under and around such entry features.

Section 9.7 Construction and Sale Period Easement. Notwithstanding any provisions contained in the Declaration, the Bylaws, Articles of Incorporation, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's right unilaterally to subject property to this Declaration terminates and thereafter so long as Declarant owns any property in the Community for development or sale, Declarant reserves an easement across the Community for Declarant and any Builder or developer approved by Declarant to maintain and carry on construction or development upon such portion of the Community as Declarant may reasonably deem necessary or desirable. This reserved easement shall include an easement for such facilities and activities, which, in the sole opinion of Declarant, may be required, convenient, or incidental to the development, construction, and sales activities related to property within or near the Community.

This easement shall include without limitation:

- (a) the right of access, ingress and egress for vehicular and pedestrian traffic and construction activities over, under, on or in any portion of the Community as well as any Lot in the Community;
- (b) the right to tie into any portion of the Community with driveways, parking areas, and walkways;
- (c) the right to tie into or otherwise connect and use (without a tap-on or any other fee for so doing), replace, relocate, maintain and repair any device, which provides utility or similar services;
- (d) the right (but not the obligation) to construct recreational facilities on Common Property;
- (e) the right to carry on sales and promotional activities in the Community;
- (f) the right to place direction and marketing signs on any portion of the Community, including any Lot or Common Property;
- (g) the right to construct and operate business offices, signs, construction trailers, model residences, and sales offices incidental to the construction, development and sales activities;
- (h) Declarant and any such builder or developer may use residences owned or leased by Declarant or such builder or developer as model residences and sales offices, and may also use recreational facilities available for use by the Community as a sales office or for marketing purposes without charge. Rights exercised pursuant to such reserved easement shall be exercised with a minimum of interference to the quiet enjoyment of affected property, and reasonable steps shall be taken to protect such property from damage. The person causing the damage at its sole expense shall repair any damage. This section shall not be amended without the Declarant's express written consent until the Declarant's rights hereunder have terminated as provided in this Declaration.

Section 9.8 Irrigation Easements. There is hereby reserved to the Declarant and the Association a blanket easement to drill a water well within the Community for irrigation purposes.

Section 9.9 Fence Easement. Declarant hereby reserves an easement across any Lot which borders upon or contains a portion of any water facility, detention pond, or retention pond for the purpose of access to such facility or pond, and for the purpose of erecting any fence which is either required by the subdivision development and construction plans or governmental regulation, rule, ordinance, or plan approval requirement. No structure or other improvements may be built in such areas without express prior written consent of the Declarant or the Association.

Section 9.10. Right to Notice of Design or Construction Claims and Easement to Inspect and Right to Correct. No Person shall retain an expert for the purpose of inspecting the design or construction of any structures or improvements within the Property in connection

with or in anticipation of any potential or pending claim, demand or litigation involving that design or construction unless Declarant and any builder involved in the design or construction have been first notified in writing and given an opportunity to meet with the applicable Owner to discuss the Owner's concerns and conduct their own inspection. Declarant reserves for itself, the Builders and others it may designate, the right to inspect, monitor, test, redesign and correct any structure, improvement or condition that may exist on any portion of the Property, including Units, and a perpetual, nonexclusive easement of access throughout the Property to the extent reasonably necessary to exercise that right. Except in an emergency, entry onto a Unit shall be only after reasonable notice to the Owner and no entry into a dwelling shall be permitted without the consent of the Owner. The person exercising this easement shall promptly repair, at that person's own expense, any damage resulting from such exercise.

ARTICLE X
Intentionally Deleted

ARTICLE XI
General Provisions

Section 11.1 Enforcement. Each Owner and Occupant shall comply strictly with the Bylaws, the rules and regulations, the use restrictions, as they may be lawfully amended or modified from time to time, and with the covenants, conditions, and restrictions set forth in this Declaration and any such restrictions which may be placed in the deed to such Owner's Lot, if any. Since violation of the covenants by an Owner causes damages to the Association and in recognition that such damages may be difficult to calculate, the Board may impose as liquidated damages the amount of \$50 per day from the time notice of non-compliance is delivered by the Association to an Owner until such violation has been cured, which shall be collected as provided herein for the collection of assessments in Section 4.11 including, but not limited to its remedies and provisions for legal fees and costs associated with the same. The Failure to comply with this Declaration, the Bylaws or the rules and regulations shall be grounds for an action to recover sums due for such liquidated damages or injunctive relief, or both, maintainable by the Board of Directors, on behalf of the Association, or in a proper case, by an aggrieved Owner. Failure by the Association or any Owner to enforce any of the foregoing shall in no event be deemed a waiver of the right to do so thereafter. The Board shall have the right to record in the appropriate land records a notice of lien, a notice of violation of the Declaration, Bylaws, rules and regulations, use restrictions, or design guidelines and to assess the cost of recording and removing such notice against the Owner who is responsible (or whose Occupants are responsible) for violating the foregoing. If the Board of Directors shall prevail in any action to enforce this Declaration or other ancillary provisions which derive authority from this Declaration, the Board shall be entitled to the reasonable attorney's fees and costs associated with such action.

Section 11.2 Jurisdiction and Venue. Jurisdiction and Venue with respect to any litigation to enforce the provisions of these restrictions and covenants shall be with the circuit courts of the State and County in which this document is recorded. Lot owners, by acceptance of title consent to the automatic referral to the Master in Equity or Special Referee of that County for a hearing to be held without a jury. All findings of the Master in Equity shall be immediately appealable to the Supreme Court of North Carolina.

Section 11.3 Self-Help. In addition to any other remedies provided for herein, the

Association or its duly authorized agent shall have the power to enter upon any Lot or any other portion of the Community to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates this Declaration, the Bylaws, the rules and regulations, or the use restriction. Unless an emergency situation exists, the Board shall give the violating Lot Owner ten (10) days written notice of its intent to exercise self-help. Notwithstanding the foregoing, vehicles may be towed after reasonable notice. All costs of self-help, including reasonable attorney's fees, shall be assessed against the violating Lot Owner and shall be collected as provided for herein for the collection of assessments.

Section 11.4 Duration. The covenants and restrictions of this Declaration shall run with and bind the Community for a term of 20 years from the date this Declaration is recorded, and shall inure to the benefit of and shall be enforceable by Declarant, the Association or any Owner, their respective legal representatives, heirs, successors, and assigns. Said covenants and restrictions shall be automatically extended for successive periods of (10) years each, unless a written instrument reflecting disapproval signed by the then Owners of three-fourths (3/4) of the Lots and the Declarant (if the Declarant still owns any property in the Community or has the right to annex additional property) is recorded within the year immediately preceding the beginning of a ten (10) year renewal period.

Section 11.5 Amendment. This Declaration may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to the Lots subject to this Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association, the Department of Housing and Urban Development, the Veterans Administration, or the Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Lots subject to this Declaration; or (d) if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee Mortgage Loans on the Lots subject to this Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent in writing. Further, so long as Declarant has the right unilaterally to subject additional property to this Declaration, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not adversely affect title to any Lot without the consent of the affected Lot Owner.

In addition to the above, this Declaration may be amended:

- (a) for so long as the Declarant owns any property in the Community or has the right to annex additional property, with the affirmative written consent of the Declarant;
- (b) if the Declarant no longer owns any Property in the Community and no longer has the right to annex additional property, upon the affirmative vote or written consent, or any combination thereof, of the Owners of at least two-thirds (2/3) of the Lots.

Section 11.6 Partition. The property identified as open space shall remain undivided and maintained as permanent open space in perpetuity. No Owner or any other Person shall bring any action for partition or division of the whole or any part thereof.

Section 11.7 Gender and Grammar. The singular, wherever used herein, shall be construed to mean the plural, when applicable, and the use of the masculine pronoun shall include the neuter and feminine.

Section 11.8 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end, the provisions of this Declaration are declared to be severable.

Section 11.9 Captions. The captions are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer.

Section 11.10 Indemnification. To the fullest extent allowed by applicable North Carolina law, the Association shall indemnify every officer of the Association and director of the Association against any and all expenses, including, without limitation, attorney's fees, imposed upon or reasonably incurred by an officer or director in connection with any action, suit, or other proceeding to which such officer or director may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them in good faith on behalf of the Association (except to the extent that such officers or directors may also be members of the Association), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of any such contract or commitment. Any right to indemnification provided for herein shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. This indemnification shall also include attorney's fees and expenses incurred in enforcing this indemnification. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

Section 11.11 Books and Records.

- (a) Inspection by Members and Deed of Trust Holders. This Declaration, the Bylaws, copies of rules and use restrictions, membership register, books of account, and minutes of meetings of the members of the Board and of committees shall, upon reasonable notice, be made available for inspection and copying by Declarant or any member of the Association or by the duly appointed representative of any member and by holders, insurers, or guarantors of any first deed of trust at any reasonable time and for a purpose reasonably related to such person's interest as a member or holder, insurer, or guarantor of a first deed of trust at the office of the Association or at such other reasonable place as the Board shall prescribe.
- (b) Rules for Inspection. The Board shall establish reasonable rules with respect to: (1) notice to be given to the custodian of the records; (2) hours and days of the work when such an inspection may be made; and (3) payment of the cost of reproducing copies of documents.

- (c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right or inspection by a director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 11.12 Financial Review. A review of the books and records of the Association shall be made annually in the manner as the Board may decide; provided, however, after having received the Board's financial statements at their annual meeting, by a majority of the Total Association Vote, the Owners may require that the accounts of the Association be audited as a common expense by a certified public accountant. Upon written request of any institutional holder of a first deed of trust and upon payment of all necessary costs, such holder shall be entitled to receive a copy of audited financial statements within ninety (90) days of the date of the request.

Section 11.13 Notice of Sale, Lease, or Acquisition. In the event an Owner sells or leases such Owner's Lot, the Owner shall give to the Association, in writing, prior to the effective date of such sale or lease, the name of the purchaser or lessee of the Lot and such other information as the Board may reasonably require. Upon acquisition of a Lot, each new Owner shall give the Association, in writing, the name and mailing address of the Owner and such other information as the Board may reasonably require.

Section 11.14 Agreements. Subject to the prior approval of Declarant (so long as Declarant owns any property for development or sale in the Community or has the right to unilaterally annex additional property to the Community), all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board shall be binding upon all Owners, their heirs, legal representatives, successors, assigns, and others having an interest in the Community or the privilege of possession and enjoyment of any part of the Community.

Section 11.15 Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation, any use restriction or rule and every other right or privilege reasonably to be implied from the existence of any right or privilege given to it therein or reasonably necessary to effectuate any such right or privilege.

Section 11.16 Conflicts. In the event of any irreconcilable conflict between this Declaration and the Bylaws of the Association, the provisions of this Declaration shall control. In the event of any irreconcilable conflict between this Declaration or the Bylaws of the Association and the Articles of incorporation of the Association, the provision of the Articles shall control.

Section 11.17 No Mechanic's Liens. No Owner shall have the right to subject any portion of any Owner's Lot or residence or any part of the Community other than its own Lot or residence to any lien for goods, labor, or materials supplied at the request of said Owner, and no person performing services, labor, or materials or goods to or for said Owner shall have any right of lien with respect to any other Owner's Lot or residence or the remaining portions of the Community. Each Owner shall keep the Lot of any other Owner and the Community free of all mechanic's liens or claims resulting from goods, labor, or materials supplied at the

request of said Owner and, upon written request, said Owner will take all steps necessary, including obtaining a bond in favor of the claimant, for the removal of the mechanic's lien from the other Owner's Lot or property constituting the Community.

ARTICLE XII Variances

Notwithstanding anything to the contrary contained herein, the Declarant or the Board or its designee shall be authorized to grant individual variances from any of the provisions of this Declaration, the Bylaws and any rule, regulation or use restriction promulgated pursuant thereto if it determines that waiver of application or enforcement of the provision in a particular case would not be inconsistent with the overall scheme of development for the Community or for other just cause shown.

ARTICLE XIII Litigation

Section 13.1 Required Vote. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five percent (75%) of the Total Association Vote. This Section shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration (including, without limitation, the foreclosure of liens), (b) the imposition and collection of assessments as provided in this Declaration, (c) proceedings involving challenges to ad valorem taxation, or (d) defense or counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended during the time period when Declarant owns any property for development or sale in the Community, or has the right to unilaterally annex additional property to the Community unless such amendment is made by the Declarant. Should the Association prevail against any Lot owner in an action to enforce the provisions of these covenants and restrictions, the Association shall be entitled to the reasonable attorney's fees and costs associated with such action.

Section 13.2 Alternative Dispute Resolution. Declarant, the Association and its officers, directors and committee members, all Members subject to this Declaration, and any Person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, "**Bound Parties**"), agree it is in the best interest of all concerned to encourage the amicable resolution of disputes involving the Community without the emotional and financial costs of litigation. Accordingly, each Bound Party agrees not to file suit in any court with respect to a Claim described herein below, unless and until it has first submitted that Claim to the alternative dispute resolution procedures set forth in a good faith effort to resolve that Claim.

13.2(i): As used in this Article, the term "**Claim**" means any claim, grievance or dispute arising out of or relating to:

- (a) the interpretation, application or enforcement of the Declaration of Covenants, Conditions and Restrictions;
- (b) the rights, obligations and duties of any Bound Party under the Declaration of Covenants, Conditions, and Restrictions; or

(c) the design or construction of improvements within the Property, other than matters of aesthetic judgment of ARC, which shall not be subject to review;

13.2(ii) Claim: except that the following shall not be considered "Claims" unless all parties to the matter otherwise agree to submit the matter to the procedures set forth in this section:

(a) any suit by the Association to collect assessments or other amounts due from any Owner;

(b) any suit by the Association to obtain a temporary restraining order (or emergency equitable relief) and such ancillary relief as the court may deem necessary to maintain the status quo and preserve the Association's ability to enforce the provisions of this Declaration (relating to creation and maintenance of standards) and any suit by the Association to enforce the Declaration of Covenants, Conditions, and Restrictions if the Association has already complied with the notice and hearing procedures set forth in the Bylaws;

(c) any suit that does not include Declarant or the Association as a party, if that suit asserts a Claim that would constitute a cause of action independent of the Declaration of Covenants, Conditions, and Restrictions;

(d) any suit in which any indispensable party is not a Bound Party;
and

(e) any suit as to which any applicable statute of limitations would expire within 180 days after giving the Notice required, unless the party or parties against whom the Claim is made agree to toll the statute of limitations as to that Claim for such period as may reasonably be necessary to comply with this Article.

Section 13.3 Dispute Resolution Procedures.

13.3(i) Notice: The Bound Party asserting a Claim ("**Claimant**") against another Bound Party ("**Respondent**") shall give written notice ("**Notice**") to each Respondent and to the Board stating plainly and concisely:

(a) the nature of the Claim, including the Persons involved and the Respondent's role in the Claim;

(b) the legal basis of the Claim (i.e., the specific authority out of which the Claim arises);

(c) the Claimant's proposed resolution or remedy; and

(d) the Claimant's desire to meet with the Respondent to discuss in good faith ways to resolve the Claim.

13.3(ii) Negotiation: The Claimant and Respondent shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the parties in negotiating a resolution of the Claim.

13.3(iii) Mediation: If the parties have not resolved the Claim through negotiation within 30 days after the date of the notice (or within such other period as the parties may agree upon), the Claimant shall have 30 additional days to submit the Claim to mediation with an entity designated by the Association (if the Association is not a party to the Claim) or to an independent agency providing dispute resolution services in the Guilford County, North Carolina area. If the Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation when scheduled, the Claimant shall be deemed to have waived the Claim, and the Respondent shall be relieved of any and all liability to the Claimant (but not third parties) on account of the Claim. If the parties do not settle the Claim within 30 days after submission of the matter to mediation, or within such time as determined reasonable by the mediator, the mediator shall issue a notice of termination of the mediation proceedings indicating that the parties are at an impasse and the date that mediation was terminated. The Claimant shall thereafter be entitled to file suit or to initiate administrative proceedings on the Claim, as appropriate. Each party shall bear its own costs of the mediation, including attorneys' fees, and each party shall share equally all fees charged by the mediator.

13.3(iv) Settlement: Any settlement of the Claim through negotiation or mediation shall be documented in writing and signed by the parties. If any party thereafter fails to abide by the terms of the settlement agreement, then any other party may file suit or initiate administrative proceedings to enforce the agreement without the need to again comply with the procedures set forth in this Section. In that event, the party taking action to enforce the agreement or award shall, upon prevailing, be entitled to recover from the non-complying party (or if more than one non-complying party, from all such parties in equal proportions) all costs incurred in enforcing the agreement or award, including attorneys' fees and court costs.

This Section shall not be amended unless such amendment is approved by the same percentage of votes necessary to institute proceedings.

ARTICLE XIV Condemnation

Section 14.1. Partial Taking: Without Direct Effect on Lots. If any part of the property located within the Community shall be taken or condemned by any authority having the power of eminent domain, such that no Lot is taken, all compensation and damages for and on account of the taking of the Common Property, exclusive of compensation for consequential damages to certain affected Lots, shall be paid to the Board in trust for all Owners and their Deed of Trusts according to the loss or damages to their respective interests in such Common Property. The Association, acting through the Board, shall have the right to act on behalf of the Owners with respect to the negotiation and litigation of the issues with respect to the taking and compensation affecting the Common Property, without limitation on the right of the Owners to represent their own interests. Each Owner, by acceptance of a deed to a Lot, hereby appoints the Board as attorney-in-fact to negotiate, litigate or settle on his behalf all claims arising from the condemnation of the Common Property. Such proceeds shall be used to restore the Common Property with the excess, if any, to be retained by the Association and applied to future operating expenses by the Board, in its sole discretion.

Owners whose Lots are specifically affected by the taking or condemnation shall not be prevented from joining in the condemnation proceedings and petitioning on their own behalf for consequential damage relating to loss of value of the affected Lots or improvements, fixtures or personal property thereon, exclusive of damages relating to the Common Property. In the event that the condemnation award does not allocate consequential damages to specific Owners, but by its terms includes an award for reduction in value of Lots without such allocation, the award shall be divided between affected Owners and the Association, as their interests may appear, by the Board, in its sole discretion.

Section 14.2. Partial or Total Taking: Directly Affecting Lots. If any part of the property located within the Community shall be taken or condemned by any authority having the power of eminent domain, such that any Lot or a part thereof (including specific easements assigned to any Lot) is taken, the Association shall have the right to act on behalf of the Owners with respect to Common Property as provided in Section 14.1 and the proceeds shall be payable as outlined therein. The Owners directly affected by such taking shall represent and negotiate for themselves with respect to the damages affecting their respective Lots. All compensation and damages for and on account of the taking of anyone or more of the Lots or improvements, fixtures or personal property thereon, shall be paid to the Owners of the affected Lots and their Deeds of Trust, as their interests may appear. If all of the property located within the Community shall be taken such that the Association no longer has reason to exist and shall thereafter be dissolved and/or liquidated, all compensation and damages for and on account of the taking of the Common Property shall be distributed with the other assets of the Association in accordance with the Articles of Incorporation.

Section 14.3. Notice to Mortgagees. A notice of any eminent domain or condemnation proceeding shall be sent to all Mortgagees who have served written notice upon the Association in accordance with Section 8.1.

REMAINDER OF PAGE LEFT BLANK

SIGNATURE PAGE ATTACHED HERETO

IN WITNESS WHEREOF, the undersigned Declarant herein, hereby executes this instrument under seal this 28th day of April, 2021.

DECLARANT:

NORTHERN WOODS 7, LLC
a North Carolina Limited Liability Company

By: [Signature] (SEAL)

Name: Patrick J. Donnelly
Its: Manager

STATE OF NORTH CAROLINA
COUNTY OF GUILFORD

I, Jennifer Fowler a Notary Public of the County and State aforesaid, certify that Patrick J. Donnelly personally appeared before me this day and acknowledged that s/he is Manager of Northern Woods 7, LLC, a North Carolina limited liability company, and that s/he, being duly authorized to do so, executed the foregoing for and on behalf of said limited liability company.

Witness my hand and official stamp or seal, this 28th day of April, 2021.

NOTARY SEAL

NOTARY PUBLIC
JENNIFER FOWLER
GUILFORD COUNTY, NC

[Signature]
Signature of Notary Public
My Commission Expires: 11/18/2021

EXHIBIT A

Property Description (Lot Area)

Being all that certain lot piece or parcel of land, lying and being in the Center Grove Township, Guilford County, North Carolina and being more particularly described as follows:

Tract 1:

BEGINNING at an iron pipe in the east right of way line of Spencer-Dixon Rd. (SR2329), at the southeast corner of Lot 3 and running thence with the east right-of-way line of Spencer-Dixon Rd. South 30 deg. 2 min. 25 sec. East 63.14 feet to an iron pipe at the northeast corner of Lot 1; thence with the line of Lot 1 North 22 deg. 19 min. East 216.36 feet to an iron pipe, South 84 deg. 27 min. 14 sec. East 309.31 feet to an iron pipe, South 27 deg. 42 min. 7 sec. East 309.95 feet to an iron pipe, North 69 deg. 28 min. 22 sec. East 792.44 feet to an iron pipe, northeast corner of Lot 1; thence with the creek North 32 deg. 14 min. 23 sec. West 297.32 feet to an iron pipe, North 11 deg. 13 min. 10 sec. East 66 feet to an iron pipe, North 48 deg. 46 min. SO sec. West 90.75 feet to an iron pipe, and North 29 deg. 46 min. 50 sec. West 132 feet to an iron pipe, southeast corner of Lot 3; thence with the line of Lot 3 South 63 deg. 1 min. 5 sec. West 930.52 feet to an iron pipe, North 84 deg. 27 min. 14 sec. West 117.95 feet to an iron pipe, and South 22 deg. 19 min. West 214.95 feet to the point and place of BEGINNING and containing 10.048 acres, more or less, and being all of Lot 2 of an unrecorded plat of the property of Harry L. and Mary C. Griffin, as surveyed by Morgan Surveying and Design, dated June 8, 1995.

Tract 2:

BEGINNING at an iron pipe at the southeast corner of Lot 1 of the property of Harry L. Griffin and wife, Mary C. Griffin, as recorded in Plat Book 118, Page 76 of the Guilford County Registry, and running thence with the line of Lot 1 North 2 degrees 47 minutes 51 seconds East 522.07 feet to an iron pipe, northeast corner of Lot 1 and in the line of Lilly McCormick; thence with the line of McCormick South 85 degrees 31 minutes 47 seconds East 581.44 feet to an iron pipe at the creek; thence with the creek South 29 degrees 46 minutes 46 seconds East 49.46 feet to an iron pipe and South 2 degrees 43 minutes 6 seconds West 115.48 feet to an iron pipe, northeast corner of Coblenz; thence with Coblenz South 63 degrees 0 minutes 57 seconds West 700.50 feet to the point and place of BEGINNING, and containing 4.722 acres, more or less, and being all of Lot 2 of the property of Harry L. Griffin and wife, Mary c. Griffin, as recorded in Plat Book 118, Page 76 of the Guilford County Registry. Also conveyed herewith is a 25 foot exclusive access easement for ingress, egress, regress and utilities to serve Lot 2 described above only, said 25 foot exclusive access easement running from the north right-of-way line of Spencer-Dixon Rd. and along the south line of Lot 1, all as shown on Plat Book 118, Page 76 of the Guilford County Registry.

EXHIBIT B

BY-LAWS OF NORTHERN WOODS HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the non-profit corporation is the Northern Woods Homeowners Association, Inc., hereinafter referred to as the "Association." The initial principal office of the corporation shall be located 7-B Corporate Center Court, Greensboro, North Carolina, 27408, but meetings of members and directors may be held at such place within the State of North Carolina, County of Guilford, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

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

Section 2. "Community" shall mean and refer to that certain real property described in the Declaration of Covenants, Conditions and Restrictions for Northern Woods Subdivision, as amended from time to time, and such additions thereto as may be made by Declarant or by the Association pursuant to the Declaration.

Section 3. "Common Area" shall mean all areas, if any, for which the Association has responsibility pursuant to the Declaration, any recorded plat, or other covenants, contracts, or agreements. The Common Area shall include all of the "Common Property" (as defined in the Declaration), if any, which consists of the real property, including property in the "open space" or conservation easement property, interests in real property, and personal property, easements, and other interests, together with improvements located on that property (if any) which are now or are hereafter owned by the Association for the common use and enjoyment of some or all of the Owners including the storm drainage systems which serve the subdivision to the extent that they are outside dedicated rights of way.

Section 4. "Lot" shall mean and refer to any plot of land within the Community, whether or not improvements are constructed on that land, which constitutes or will constitute, after the construction of improvements, a Single-Family Detached Dwelling site shown on a plat recorded in the Office of the Guilford County Register of Deeds. The ownership of each Lot shall include, and there shall pass with each Lot as an appurtenance thereto (whether or not separately described), all of the right, title, and interest of an Owner in the Common Property supporting said Lot and membership in the Association.

Section 5. "Owner" shall mean the record owner, whether one or more persons or entities, of the fee simple title to any Lot located within the Community; excluding those holding such interest merely as security for the performance or satisfaction of any obligation.

Section 6. "Declarant" shall mean and refer to Northern Woods 7, LLC, its successors and assigns, as named in the Declaration.

Section 7. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions for Northern Woods Subdivision, as amended from time to time, applicable to the Community and recorded in the Office of the Register of Deeds for Guilford County, North Carolina.

Section 8. "Member" shall mean and refer to every person who is a member of the Association.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held at a date and time determined by the Declarant, and each subsequent regular annual meeting of the Members shall be held on approximately the same day of the same month of each year thereafter, as determined by the Board of Directors from time to time. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. All meetings of Members shall be conducted according to the most current edition of Robert's Rules of Order.

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

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

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

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association not later than the beginning of the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her Lot.

Section 6. Voting. Members shall be comprised of Class A and Class B members, in accordance with the Declaration, and such Class A members and Class B members (the Members)

shall have such voting rights as are described in and consistent with the Declaration, which is incorporated herein by reference thereto. The Declaration provides generally that Class A and Class B vote together, but Class A Members have one vote per Lot owned and Class B Members have four votes per Lot owned.

ARTICLE IV

TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of not less than three (3) directors, who need not be Members of the Association. Provided, however, that the initial Board of Directors shall consist of Herbert B. Parks and Patrick J. Donnelly, and their appointees, who shall manage the affairs of the Association until the first annual meeting. The Association may increase the size of the Board up to seven (7) by a majority vote of the Members.

Section 2. Term of Office. At the first annual meeting and at each annual meeting thereafter, the Members shall elect three (3) directors, each to serve for a period of one (1) year. Notwithstanding the one year term, each director shall serve until his or her successor is elected.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his or her predecessor.

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

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

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee if one is convened and chooses to make such nominations. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee may be appointed by the Board of Directors prior to an annual meeting of the Members. The Nominating Committee may make as many nominations for election to the Board of Directors as it shall in its discretion determine, but normally not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many

votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such intervals as may be determined by the Board of Directors. Regularly-scheduled meetings shall take place without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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

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

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

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

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

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

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from four (4) consecutive regular meetings of the Board of Directors; and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

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

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

(1) fix the amount of the annual assessment and any other assessment permitted by the Declaration against each Lot;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date or to bring an action at law against the owner personally obligated to pay the same;

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

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

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

(g) cause the Common Area and the exterior of the residences to be maintained.

Section 3. Indemnity. To the fullest extent allowed by applicable North Carolina law, the Association shall indemnify every officer of the Association and director of the Association against any and all expenses, including, without limitation, attorney's fees, imposed upon or reasonably incurred by an officer or director in connection with any action, suit, or other proceeding to which such officer or director may be a party by reason of being or having been an officer or director. The officers and directors shall not be liable for any mistake of judgment, negligent or otherwise, except for their own individual willful misfeasance, malfeasance, misconduct, or bad faith.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Election of officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 2. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year, unless he or she shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 3. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 4. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 3 of this Article.

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

President

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

Vice-President

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

Secretary

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an

annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Review Committee (or the Board shall serve as such committee), at such time, and in such manner, as is provided with greater specificity in the Declaration, which states that the Declarant initially has the right to appoint all members of the Architectural Review Committee but that upon the expiration or surrender in writing of such right, the Board of Directors of the Association shall appoint the Architectural Review Committee. The Association may also appoint a Nominating Committee as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments and any other assessment described therein, which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen (18%) percent per annum or on the principal amount due, or the maximum rate permitted by law, whichever is lesser, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for therein by non-use of the Common Area or abandonment of his Lot.

ARTICLE XII

AMENDMENTS

Section 1. Prior to the first annual meeting of the Members, these By-Laws may be amended by the Declarant. After the first annual meeting of the Members, these By-Laws may be amended, at a regular or special meeting of the Members, by a vote of two-thirds of a Total Association Vote (this term is defined in the Declaration) of the Members, voting in person or by proxy. In any event, the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is Class B Membership.

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

ARTICLE XIII

MISCELLANEOUS

Section 1. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Rules regarding the rights and obligations of Members, as well as rules regarding the Association, are stated in the Declaration, which Declaration is hereby incorporated by reference and by such act the Declaration, as it may be amended from time to time, is expressly made a part of these Bylaws.

SIGNATURE PAGE ATTACHED HERETO

These By-Laws are hereby certified to be the By-Laws of the Corporation.

Northern Woods 7, LLC

By: 

Name: Patrick J. Donnelly

Its: Member - Manager