

INSTRUMENT # 2006234770




FILE COPY	
FILED FOR REGISTRATION	DOC. #
DATE 12/20/06	TIME 11:30 am
BOOK 21531	PAGE 134
STAMPS	REC FEE 207.00
JUDITH A. GIBSON REGISTER OF DEEDS MECKLENBURG COUNTY, NC	

COPY

This instrument is being re-recorded pursuant to N.C.G.S. 47-36.1 to correct the omission of page #4 from the original Declaration of Dovenants, Conditions and Restrictions for Joy's Serenity Point recorded in Book 21341 at Page 220, Mecklenburg County Public Registry. Page 4 has been included in the Declaration for recordation.

Drawn by and Mail to:
Joseph D. McCullough
Nexsen Pruet Adams Kleemeier, PLLC
R/D BOX 165

 (SEAL)
Joseph D. McCullough, Drafting Attorney

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

JOY'S SERENITY POINT

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	3
ARTICLE II PROPERTY SUBJECT TO THIS DECLARATION	3
ARTICLE III ASSOCIATION MEMBERSHIP AND VOTING RIGHTS	4
ARTICLE IV ASSESSMENTS.....	4
ARTICLE V MAINTENANCE; CONVEYANCE OF COMMON PROPERTY TO ASSOCIATION.....	8
ARTICLE VI USE RESTRICTIONS AND RULES.....	12
ARTICLE VII INSURANCE AND CASUALTY LOSSES.....	20
ARTICLE VIII CONDEMNATION	23
ARTICLE IX ANNEXATION AND WITHDRAWAL OF PROPERTY	23
ARTICLE X MORTGAGEE PROVISIONS.....	24
ARTICLE XI EASEMENTS.....	25
ARTICLE XII RECREATIONAL COMMON PROPERTY	29
ARTICLE XIII GENERAL PROVISIONS.....	29

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

JOY'S SERENITY POINT

THIS DECLARATION is made on the date hereinafter set forth by EMERALD COVE II, LLC, a North Carolina limited liability company, hereinafter referred to as "Declarant".

Background Statement

Declarant is the owner of the real property described in Article II, Section 1 of this Declaration.

Declarant desires to subject the real property described in Article II, Section 1 hereof to the provisions of this Declaration to create a residential community of single-family housing and to provide for the subjecting of other real property to the provisions of this Declaration.

NOW, THEREFORE, Declarant hereby declares that the real property described in Article II, Section 1 of this Declaration, including the improvements constructed or to be constructed thereon, is hereby subjected to the provisions of this Declaration and shall be held, sold, transferred, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to the covenants, conditions, restrictions, easements, assessments, and liens, hereinafter set forth, which are for the purpose of protecting the value and desirability of, and which shall run with the title to, the real property hereby or hereafter made subject hereto, and shall be binding on all persons having any right, title, or interest in all or any portion of the real 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

Unless the context shall prohibit, certain words used in this Declaration shall be defined as set forth in Exhibit "A", attached hereto and by reference made a part hereof.

ARTICLE II

Property Subject To This Declaration

Section 1. Property Hereby Subjected To This Declaration. The real property described in Exhibit "B" attached hereto and by reference made a part hereof, is, by the recording of this Declaration, hereby subject to the covenants and restrictions

hereafter set forth and shall be held, transferred, sold, conveyed, used, occupied, and mortgaged or otherwise encumbered subject to this Declaration.

Section 2. Other Property. Only the real property described in Section 1 of this Article II is hereby made subject to this Declaration; provided, however, by one (1) or more Supplementary Declarations, Declarant has the right, but not the obligation, to subject other real property to this Declaration, as hereinafter provided.

ARTICLE III

Association Membership and Voting Rights

Every Person who is the record owner of a fee or undivided fee interest in any Lot that is subject to this Declaration shall be deemed to have a membership in the Association. The foregoing is not intended to include Persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the Owner's membership. No Owner, whether one (1) or more Persons, shall have more than one (1) membership per Lot. Members shall be entitled to one (1) vote for each Lot owned. Votes and rights of use and enjoyment shall be as provided in this Declaration and in the Bylaws. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

ARTICLE IV

Assessments

Section 1. Purpose of Assessment. The assessments provided for herein shall be used for the general purposes of promoting the common benefit and enjoyment of the Owners and Occupants of Lots, including the maintenance of real and personal property, all as may be more specifically authorized from time to time by the Board of Directors.

Section 2. Creation of the Lien and Personal Obligation for Assessments. Each Owner of any Lot, by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, jointly and severally, covenants and agrees to pay to the Association: (a) annual assessments or charges; (b) special assessments, such assessments to be established and collected as hereinafter provided; and (c) specific assessments against any particular Lot which are established pursuant to the terms of this Declaration, including, but not limited to, reasonable fines as may be imposed in accordance with the terms of this Declaration. All such assessments, together with 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 actually incurred, shall be a charge on the land and shall be a continuing lien upon the Lot against which each assessment is made in favor of the Association and the Association shall be entitled to file a document evidencing such lien in the land records of the county in which the Lot is located. Such

for ad valorem taxes; or (b) liens for all sums unpaid on a first Mortgage or on any Mortgage to Declarant duly recorded in the land records of the county where the Community is located and all amounts advanced pursuant to such Mortgage and secured thereby in accordance with the terms of such instrument. All other Persons acquiring liens or encumbrances on any Lot after this Declaration shall have been recorded in such records shall be deemed to consent that such liens or encumbrances shall be inferior to future liens for assessments, as provided herein, whether or not prior consent is specifically set forth in the instruments creating such liens or encumbrances.

Each such assessment, together with late charges, interest, costs, including, without limitation, reasonable attorney's fees actually incurred, shall also be the personal obligation of the Person who was the Owner of such Lot at the time the assessment fell due. 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 such portion thereof as may be due and payable at the time of conveyance; provided, however, the liability of a grantee for the unpaid assessments of its grantor shall not apply to any first Mortgagee taking title through foreclosure proceedings or deed in lieu of foreclosure.

The Association shall, within five (5) days after receiving a written request therefore and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot shall be binding upon the Association as of the date of issuance.

Annual assessments shall be levied at a uniform rate per Lot and shall be paid in such manner and on such dates as may be fixed by the Board of Directors, which may include, without limitation, acceleration, upon ten (10) days' written notice, of the annual assessment for delinquents. Unless otherwise provided by the Board, the assessment shall be paid in annual installments.

Section 3. Computation. It shall be the duty of the Board to prepare a budget covering the estimated costs of operating the Association during the coming year, which may, if applicable, include a capital contribution or reserve in accordance with a capital budget separately prepared. The Board shall cause the budget and the assessments to be levied against each Lot for the following year to be delivered to each member at least thirty (30) days prior to the end of the current fiscal year (or, if the assessment has not been established at the time an Owner purchases such Owner's Lot, at least thirty (30) days prior to the due date of the first installment in the case of the initial budget). The budget and the assessment shall become effective unless disapproved at a meeting by a majority of the Total Association Vote. Notwithstanding the foregoing, however, in the event the membership disapproves the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year, then and until such time as a budget shall have been determined, as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

Section 4. Special Assessments. In addition to the other assessments authorized herein, the Association may levy special assessments from time to time if 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 5. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessments or installments thereof which are not paid when due shall be delinquent. Any assessment or installment thereof delinquent for a period of more than ten (10) days shall incur a late charge in an amount as the Board may from time to time determine. The Association may cause a notice of delinquency to be given to any member who has not paid within ten (10) days following the due date. If the assessment is not paid within thirty (30) days, a lien, as herein provided, shall attach and, in addition, the lien shall include interest, not to exceed the lesser of the maximum rate permitted by law or eighteen percent (18%) per annum on the principal amount due from the date first due and payable, all late charges, all costs of collection, including, without limitation, reasonable attorney's fees actually incurred, and any other amounts provided or permitted by law. In the event that the assessment remains unpaid after sixty (60) days, the Association may, as the Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. Each Owner, by acceptance of a deed or as a party to any other type of a conveyance, vests in the Association or its agents the right and power to bring all actions against such Owner personally, for the collection of such charges as a debt or to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners. The Association, acting on behalf of the Owners, shall have the right, but not the obligation, to bid on the Lot at any foreclosure sale or to acquire, hold, lease, mortgage, or convey the same.

No Owner may waive or otherwise exempt himself from liability for the assessments provided for herein, including, by way of illustration, but not limitation, abandonment of the Lot. No diminution or abatement of any assessment shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration or the Bylaws, or 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 being a separate and independent covenant on the part of each Owner.

All payments shall be applied first to costs, then to late charges, then to interest and then to delinquent assessments.

Section 6. Date of Commencement of Assessments. The assessments provided for herein shall commence as to a Lot subject to this Declaration on the first day of the month following the conveyance of such Lot. Assessments shall be due and payable in a manner and on a schedule as the Board of Directors may provide. The first

annual assessment may be adjusted according to the number of months then remaining in that fiscal year.

Section 7. Specific Assessments. The Board shall have the power to specifically assess pursuant to this Section as, in its discretion, it shall deem appropriate. 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 with respect to any expenses, including an expense for which the Board has not previously exercised its authority under this Section. Fines levied pursuant to Article XIII, Section 1 of this Declaration and the costs of maintenance performed by the Association for which the Owner is responsible under Article V, Sections 1 and 2 of this Declaration shall be specific assessments. The Board may also specifically assess Owners for the following Association expenses:

- (a) all expenses of the Association 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 8. Declarant Obligations. Notwithstanding any provision that may be contained to the contrary in this Declaration, the Bylaws or the Articles of Incorporation of the Association, for as long as Declarant is the Owner of any Lot on which a residence has not yet been constructed, the Declarant, for each Lot so owned, shall be subject to and liable for a reduced annual assessment equal to ten percent (10.0%) of the regular annual assessment; provided, however, the Declarant in its sole discretion may elect in any given assessment year, in lieu of payment of such reduced assessment for each Lot owned by Declarant, to pay any and all deficits incurred by the Association for expenses incurred by the Association in excess of the amounts collected as assessments. For purposes hereof, the existence or non-existence of a expense deficit for the Association shall be determined on a cash accounting basis instead of an accrual accounting basis. When Declarant has sold and conveyed all Lots owned by Declarant within the Community, Declarant shall have no further liability of any kind to the Association for payment of assessments or funding any expense deficits of the Association.

Section 9. Initiation Fee. Upon the first sale of each and every Lot to an Owner who will individually or through tenants or assigns occupy a residence on a Lot, an initiation fee in the amount of \$1,000.00 shall be collected at the closing of such sale for the benefit of the Association. The aggregate funds established by such initiation fee shall be for the purpose of insuring that the Association will have cash available to make additional improvements, meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable by the Board.

ARTICLE V

Maintenance; Conveyance of Common Property to Association

Section 1. Association's Responsibility.

(a) General. The Association shall maintain and keep in good repair the Common Property. This maintenance shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Property. The Association shall also be responsible for maintenance of and all liability associated with all drainage detention and retention areas and devices originally maintained by Declarant, to the extent such responsibility has not been assumed on an ongoing basis by a local governmental entity. The Association shall also maintain: (a) all entry features for the Community, including the landscaping associated therewith (whether or not such landscaping is on a Lot or public right-of-way) and any irrigation system and the expenses for water and electricity, if any, provided to all such entry features; (b) streetscapes located at other street intersections within the Community; (c) all cul-de-sac islands located in the Community; and (d) all property outside of Lots located within the Community which was originally maintained by Declarant.

In addition, 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, where the Board has determined that such maintenance would benefit all Owners.

In the event that the Association determines that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, 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 and 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 added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot of such Owner.

The foregoing maintenance shall be performed consistent with the Community-Wide Standard.

(b) Sewer Pump System. Declarant or the Architectural Control Committee may determine, in its sole discretion, that a Lot requires a Sewer Pump System for the purpose of pumping Sewage into the Charlotte-Mecklenburg Utility Department sewage system. The Owner of any such Lot shall be responsible for incorporating the plans for the Sewer Pump System to service such Lot into the plans and specifications for Improvements on such Lot submitted to the Architectural Control Committee, for contacting and scheduling the installation work of the Sewer Pump System by an installation company approved by the Architectural Control Committee and for the cost of installing and supplying electrical service to the Sewer Pump System and

paying any electrical service to the Sewer Pump System and paying any “turn on” charges required by the Charlotte-Mecklenburg Utility Department. The Association, upon installation of the Sewer Pump System, shall be responsible for paying the cost of maintenance and repair of the Sewer Pump System. The Association has entered into a Home/Property Owners’ Operational Agreement with the North Carolina Environmental Management Commission (the “Commission”), as shown at Exhibit E, attached hereto and made a part hereof, which Agreement requires, and the Association acknowledges the following (in the event of a conflict between the terms within other provisions of this Declaration and this Section 5.01(b), this Section 5.01(b) shall prevail):

(1) The Association was formed for the purpose, among others, of handling the property, affairs and business of the development known as Joy’s Serenity Point (hereinafter, the Development); of operating, maintaining, re-constructing and repairing the common elements of the lands and improvements subject to unit ownership, including the wastewater collection system with pumps, wastewater treatment works, and/or disposal facilities (hereinafter Disposal System); and of collecting dues and assessment to provide funds for such operation, maintenance, re-construction and repair.

(2) The Association desires, to construct and/or operate a Disposal System to provide sanitary sewage disposal to serve the Development on said lands.

(3) The Association has applied to the Commission for the issuance of a permit pursuant to G.S. 143-215.1 to construct, maintain, and/or operate the Disposal System.

(4) The Development was created subject to unit ownership in the dwelling units, other improvements and lands through filing of a Declaration of Unit Ownership (hereinafter Declaration), pursuant to Chapter 47C or 47F of the North Carolina General Statutes.

(5) The Commission desires to assure that the Disposal System of the Development is properly constructed, maintained and operated in accordance with law and permit provisions in order to protect the quality of the waters of the State and the public interest therein...

(6) The Association shall construct the Disposal System and/or make any additions or modifications to the Disposal System in accordance with the permit and plans and specifications hereafter issued and approved by the Commission, and shall thereafter properly operate and maintain such systems and facilities in accordance with applicable permit provisions and law.

(7) The Association shall provide in the Declaration and Association Bylaws that the Disposal System and appurtenances thereto are part of the common elements and shall thereafter be properly maintained and operated in conformity with law and the provisions of the permit for construction, operation, repair, and maintenance of the system and facilities. The Declaration and Bylaws shall identify the

entire wastewater treatment, collection and disposal system as a common element which will receive the highest priority for expenditures by the Association except for Federal, State, and local taxes and insurance.

(8) The Association shall provide in the Declaration and Association Bylaws that the Disposal System will be maintained out of the common expenses. In order to assure that there shall be funds readily available to repair, maintain, or construct the Disposal System beyond the routine operation and maintenance expenses, the Declaration and Association Bylaws shall provide that a fund be created out of the common expenses. Such fund shall be separate from the routine maintenance fund allocated for the facility and shall be part of the yearly budget.

(9) In the event the common expense allocation and separate fund(s) are not adequate for the construction, repair, and maintenance of the Disposal System, the Declaration and Association Bylaws shall provide for special assessments to cover such necessary costs. There shall be no limit on the amount of such assessments, and the Declaration and Bylaws shall provide such that special assessments can be made as necessary at any time.

(10) If a wastewater collection system and wastewater treatment and/or disposal facility provided by any city, town, village, county, water and sewer authorities, or other unit of government shall hereinafter become available to serve the Development, the Association shall take such action as is necessary to cause the existing and future wastewater of the Development to be accepted and discharged into said governmental system, and shall convey or transfer as much of the Disposal System and such necessary easements as the governmental unit may require as condition of accepting the Development's wastewater.

(11) Recognizing that it would be contrary to the public interest and to the public health, safety and welfare for the Association to enter into voluntary dissolution without having made adequate provisions for the continued proper maintenance, repair and operation of its Disposal System, the Association shall provide in the Association Bylaws that the Association shall not enter into voluntary dissolution without first having transferred its said system and facilities to some person, corporation or other entity acceptable to and approved by the Commission by the issuance of a permit.

(12) The Association shall not transfer, convey, assign or otherwise relinquish or release its responsibility of the operation and maintenance of its Disposal System until a permit has been reissued to the Association's successor.

(13) The agreements set forth above shall be conditions of any permit issued by the Commission to the Association for the construction, maintenance, repair and operation of the Disposal System."

Section 2. Owner's Responsibility. Except as provided in Section 1 above, 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. Such maintenance shall include, without limitation, (i) the repairing and painting (or other appropriate external care) and otherwise caring for the dwelling and all other structures located on the Lot; (ii) the seeding, fertilizing and watering of all lawns and mowing, edging, clipping, sweeping, pruning, raking and otherwise caring for all lawns; (iii) the pruning and trimming of all trees, hedges and shrubbery not maintained by the Association so that the same are not obstructive of a view by motorists or pedestrians of street traffic; and (iv) the maintenance, repair and painting of all fences on the Lot. If the Board of Directors of the Association 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 hereunder, the Association shall, except in an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacements deemed necessary. The Owner shall have ten days after receipt of such notice within which to complete such maintenance, repair, or replacement, or, if 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 added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot. The remedies provided in this Section shall be in addition to, and not in lieu of, other remedies provided in this Declaration for a violation of the Declaration.

Section 3. Party Walls and Party Fences.

(a) General Rules of Law to Apply. Each wall or fence built as a part of the original construction on the Lots which shall serve and separate any two (2) adjoining Lots shall constitute a party wall or fence and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall or fence shall be shared by the Owners who make use of the wall or fence in equal proportions.

(c) Damage and Destruction. If a party wall or fence is destroyed or damaged by fire or other casualty, then to the extent that such damage is not covered by insurance and repaired out of the proceeds of insurance, any Owner who has used the wall may restore it, and if the other Owner or Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in equal proportions without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

(d) Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Section shall be appurtenant to the land and shall pass to such Owner's successors-in-title.

(e) Arbitration. In the event of any dispute arising concerning a party wall or fence, or under the provisions of this Section, each party shall appoint one (1) arbitrator. Should any party refuse to appoint an arbitrator within ten (10) days after written request therefore by the Board of Directors, the Board shall appoint an arbitrator for the refusing party. The arbitrators thus appointed shall appoint one (1) additional arbitrator and the decision by a majority of all three (3) arbitrators shall be binding upon the parties and shall be a condition precedent to any right of legal action that either party may have against the other.

Section 4. Conveyance of Common Property to Association. Declarant or any builder that has purchased any portion of the property comprising the Community from Declarant, with the consent of Declarant, may transfer or convey to the Association any personal property and any improved or unimproved real property, leasehold, easement, or other property interest. Such conveyance shall be accepted by the Association, 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. Neither Declarant nor any such builder shall be required to make any improvements whatsoever to property to be conveyed and accepted pursuant to this Section.

ARTICLE VI

Use Restrictions and Rules

Section 1. General. This Article, beginning at Section 2, sets out certain use restrictions which must be complied with by all Owners and Occupants. These use restrictions may only be amended in the manner provided in Article XIII, Section 4 hereof regarding amendment of 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 (a) modified or deleted by the Board as provided above, or (b) overruled, cancelled, or modified in a regular or special meeting by a majority of the Total Association Vote.

Section 2. Residential Use. All Lots shall be used for residential purposes exclusively. No business or business activity shall be carried on, in or upon any Lot at any time except with the written approval of the Board and so long as the business or business activity is in compliance with the applicable zoning requirements for this area. Leasing of a Lot shall not be considered a business or business activity. However, the Board may, but not be obligated to, permit a Lot to be used for business purposes so long as such business, in the sole discretion of the Board, does not otherwise violate the provisions of the Declaration or Bylaws, does not create a disturbance and does not

unduly increase traffic flow or parking congestion. The Board may issue rules regarding permitted business activities.

Notwithstanding the foregoing, under no circumstances shall any child or day care business (as hereinafter defined) be conducted or carried on, in or upon any Lot. A “child or day care business” is defined for the purposes hereof as a for profit child care facility or arrangement for three (3) or more children whether on a full-time, temporary, part time, seasonal, drop-in or after school basis, which facility or arrangement requires the issuance of a license under the North Carolina General Statutes and North Carolina Department of Health and Human Services rules and regulations.

Section 3. Architectural and Landscaping Standards. No exterior construction, alteration, addition, erection or landscaping of any nature whatsoever shall be commenced or placed upon any part of the Community, except such as is installed by Declarant, or as is approved in accordance with this Section, or as is otherwise expressly permitted herein. No exterior construction, addition, erection, alteration or landscaping shall be made unless and until plans and specifications showing at least the nature, kind, shape, height, materials, color, texture and location shall have been submitted in writing to and approved by an Architectural Control Committee (“ACC”). The ACC 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. The Board may employ architects, engineers, or other Persons as it deems necessary to enable the ACC to perform its review. The ACC 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. Written design guidelines and procedures may be promulgated for the exercise of this review, which guidelines may provide for a review fee. So long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community, Declarant shall have the right to appoint all members of the ACC. Upon the expiration or earlier surrender in writing of such right, the Board shall appoint the members of the ACC.

If the ACC fails to approve or to disapprove submitted plans and specifications within thirty (30) days after the plans and specifications have been submitted to it, the foregoing will be deemed approved. However, all activities commenced pursuant to such plans which have been deemed approved shall be consistent with such plans. In addition, no approval, whether expressly granted or deemed granted as provided herein, shall be inconsistent with this Declaration or any design guidelines promulgated by the Board unless a variance has been granted in writing pursuant to Article XIII, Section 15 of this Declaration.

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 ACC, 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 ACC 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 these restrictive covenants or any other provisions of this Declaration have been or are being complied with. Such Person or 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 Article XIII, Section 1 hereof, 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 ACC, THE MEMBERS THEREOF, NOR THE ASSOCIATION ASSUMES LIABILITY OR RESPONSIBILITY THEREFOR, NOR FOR ANY DEFECT IN ANY STRUCTURE CONSTRUCTED FROM SUCH PLANS AND SPECIFICATIONS. NEITHER DECLARANT, THE ASSOCIATION, THE ACC, THE BOARD, NOR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM SHALL BE LIABLE IN DAMAGES TO ANYONE SUBMITTING PLANS AND SPECIFICATIONS TO ANY OF THEM FOR APPROVAL, OR TO ANY OWNER OF PROPERTY AFFECTED BY THESE RESTRICTIONS BY REASON OF MISTAKE IN JUDGMENT, NEGLIGENCE, OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS OR SPECIFICATIONS. EVERY PERSON WHO SUBMITS PLANS OR SPECIFICATIONS AND EVERY OWNER AGREES THAT SUCH PERSON OR OWNER WILL NOT BRING ANY ACTION OR SUIT AGAINST DECLARANT, THE ASSOCIATION, THE ACC, THE BOARD, OR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM TO RECOVER ANY DAMAGES AND HEREBY RELEASES, REMISES, QUITCLAIMS, AND COVENANTS NOT TO SUE FOR ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH ANY JUDGMENT, NEGLIGENCE, OR NONFEASANCE AND HEREBY WAIVES THE PROVISIONS OF ANY LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS, AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

Section 4. Signs. No sign of any kind shall be erected by an Owner or Occupant within the Community without the prior written consent of the ACC except (a) professional security signs consistent with the Community-Wide Standard, (b) any signs required by legal proceedings, (c) reasonable and appropriate signs erected by the Board, and (d) signs erected by Declarant in connection with a bona-fide offer to sell or lease a Lot or residence, one (1) professionally lettered "For Sale" or "For Rent" sign consistent with the Community-Wide Standard shall be permitted provided (i) the sign has a

maximum area of six (6) square feet and a maximum height of four (4) feet above ground level, and (ii) the content of the sign states only that the Lot or residence is “For Sale” or “For Rent” and the name and telephone number of the person to contact for additional information. “For Sale” or “For Rent” signs including any additional information shall not be permitted in the Community. Notwithstanding anything provided herein to the contrary, no sign shall be displayed on or from within any structure on a Lot.

Section 5. Vehicles. The term “vehicles,” as used herein, shall include, without limitation, motor homes, boats, trailers, motorcycles, minibikes, scooters, go-carts, trucks, campers, buses, vans, limousines and automobiles. Vehicles shall not be parked on any street within the Community. Vehicles shall not be parked on the Common Property or on any portion of a Lot other than in the garage; provided, however, if, and only if, the Occupants of a Lot have more vehicles than the number of garage parking spaces, those excess vehicles which are an Occupant’s primary means of transportation on a regular basis may be parked on the driveway on the Lot. All parking shall be subject to such rules and regulations as the Board may adopt.

All single-family detached homes shall contain a garage. Carports shall not be permitted. Garage doors shall be kept closed at all times, except during times of ingress and egress from the garage.

Notwithstanding anything provided herein to the contrary, no towed vehicle, boat, boat trailer, recreational vehicle, motor home, mobile home, bus, truck with camper top, truck (except pick-up trucks and sport utility vehicles), commercial vehicle, motorcycle, minibike, scooter, go-cart or similar recreational vehicle shall be permitted on any Lot, except if kept in an enclosed garage, for periods longer than forty-eight (48) consecutive hours (the intent of this provision is that the aforementioned vehicles may not be stored on a Lot except if in a garage and the temporary removal of such vehicle from a Lot to break the continuity of the forty-eight (48) consecutive hours shall not be sufficient to establish compliance with this restriction). Any such vehicle shall be considered a nuisance and may be removed from the Community.

No vehicle may be left upon any portion of the Community, except in a garage, if it is unlicensed or if it is in a condition such that it is incapable of being operated upon the public highways. Any such vehicle shall be considered a nuisance and may be removed from the Community.

No motorized vehicles shall be permitted on pathways or unpaved Common Property except for public safety vehicles authorized by the Board.

Section 6. Leasing. Lots may be leased for residential purposes only. 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 comply with the foregoing.

Section 7. 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.

Section 8. Animals and Pets. No animals, livestock, or poultry of any kind may be raised, bred, kept, or permitted on any Lot, except that dogs, cats, or other usual and common household pets in reasonable number, as determined by the Board, may be kept on a Lot. Notwithstanding the above, those pets which, in the sole discretion of the Board, endanger the health, make objectionable noise, or constitute a nuisance or inconvenience to the Owners of any Lot or the owner of any property located adjacent to the Community, may be removed by the Board. No pets shall be kept, bred or maintained for any commercial purpose. Without prejudice to the Board's right to remove any such household pets, no household pet that has caused damage or injury may be walked in the Community. No structure for the care, housing or confinement of any animal shall be constructed, placed or altered on any Lot unless plans and specifications for such structure have been approved by the ACC as provided in Section 3 of this Article VI of the Declaration. Notwithstanding the above, if county and municipal regulations permit, any owner of two or more contiguous acres (in the form of adjoining lots) may keep a horse so long as the boarding of said horse does not constitute a nuisance or inconvenience to the Owners of any Lot.

Section 9. Nuisance. It shall be the responsibility of each Owner and Occupant to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on such Owner's Lot. 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.

Section 10. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, 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 except in an enclosed garage.

Section 11. Antennas. The Board may issue rules regarding the erection of exterior antennas, including, without limitation, satellite dishes; provided such rules do not prevent reception of acceptable quality signals or cause an unreasonable delay or cost. Unless screened and located to provide minimum visual impact on neighboring properties and streets, 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; provided such screening and location do not prevent reception of acceptable quality signals or cause an unreasonable delay or cost. In no event shall any such antenna or satellite dish in excess of eighteen (18") inches in diameter be permitted in the Community except if installed by the Declarant or the Board as provided in this Section. Declarant and the Board shall have the right (but shall not be obligated), to erect a master antenna, satellite dish or other similar master system for the benefit of the entire Community. Each Owner and Occupant acknowledges that this provision benefits all Owners and Occupants and each Owner and Occupant agrees to comply with this provision despite the fact that the erection of an outdoor antenna or similar device would be the most cost-effective way to transmit or receive the signals sought to be transmitted or received.

Section 12. Tree Removal. No trees that are more than four (4) inches in diameter at a point two (2) feet above the ground shall be removed without the prior written consent of the ACC except (a) dead or diseased trees, (b) trees that are located within ten feet of a drainage area, a sidewalk, a residence or a driveway, (c) trees removed by a builder during the original construction of a residence on a Lot, or (d) trees removed by Declarant.

Section 13. 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. No Owner or Occupant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. Declarant hereby reserves for the benefit of Declarant, any builder who has purchased any Lot(s) for the purpose of the construction of a residence thereon and the resale of such Lot(s) and residence(s), and the Association and their respective successors and assigns a perpetual easement across the Community property for the purpose of altering drainage and water flow. Rights exercised pursuant to such 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 14. 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.

Section 15. Garbage Cans, Woodpiles, Etc. All garbage cans, woodpiles, swimming pool pumps, filters and related equipment and other similar items shall be located or screened so as to be concealed from view of neighboring streets and property; provided, however, if rubbish, garbage or any other form of solid waste is to be disposed

of by being collected on a regular and recurring basis, containers may be placed in the open on the evening before a pickup is to be made as necessary to provide access to Persons making such pick-up. All rubbish, trash, and garbage shall be regularly removed (no less frequently than weekly) and shall not be allowed to accumulate. Trash, garbage, debris, or other waste matter of any kind may not be burned within the Community, except by Declarant or a builder during the original construction of a residence on a Lot.

Section 16. Subdivision of Lot. No Lot shall be subdivided or its boundary lines changed except with the prior written approval of the ACC. 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 and shall not constitute a violation of Section 2 of this Article VI of the Declaration.

Section 17. Guns. The use of firearms in the Community is prohibited. The term “firearms” includes without limitation “B-B” guns, pellet guns, bows and arrows, sling shots and small firearms of all types.

Section 18. Fences. No fence or fencing type barrier of any kind shall be placed, erected, allowed, or maintained upon any portion of the Community, including any Lot, unless and until plans and specifications showing at least the nature, kind, shape, height, materials, color, texture and placement of such fence or fencing type barrier have been submitted in writing to, and approved in writing by, the ACC as provided in Article VI, Section 3, above. No fence or wall shall be erected on a Lot closer to the street than the side street setback or the front of the building facade except for temporary decorative fencing installed by the builder on a model home. Allowable fencing styles include split-rail, Virginia Gothic picket and privacy; however, under no circumstances shall a fence exceed six (6) feet in height. All rails and posts should be placed in a manner so that the finished planks are viewed from the street and the adjoining Lot owners, rather than the structural supports. The ACC may issue guidelines detailing acceptable fence styles, but in no event may an uncoated chain link or barbed wire fence be approved. Notwithstanding anything provided herein to the contrary, the Board shall have the right to erect fencing of any type considered appropriate or desirable by the Board at any location on the Common Property.

Section 19. Utility Lines. Except as may be permitted by the ACC, 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.

Section 20. Air-Conditioning Units. No window air conditioning units may be installed except as may be permitted by the ACC, but in no event shall a window air conditioning unit be installed in any dwelling so as to be visible from the front of any Lot or any adjoining street.

Section 21. Lighting. Except as may be permitted by the ACC, exterior lighting visible from the street shall not be permitted except for (a) approved lighting as

originally installed on a Lot; (b) one (1) decorative post light, (c) street lights in conformity with an established street lighting program for the Community; (d) seasonal decorative lights from Thanksgiving to the following January 15; or (e) front house illumination of model homes.

Section 22. Artificial Vegetation, Exterior Sculpture, Exterior Statuary and Similar Items. No artificial vegetation or plastic animal decorations, such as pink flamingos, etc., shall be permitted on the exterior of any property. Exterior sculpture, fountains, flags, bird baths, bird houses, and similar items must be approved by the ACC; but in no event shall be located so as to be visible from the front of any Lot or any adjoining street.

Section 23. 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 ACC.

Section 24. Swimming Pools. No swimming pool shall be constructed, erected or maintained upon any Lot without the prior written consent of the ACC and in no event shall any above-ground swimming pool be permitted.

Section 25. Gardens and Play Equipment. No vegetable garden, hammock, statuary, or play equipment (including, without limitation, basketball goals) shall be constructed, erected or maintained upon any Lot unless the type and location thereof has been previously approved by the ACC.

Section 26. Mailboxes. All mailboxes and mailbox posts shall be of a similar style and color as that installed initially by Declarant.

Section 27. Exteriors. Any change to the exterior color, finish or texture of any improvement located on a Lot, including, without limitation, the dwelling, the roof on any dwelling or any fence, must be approved by the ACC.

Section 28. Clotheslines. No exterior clotheslines of any type shall be permitted upon any Lot.

Section 29. Entry Features. Owners shall not alter, remove or add improvements to any entry features constructed by Declarant on any Lot, or any part of any easement area associated therewith without the prior written consent of the ACC.

Section 30. Window Treatments. No foil or other reflective materials shall be used on any windows for sunscreens, blinds, shades or for any other purpose. The side of all window treatments which can be seen at any time from the outside of any structure located on a Lot must be white or off-white.

Section 31. Fuel or Water Tanks. No fuel tanks or water tanks shall be stored or maintained upon any Lot in such a manner as to be visible from any public

street or road or from any other Lot, unless used by Declarant, temporarily, in the ordinary course of developing the Community.

Section 32. Outbuildings and Similar Structures. No structure of a temporary nature, unless approved in writing by the ACC, shall be erected or allowed to remain on any Lot, and no trailer, camper, shack, tent, garage, barn or other structure may be used as a residence, either temporarily or permanently. However, this Section shall not be construed to prevent Declarant and those engaged in development, construction, marketing, property management or sales in the Community from using sheds, trailers or other temporary structures for any of the foregoing purposes. In addition, nothing in this Declaration shall be construed to prevent Declarant or any builder from developing, constructing, marketing, or maintaining model homes or speculative housing within the Community.

Section 33. Erosion Control. No activity which may create erosion or siltation problems shall be undertaken on any Lot without the prior written approval of the ACC of plans and specifications for the prevention and control of such erosion or siltation. The ACC may, as a condition of approval of such plans and specifications, require the use of certain means of preventing and controlling of such erosion or siltation.

ARTICLE VII

Insurance and Casualty Losses

Section 1. Association Insurance. If and to the extent necessary to satisfy the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the U. S. Department of Veterans Affairs ("VA") or the U.S. Department of Housing and Urban Development ("HUD"), or otherwise as determined by the Board of Directors, the Board of Directors or the duly authorized agent of the Association shall have the authority to and shall obtain or cause to be obtained the following insurance:

(a) for all insurable improvements, whether or not located on Common Property, which the Association is obligated to maintain. This insurance shall provide, at a minimum, fire and extended coverage, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. Alternatively, the Board may purchase "all-risk" coverage in like amounts;

(b) a public liability policy covering the Association and its members for all damage or injury caused by the negligence of the Association or any of its members or agents, and, if reasonably available, directors' and officers' liability insurance. The public liability policy shall have a combined single limit of at least One Million Dollars (\$1,000,000.00); and

(c) such other insurance necessary to satisfy the requirements of applicable laws or deemed necessary in the sole discretion of the Board.

Premiums for all insurance shall be common expenses of the Association. The policies may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance at least equals the full replacement cost.

All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association, as trustee for the respective benefited parties. All policies shall be written with a company authorized to do business in North Carolina. All policies shall be reviewed annually by one (1) or more qualified persons, at least one (1) of whom must be in the real estate industry and familiar with construction in the county where the Community is located. Exclusive authority to adjust losses under policies obtained by the Association shall be vested in the Association's Board of Directors; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related thereto. The Association's Board of Directors shall make every reasonable effort to secure insurance policies that will provide that no policy may be cancelled, subjected to non-renewal or substantially modified without at least thirty (30) days' prior written notice to the Association.

Section 2. Individual Insurance. By virtue of taking title to a Lot subject to the terms of this Declaration, each Owner acknowledges that the Association has no obligation to provide any insurance for any portion of individual Lots, and each Owner covenants and agrees with all other Owners and with the Association that each Owner shall carry blanket all-risk casualty insurance on the Lot and all structures constructed thereon and a liability policy covering damage or injury occurring on a Lot. The casualty insurance shall cover loss or damage by fire and other hazards commonly insured under an "all-risk" policy, if reasonably available, including vandalism and malicious mischief, and shall be in an amount sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any such hazard. If all-risk coverage is not reasonably available, Owners shall obtain, at a minimum fire and extended coverage. The policies required hereunder shall be in effect at all times. Authority to adjust losses under policies obtained by an Owner shall be vested in the Owner. The Association shall have the right, but not the obligation, at the expense of the Owner, to acquire the insurance required to be maintained by the Owner if the Owner fails to provide a valid policy to the Association with a prepaid receipt within ten (10) days after receipt by the Owner of a written request from the Association. If the Association does acquire insurance on behalf of any Owner, the cost thereof shall be assessed against the Owner and the Lot as a specific assessment.

Section 3. Damage and Destruction — Insured by Association.

(a) **In General.** Immediately after damage or destruction by fire or other casualty to all or any portion of any improvement covered by insurance written in the name of the Association, the Board of Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance and obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction, as used in this Section, means repairing or restoring the property to substantially the same condition and location that

existed prior to the fire or other casualty, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) **Repair and Reconstruction.** Any damage or destruction to property covered by insurance written in the name of the Association shall be repaired or reconstructed unless, within sixty (60) days after the casualty, at least seventy-five percent (75%) of the Total Association Vote otherwise agree. If for any reason either the amount of the insurance proceeds to be paid as a result of such damage or destruction, or reliable and detailed estimates of the cost of repair or reconstruction, or both, are not made available to the Association within such period, then the period shall be extended until such information shall be made available; provided, however, such extension shall not exceed sixty (60) days. No Mortgagee shall have the right to participate in the determination of whether damage or destruction shall be repaired or reconstructed.

If the damage or destruction for which the insurance proceeds are paid is to be repaired or reconstructed and such proceeds are not sufficient to defray the cost thereof, the Board of Directors shall levy a special assessment against all Owners to cover any such deficiency. Notwithstanding anything provided herein to the contrary, any such specific assessment may be levied by the Board without a vote of the members of the Association. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction. If the funds available from insurance exceed the costs of repair or reconstruction or if the improvements are not repaired or reconstructed, such excess shall be deposited to the benefit of the Association.

In the event that it should be determined by the Association in the manner described above that the damage or destruction shall not be repaired or reconstructed and no alternative improvements are authorized, then and in that event the property shall be restored to its natural state and maintained as an undeveloped portion of the Community by the Association in a neat and attractive condition.

Section 4. Damage and Destruction — Insured by Owners. The damage or destruction by fire or other casualty to all or any 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. Alternatively, the Owner may elect to demolish all improvements on the Lot and remove all debris therefrom within seventy-five (75) days after such damage or destruction. In the event of noncompliance with this provision, the Board of Directors shall have all enforcement powers specified in Article XIII, Section 1 and Section 2 of this Declaration.

Section 5. Insurance Deductible. The deductible for any casualty insurance policy carried by the Association shall, in the event of damage or destruction, be allocated among the Persons who are responsible hereunder, or under any declaration or contract requiring the Association to obtain such insurance, for maintenance of the damaged or destroyed property.

ARTICLE VIII

Condemnation

In the event of a taking by eminent domain of any portion of the Common Property on which improvements have been constructed, then, unless within sixty (60) days after such taking, at least seventy-five percent (75%) of the Total Association Vote shall otherwise agree, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Property to the extent lands are available therefore. The provisions of Article VII, Section 3 above, applicable to Common Property improvements damage, shall govern replacement or restoration and the actions to be taken in the event that the improvements are not restored or replaced.

ARTICLE IX

Annexation and Withdrawal of Property

Section 1. Unilateral Annexation By Declarant.

(a) As the owner thereof or, if not the owner, with the consent of the owner thereof, Declarant shall have the unilateral right, privilege, and option from time to time at any time until seven (7) years after the recording of this Declaration to subject all or any portion of the real property described in Exhibit "C", attached hereto and by reference made a part hereof to the provisions of this Declaration and the jurisdiction of the Association by filing for record in the county in which the property to be annexed is located a Supplementary Declaration describing the property being subjected. Any such annexation shall be effective upon the filing for record of such Supplementary Declaration unless otherwise provided therein. As long as covenants applicable to the real property previously subjected to this Declaration are not changed and as long as rights of existing Owners are not adversely affected, Declarant may unilaterally amend this Declaration to reflect the different character of any such annexed real property.

(b) The rights reserved unto Declarant to subject additional land to the Declaration shall not impose any obligation upon Declarant to subject any of such additional land to this Declaration or to the jurisdiction of the Association. If such additional land is not subjected to this Declaration, Declarant's reserved rights shall not impose any obligation on Declarant to impose any covenants and restrictions similar to those contained herein upon such additional land nor shall such rights in any manner limit or restrict the use to which such additional land may be put by Declarant or any subsequent owner thereof, whether such uses are consistent with the covenants and restrictions imposed hereby or not.

Section 2. Other Annexation. Subject to the consent of the owner(s) thereof and the consent of Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community), upon the affirmative vote or written consent, or any combination thereof, of the Owners of at least two-thirds (2/3) of the Lots (other than Lots owned by

Declarant so long as the consent of Declarant is required), the Association may annex real property to the provisions of this Declaration and the jurisdiction of the Association by filing for record in the county in which the property to be annexed is located a Supplementary Declaration describing the property being annexed. Any such Supplementary Declaration shall be signed by the President of the Association whose signature shall be attested by the Secretary of the Association, and any such annexation shall be effective only upon the filing for record of such Supplementary Declaration, unless a later effective date is provided therein.

Section 3. Withdrawal of Property. Declarant reserves the right to amend this Declaration so long as it has a right to annex additional property pursuant to this Article for the purpose of removing any portion of the Community then owned by Declarant or the Association from the coverage of this Declaration, to the extent originally included in error or as a result of any changes whatsoever in the plans for the Community, provided such withdrawal is not unequivocally contrary to the overall, uniform scheme of development for the Community.

ARTICLE X

Mortgagee Provisions

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

Section 1. Notices of Action. An institutional holder, insurer, or guarantor of a first Mortgage, 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 Mortgage 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 Mortgage 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 Mortgage, 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; or
- (d) any proposed action which would require the consent of a specified percentage of Mortgage holders.

Section 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 Mortgagee 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 3. Notice to Association. Upon request, each Lot Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

Section 4. VA/HUD Approval. As long as Declarant has the right to appoint and remove the directors of the Association, the following actions shall require the prior approval of the VA so long as the VA is guaranteeing any Mortgage in the Community, and HUD so long as HUD is insuring any Mortgage in the Community: annexation of additional property to the Community, except for annexation by Declarant in accordance with Article IX, Section 1 hereof pursuant to a plan of annexation previously approved by the VA and/or HUD as applicable; dedication of Common Property to any public entity; mortgaging of Common Property; mergers and consolidations; dissolution of the Association; and material amendment of the Declaration, the Bylaws, or the Articles of Incorporation of the Association.

Section 5. Applicability of Article X. Nothing contained in this Article shall be construed to reduce the percentage vote that must otherwise be obtained under the Declaration, Bylaws, or North Carolina law for any of the acts set out in this Article.

Section 6. Failure of Mortgagee to Respond. Any Mortgagee who receives a written request from the Board to respond to or consent to any action shall be deemed to have approved such action if the Association does not receive a written response from the Mortgagee within thirty (30) days of the date of the Association's request.

Section 7. Amendments by Board. Should the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, HUD or VA subsequently delete any of their respective requirements which necessitate the provisions of this Article or make any such requirements less stringent, the Board, without approval of the Owners, may cause an amendment to this Article to be recorded to reflect such changes.

ARTICLE XI

Easements

Section 1. Easements for Encroachment and Overhang. There shall be reciprocal appurtenant easements for encroachment and overhang as between each Lot and such portion or portions of the Common Property adjacent thereto or as between adjacent Lots due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of this Declaration) to a distance of not more than five (5) feet, as measured from any point on the common boundary between each Lot and the adjacent portion of the Common Property or as between adjacent Lots, as the case may be, along a line

perpendicular to such boundary at such point; provided, however, in no event shall an easement for encroachment exist if such encroachment occurred due to willful conduct on the part of an Owner, tenant, or the Association.

Section 2. 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, if any, 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 borrow money for the purpose of improving the Common Property, or any portion thereof, or for construction, repairing or improving any facilities located or to be located thereon, and to give as security for the payment of any such loan a Mortgage conveying all or any portion of the Common Property; provided, however, the lien and encumbrance of any such Mortgage 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 Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community (Any provision in this Declaration or in any such Mortgage given by the Association to the contrary notwithstanding, the exercise of any rights therein by the holder thereof in the event of a default thereunder 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 Mortgage, irrespective of when executed, given by Declarant or any Lot Owner encumbering any Lot or other property located within the Community.);

(3) 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

(4) 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 affirmation vote of the Owners of at least two-thirds (2/3) of the Lots (other than Lots of the Declarant so long as the consent of the Declarant is required) and the consent of Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community).

(b) Any Lot Owner may extend such Owner's right of use and enjoyment granted hereunder to the members of such Owner's family and to such Owner's tenants and social invitees, as applicable, subject to reasonable regulation by the Board. An Owner who leases such Owner's Lot shall be deemed to have delegated all such rights of the lessee of such Lot.

Section 3. Easements for Utilities and Drainage. There is hereby reserved to Declarant and the Association blanket easements upon, across, above and under all property within the Community for access, ingress, egress, installation, repairing, replacing, and maintaining all utilities serving the Community or any portion thereof, including, but not limited to, gas, water, sanitary sewer, telephone and electricity, as well as storm drainage and any other service such as, but not limited to, a master television antenna system, cable television system, or security system which Declarant or the Association might decide to have installed to serve 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, cables and other equipment related to the providing of such utility or service. Should any party furnishing any such utility or service request a specific license or easement by separate recordable document, the Board shall have the right to grant such easement.

Section 4. Easement for Entry. In addition to the right of the Board to exercise self-help as provided in Article XIII, Section 2 hereof, the Board shall have the right, but shall not be obligated, to enter upon any property within the Community for emergency, security, and safety reasons, which right may be exercised by the manager, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only 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 in the event an Owner fails or refuses to cure the condition upon request by the Board.

Section 5. Easement for Maintenance. Declarant hereby expressly reserves a perpetual easement for the benefit of the Association across such portions of the Community, determined in the sole discretion of the Association, as are necessary to allow for the maintenance and repair of the Common Property. The maintenance and repair shall include without limitation, maintenance, repair and replacement, subject to any insurance then in effect, of all landscaping and improvements situated on the Common Property, required under Article V. Such maintenance shall be performed with a minimum of interference to the quiet enjoyment to Lots, 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 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 within the Community on which entry features and similar streetscapes have been installed by Declarant. The easement and right herein reserved shall include the right to install, remove or maintain irrigation systems, 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 7. Easements for Maintenance and Repair of Lots.

(a) General. There shall be reciprocal appurtenant easements between adjacent Lots for the purpose of maintaining or repairing the improvements, including, without limitation, landscaping, located on such Lot. Such easements shall extend on such Lot at a distance of not more than five (5) feet as measured from any point on the common boundary between such Lots to a line perpendicular to such boundary at such point (but such easements shall not extend on, over or across any structures on any such Lot). The easements shall be used only for such period of time as is reasonably necessary in order to complete the needed maintenance or repair. The Owner of the Lot exercising the easement right shall be liable for the prompt repair of any damage to the Lot over which the easement is exercised which is caused by the maintenance or repair work. The damage portions of such Lot shall be restored to substantially the same condition as existed prior to the damage.

(b) Easement for Installation, Maintenance and Repair of Sewer Pump System. As more specifically set forth in the Architectural and Landscape Guidelines, Owners of Lots in the Community will be required to have installed, in connection with the construction of Improvements on such Lots, a Sewer Pump System. Declarant hereby reserves unto itself and grants to the Association and all agents, employees or designees of either, including any persons designated by either to install, maintain and/or repair any portion of the Sewer Pump System, an easement upon and over each Lot requiring such Sewer Pump System for ingress, egress and access for the installation, maintenance and repair of the Sewer Pump System.

Section 8. Construction and Sale Period Easement. Notwithstanding any provisions contained in this Declaration, the Bylaws, the Articles of Incorporation of the Association, use restrictions, rules and regulations, design guidelines, and any amendments thereto, until Declarant's right unilaterally to subject property to this Declaration as provided in Article IX terminates and thereafter so long as Declarant owns any property in the Community for development and/or sale, Declarant reserves an easement across all Community property for Declarant and any builder or developer approved by Declarant to maintain and carry on, upon such portion of the Community as Declarant may reasonably deem necessary, such facilities and activities as in the sole opinion of Declarant may be required, convenient, or incidental to Declarant's and such builder's or developer's development, construction, and sales activities related to property described on Exhibit "B" and Exhibit "C" to this Declaration, including, but without limitation: the right of access, ingress and egress for vehicular and pedestrian traffic and construction activities over, under, on or in the Community, including, without limitation, any Lot; the right to tie into any portion of the Community with driveways, parking area and walkways; the right to tie into and/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 including, without limitation, electrical, telephone, natural gas, water, sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Community; the right to grant easements over, under, in or on the Community, including, without limitation, the Lots, for the benefit of neighboring properties for the purpose of tying into and/or otherwise connecting and using sewer and drainage lines and facilities constructed or installed in, on, under and/or over the Community; the right, in the sole discretion of Declarant, to improve the Common Property; the right to carry on sales and promotional activities in the Community; and the right to construct and operate business offices, signs, construction trailers, model residences, and sales offices. Declarant and any such builder or developer may use residences, offices, or other buildings owned or leased by Declarant or such builder or developer as model residences and sales offices and may also use Common Property improvements, if any, available for use by the Community as a sales office without charge. Rights exercised pursuant to such reserve 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. This Section shall not be amended without Declarant's express written consent until Declarant's rights hereunder have terminated as hereinabove provided.

ARTICLE XII

Recreational Common Property

The Recreational Common Property facilities shall include a common open space or park as shown on plat to be recorded and shall be owned by the Association.

ARTICLE XIII

General Provisions

Section 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 in the deed to such Owner's Lot, if any. The Board of Directors may impose fines or other sanctions, which shall be collected as provided herein for the collection of assessments. Failure to comply with this Declaration, the or the rules and regulations shall be grounds for an action to recover sums due for 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. In any such action for damages or injunctive relief brought by the Association, the Association shall be entitled to recover reasonable attorney's fees actually incurred and court costs incurred by the Association in bringing such action. 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 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. The Association shall also have the right to suspend the voting rights of a Lot Owner and the right of an Owner to use the Common Property, 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.

Section 2. 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 restrictions. 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, without limitation, reasonable attorney's fees actually incurred, shall be assessed against the violating Lot Owner and shall be collected as provided for herein for the collection of assessments.

Section 3. Duration. The covenants and restrictions of this Declaration shall run with and bind the Community, and shall inure to the benefit of and shall be enforceable by the Association or any Owner, their respective legal representatives, heirs, successors, and assigns, perpetually to the extent provided by law; provided, however, so long as, and to the extent that, North Carolina law limits the period during which covenants restricting land to certain uses may run, any provisions of this Declaration affected thereby shall run with and bind the land so long as permitted by such law, after which time, any such provision shall be (a) automatically extended (to the extent allowed by applicable law) for successive periods of twenty (20) years, unless a written instrument reflecting disapproval signed by the then Owners of at least two-thirds (2/3) of the Lots and the Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community) has been recorded within the year immediately preceding the beginning of a twenty (20) year renewal period agreeing to change such provisions, in whole or in part, or to terminate the same, in which case this Declaration shall be modified or terminated to the extent specified therein; or (b) extended as otherwise provided by law. Every purchaser or grantee of any interest (including, without limitation, a security interest) in any real property subject to this Declaration, by acceptance of a deed or other conveyance therefore, thereby agrees that such provisions of this Declaration may be extended and renewed as provided in this Section.

Section 4. Amendment. This Declaration may be amended unilaterally at any time 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 reputable 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 or 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 reputable 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 thereto in writing. Further, so long as Declarant has the right unilaterally to annex additional property to this Declaration as provided in Article IX hereof, Declarant may unilaterally amend this Declaration for any other purpose; provided, however, any such amendment shall not materially adversely affect the substantive rights of any Lot Owners hereunder, nor shall it adversely affect title to any Lot without the consent of the affected Lot Owner.

In addition to the above, this Declaration may be amended upon the affirmation vote or written consent, or any combination thereof, of the Owners of at least two-thirds (2/3) of the Lots (other than Lots of Declarant so long as the consent of Declarant is required) and the consent of Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community). Amendments to this Declaration shall become effective upon recordation unless a later effective date is specified therein. No provision of this Declaration which reserves or grants special rights to Declarant shall be amended without Declarant's prior written approval so long as Declarant owns any property for development and/or sale in the Community, or has the right unilaterally to annex additional property to the Community.

Any lawsuit challenging any aspect of an amendment to this Declaration must be filed in the Superior Court of the county in which the Community is located within one (1) year of the recordation of such amendment in the land records of the county in which the Community is located.

Section 5. 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 6. 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 7. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, 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 8. Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Elizabeth II, Queen of England.

Section 9. Indemnification. To the fullest extent allowed by applicable North Carolina law, the Association shall indemnify every officer and director against any all expenses, including, without limitation, attorney's fees, imposed upon or reasonably incurred by any officer or director in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding, if approved by the then Board of Directors) 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, may be entitled. The Association shall maintain adequate general liability and officers' and directors' liability insurance to fund this obligation, if such coverage is reasonably available.

Section 10. Books and Records. This Declaration, the Bylaws, copies of rules and regulations, use restrictions, membership register, books of account, and minutes of meetings of the members of the Board and of committees shall be made available for inspection and copying by any member of the Association or by duly appointed representative of any member and by holders, insurers, or guarantors of any first Mortgage at any reasonable time and for a purpose reasonably related to such Person's interest as member or holder, insurer, or guarantor of a first Mortgage at the office of the Association or at such other reasonable place as the Board shall prescribe.

(a) **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 week when such an inspection may be made; and
- (3) payment of the cost of reproducing copies of documents.

(b) **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

of inspection by a director includes the right to make extra copies of documents at the reasonable expense of the Association.

Section 11. Financial Review. A review of the books and records of the Association shall be made annually in the manner as the Board of Directors may decide; provided, however, after having received the Board's financial statements at the 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 Mortgage and upon payment of all necessary costs, such holder shall be entitled to receive a copy of audited financial statements, if available, within ninety (90) days of the date of the request.

Section 12. Notice of Sale or Lease. 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 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 request.

Section 13. Agreements. Subject to the prior approval of Declarant (so long as Declarant owns any property for development and/or sale in the Community or has the right unilaterally to annex additional property to the Community) all agreements and determinations, including settlement agreements regarding litigation involving the Association, lawfully authorized by the Board of Directors 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 14. Implied Rights. The Association may exercise any right or privilege given to it expressly by this Declaration, the Bylaws, the Articles of Incorporation of the Association, 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 15. Variances. Notwithstanding anything to the contrary contained herein, the Board of Directors 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.

Section 16. Litigation. No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by at least seventy-five (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 Article IV hereof, (c) proceedings involving challenges to

ad valorem taxation, or (d) counterclaims brought by the Association in proceedings instituted against it. This Section shall not be amended unless such amendment is made by Declarant pursuant to Article XIII, Section 4 hereof , or is approved by the percentage votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 17. Security. The Declarant or the Association may, but shall not be required to, from time to time, provide measures or take actions which directly or indirectly improve safety in the Community. Notwithstanding the providing of any such measures or taking of any such action by Declarant or the Association, each Owner, for himself or herself and his or her tenants, guests, licensees and invitees, acknowledges and agrees that neither the Declarant nor the Association is a provider of security and shall have no duty to provide security in the Community. It shall be the responsibility of each Owner to protect his or her person and property and all responsibility to provide security shall lie solely with each Lot Owner. Neither the Declarant nor the Association shall be held liable for any loss or damage by reason of the failure to provide adequate security or ineffectiveness of security measures undertaken or provided.

[SIGNATURE PAGE ATTACHED]

IN WITNESS WHEREOF, the undersigned, Declarant herein, has hereby caused this instrument to be executed this 9 day of November, 2006.

EMERALD COVE II, LLC, a North Carolina
limited liability company (SEAL)

By:

Name: Deborah P. Wright
Title: Member

STATE OF NORTH CAROLINA
COUNTY OF Mecklenburg

I, Cheryl Ann Terrell, a Notary Public of the County and State aforesaid, hereby certify that Deborah P. Wright, personally came before me this day and acknowledged that (s)he is the Member of Emerald Cove II, LLC, a limited liability company, and that (s)he as Member being authorized to do so, executed the foregoing on behalf of the limited liability company as Member of EMERALD COVE II, LLC.

WITNESS my hand and official seal, this 9 day of November, 2006.

Cheryl Ann Terrell
Notary Public

My Commission Expires: Sept. 17, 2011 Cheryl Ann Terrell

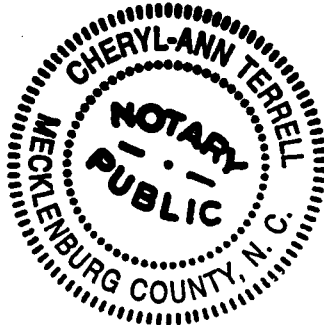


EXHIBIT "A"

DEFINITIONS

The following words, when used in this Declaration or in any Supplementary Declaration (unless the context shall prohibit), shall have the following meanings:

- (a) "Architectural Control Committee" shall mean the committee appointed to review and approve the plans and specifications for Improvements to be made in the Community.
- (b) "Architectural and Landscape Guidelines" shall mean those guidelines to be followed by the Architectural Control Committee.
- (c) "Association" shall mean Joy's Serenity Point Homeowners Association, Inc., a nonprofit North Carolina applicable, having its normal meaning under North Carolina Law.
- (d) "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.
- (e) "Bylaws" shall refer to the Bylaws of Joy's Serenity Point Homeowners Association, Inc., attached to this Declaration as Exhibit "D" and incorporated herein by this reference.
- (f) "Common Property" or "Common Area" shall mean any and all real and personal property and casements and other interests therein, together with the facilities and improvements located thereon, now or hereafter owned by the Association for the common use and enjoyment of the Owners, and includes the Recreational Common Property.
- (g) "Community" shall mean and refer to that certain real property and interests therein described in Exhibit "B", attached hereto, and (i) such additions thereto as may be made by Declarant by Supplementary Declaration of all or any portion of the real property described in Exhibit "C" attached hereto; and (ii) such additions thereto as may be made by the Association by Supplementary Declaration of other real property.
- (h) "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing in the Community. Such standard may be more specifically determined by the Board of Directors of the Association. Such determination, however, must be consistent with the Community-Wide Standard originally established by Declarant.
- (i) "Declarant" shall mean and refer to Emerald Cove II, LLC, a North Carolina limited liability company, and its successors-in-title and assigns, provided by such

successor-in-title or assign shall acquire for the purpose of development or sale all or any portion of the remaining undeveloped or unsold portions of the real property described in Exhibit "B", attached hereto, or in Exhibit "C", attached hereto, and provided further, in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as "Declarant" hereunder by the grantor of such conveyance, which grantor shall be "Declarant" hereunder at the time of such conveyance; provided, further, upon such designation of such successor Declarant, all rights of the former Declarant in and to such status as "Declarant" hereunder shall cease, it being understood that as to all of the property described in Exhibit "B", attached hereto, and in Exhibit "C", attached hereto, which is now or hereafter subjected to this Declaration, there shall be only one (1) "Declarant" hereunder at any one point in time.

(j) "Lot" shall mean any plot of land within the Community, whether or not improvements are constructed thereon, which constitutes or will constitute, after the construction of improvements, a single-family dwelling site as shown on a plat recorded in the land records of the county where the Community is located. 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, which shall include, without limitation, membership in the Association.

(k) "Mortgage" means any mortgage, deed to secure debt, deed of trust, and any all other similar instruments used for the purpose of encumbering real property in the Community as security for the payment or satisfaction of an obligation.

(l) "Mortgagee" shall mean the holder of a Mortgage.

(m) "Occupant" shall mean any Person occupying all or any portion of a residence or other property located within the Community for any period of time, regardless of whether such Person is a tenant of the Owner of such property.

(n) "Owner" shall mean and refer to the record owner, whether one (1) or more Persons, of the fee simple title to any Lot located within the Community, excluding, however, any Person holding such interest merely as security for the performance or satisfaction of any obligation.

(o) "Person" means any natural person, as well as a corporation, joint venture, partnership (general or limited), association, trust, limited liability company or other legal entity.

(p) "Recreational Common Property" means that portion of the Common Property which Declarant will complete and convey or cause to be conveyed to the Association for the common use and enjoyment of its members as recreational land, together with any all improvements constructed thereon.

- (q) "Sewer Pump System" shall mean the sewer pump, sewer lines and other improvements on Lots which are maintained by the Association for the purpose of pumping sewage into the Charlotte-Mecklenburg Utility Department sewage system.
- (r) "Supplementary Declaration" means an amendment or supplement to this Declaration which subjects additional property to this Declaration or imposes, expressly or by reference, 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 (including votes of Declarant), and the consent of Declarant so long as Declarant owns any property for development and/or sale in the Community or has the right to unilaterally annex additional property to the Community.

Exhibit B
Submitted Property

Parcel 1:

Being all those certain tracts of parcels of land recorded in the Mecklenburg County Public Registry in Deed Book 7200 at Page 809, Deed Book 4137 at Page 513, Deed Book 16452 at Page 298, Deed Book 15244 at Page 955, Deed Book 2358 at Page 316, and Deed Book 3007 at Page 539, being more particularly described as follows:

BEGINNING at an existing iron rod in the westerly margin of the 60' public right-of-way of Nantz Road, said iron pin being the northeastern corner of the property of John Charles Callis, now or formerly, known as Lot 25 as shown in Map Book 21, Page 61, Mecklenburg County Public Registry and acquired by deed recorded in Deed Book 6025, Page 104 of said Registry, and run thence with the northeastern boundary of Lot 25 N. 65-26-26 W. 256.70 feet through an existing iron rod found at 213.97 feet to an existing iron rod located in the northern boundary of the property of David Bruce Moore, now or formerly, known as Lot 21 as shown in Map Book 21, Page 61, Mecklenburg County Public Registry and acquired by deed recorded in Deed Book 15229, Page 467 of said Registry; thence with the northern boundary of Lot 21 S. 74-46-26 W. 206.65 feet to an existing iron pin being the northwestern corner of the property of John A. Anderson and wife, Jeanne C. Anderson, now or formerly, known as Lots 19 and 20 as shown in Map Book 21, Page 61, Mecklenburg County Public Registry and acquired by deed recorded in Deed Book 7812, Page 66 of said Registry; thence with the northern boundary of Lot 20 and the northern boundary of Lot 19 the following two (2) courses and distances: (1) S. 74-46-49 W. 290.96 feet to a existing iron rod; (2) S. 74-46-49 W. 8.93 feet to a new iron rod being the southeastern corner of the property of Robert E. Johnson and Mary V. Johnson, now or formerly, known as Lot 18 as shown in Map Book 21, Page 61, Mecklenburg County Public Registry and acquired by deed recorded in Deed Book 7902, Page 873 of said Registry; thence with the northeastern boundary of Lot 18 the following three (3) courses and distances: (1) N. 40-42-22 W. 50.10 feet to an existing iron rod; (2) N. 40-41-54 W. 263.52 feet to an existing iron pipe; (3) N. 28-29-48 W. 94.83 feet to an existing iron pipe; thence in a northeasterly direction N. 79-49-01 E. 15.89 feet to point found on the 760 foot contour line of Lake Norman; thence with the 760 foot contour line of Lake Norman the following thirty (30) courses and distances: (1) N. 75-58-37 W. 17.44 feet to a point; (2) S. 86-00-52 W. 46.41 feet to a point; (3) S. 82-36-00 W. 24.68 feet to a point; (4) N. 86-22-11 W. 28.16 feet to a point; (5) N. 77-15-22 W. 52.10 feet to a point; (6) N. 86-39-34 W. 82.28 feet to a point; (7) S. 83-59-50 W. 59.75 feet to a point; (8) N. 87-53-04 W. 48.50 feet to a point; (9) N. 63-17-45 W. 25.38 feet to a point; (10) N. 13-27-53 W. 18.68 feet to a point; (11) N. 04-19-45 W. 65.67 feet to a point; (12) N. 00-29-44 E. 67.14 feet to a point; (13) N. 10-29-58 E. 60.38 feet to a point; (14) N. 14-42-38 E. 74.51 feet to a point; (15) N. 46-10-48 E. 42.02 feet to a point; (16) N. 69-56-30 E. 12.29 feet to a point; (17) S. 88-12-42 E. 22.24 feet to a point; (18) S. 82-22-08 E. 36.26 feet to a point; (19) S. 74-13-39 E. 11.97 feet to a point; (20) S. 54-54-17 E. 28.63 feet to a point; (21) S. 46-59-40 E. 35.29 feet to a point; (22) S. 62-58-43 E. 39.79 feet to a

Exhibit B
Submitted Property

point; (23) S. 73-56-46 E. 58.92 feet to a point; (24) S. 72-37-33 E. 66.37 feet to a point; (25) S. 73-04-24 E. 68.08 feet to a point; (26) S. 80-57-57 E. 60.14 feet to a point; (27) N. 89-01-13 E. 20.74 feet to a point; (28) N. 74-11-33 E. 37.12 feet to a point; (29) S. 78-54-24 E. 65.51 feet to an existing iron pipe; (30) N. 37-44-59 E. 66.76 feet to an existing iron rod located in the southern boundary of the property of Theresa Liffrog Gillespie, now on formerly, acquired by deed in Deed Book 5671, Page 072 of the Mecklenburg County Public Registry; thence with the southern boundary of the property of Theresa Liffrog Gillespie the following three (3) courses and distances: (1) N. 73-05-45 E. 135.71 feet to an existing iron rod; (2) S. 65-26-23 E. 255.92 feet to an existing iron pipe; (3) S. 65-26-23 E. 8.45 feet to an existing iron rod being a common corner of the property of Theresa Liffrog Gillespie and the property of Barbara L. Williamson, now or formerly, acquired by deed in Deed Book 10631, Page 633, Mecklenburg County Public Registry; thence with the southern boundary of the property of Barbara L. Williamson the following three (3) courses and distances: (1) S. 65-26-23 E. 85.89 feet to an existing iron rod; (2) S. 65-24-50 E. 212.22 feet to an existing iron rod; (3) S. 65-24-12 E. 257.09 feet to an existing iron rod found in the westerly margin of Nantz Road; thence with the westerly margin of Nantz Road the following two (2) courses and distances: (1) S. 32-30-04 W. 241.87 feet to a point; (2) S. 34-16-49 W. 58.66 feet to the POINT OR PLACE OF BEGINNING, containing a total of 12.406 acres, all as shown on that certain Plat showing the properties of the Jetton Family, dated December 04, 2005 prepared by Bertram De Silva PLS, to which survey reference is hereby made and all of which is subject to the 760 foot contour line of Lake Norman.

Parcel 2:

Beginning at a point in the western margin of the Nantz Road right-of-way marked by an iron, the northwestern corner of Lot 25 of the property shown in Map Book 21 at page 61 in the Mecklenburg Public Registry; thence, with said right-of-way margin, N 34-16-49 E 58.66 feet to a point; thence, continuing with said right-of-way margin, N 32-30-04 E 241.87 feet to a point marked by an iron in said right-of-way margin; thence, S 65-24-12 E 46.72 feet to a point in the Nantz Road right-of-way; thence, S 31-56-06 W 300 feet to a point; thence, N 65-13-29 W 51.54 feet to the point or place of Beginning, all as shown on the survey referenced above.

EXHIBIT “C”
ARTICLES OF INCORPORATION
OF
JOY’S SERENITY POINT HOMEOWNERS ASSOCIATION, INC.

[see attached filed copy]

,



NORTH CAROLINA

Department of The Secretary of State

To all whom these presents shall come, Greetings:

I, **ELAINE F. MARSHALL**, Secretary of State of the State of North Carolina, do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF INCORPORATION

OF

JOY'S SERENITY POINT HOMEOWNERS ASSOCIATION, INC.

the original of which was filed in this office on the 16th day of August, 2006.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed my official seal at the
City of Raleigh, this 16th day of August, 2006

Elaine F. Marshall
Secretary of State

**ARTICLES OF INCORPORATION
OF
JOY'S SERENITY POINT HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
NAME**

The name of the Corporation shall be Joy's Serenity Point Homeowners Association, Inc.

**ARTICLE II
QUALIFICATIONS**

This Corporation does not contemplate pecuniary gain or profit to the members thereof and it is organized for non-profit purposes. It is intended that this Corporation qualify as an exempt organization under the provisions of Chapter 55A of the North Carolina General Statutes. No part of the net earnings of this Corporation shall inure to the benefit of any private member or individual.

**ARTICLE III
PURPOSES AND POWERS**

This Corporation is a not for profit corporation organized under the North Carolina Non-Profit Corporation Act. The purpose of this Corporation is to engage in any lawful act or activity for which a corporation may be organized under the North Carolina Non-Profit Corporation Act. Its specific and primary purposes are to provide for the enforcement of the Declaration of Covenants, Conditions and Restrictions relating to, and the care, maintenance and preservation of the Joy's Serenity Point property as described in the Declaration of Covenants, Conditions and Restrictions for Joy's Serenity Point recorded, or to be recorded, in the Mecklenburg County Public Registry, located in Mecklenburg County, North Carolina, and to promote the health, safety and welfare of persons residing in said development. In furtherance of these purposes, but subject to any restriction in the Declaration of Covenants, Conditions and Restrictions recorded in or to be recorded upon the real property comprising the development, and in the duly adopted Bylaws of this Corporation, this Corporation shall have power to do the following:

- (a) To exercise all of the powers and privileges and to perform all of the duties and obligations of this Corporation as set forth in the aforesaid Declaration of Covenants, Conditions and Restrictions;
- (b) To fix, levy, collect and enforce payment by any lawful means of charges and assessments;
- (c) To pay all expenses of the business of this Corporation, including all license and permit fees, taxes and other governmental charges levied or imposed against this Corporation or the property of this Corporation;
- (d) To acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of this Corporation;
- (e) To borrow money and mortgage, pledge, deed in trust or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) To compromise, settle, release and otherwise adjust claims, demands, causes of action and liabilities in favor of the Corporation and the owners, or on behalf of the Corporation and owners, as the case may be, provided any such claim, demand, cause of action or liability arises out of or relates to a condition or defect common to all or a majority of the lots or improvements constructed thereon, or to the development, design, construction, condition, repair or maintenance of or damage or injury to or defect in the common area of the development or part thereof, and to make and receive all payment or other consideration necessary therefore or in connection therewith;

(g) To have and to exercise any and all powers, rights and privileges which a corporation organized under the North Carolina Non-Profit Corporation Code by law may now or hereafter have or exercise; and

(h) No part of the net earnings of the organization shall inure to the benefit of its members, directors, officers or other persons, except that the organization shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the exempt purposes of the organization.

No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or of otherwise attempting to influence legislation, and this Corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

ARTICLE IV FINANCE

Notwithstanding any of the above statements of purposes and powers, this Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the specific purpose of this Corporation.

ARTICLE V REGISTERED AGENT AND REGISTERED OFFICE

The name of the Corporation's registered agent for service of process is Joseph D. McCullough, and the address of the registered office of the Corporation shall be 201 South Tryon Street, Suite 1200, Charlotte, North Carolina 28202 (Mecklenburg County).

ARTICLE VI BOARD OF DIRECTORS

The affairs of the Corporation shall be initially managed by a Board of two (2) Directors.

The name and address of the person who is to act in the capacity of Director until the selection of her successor is:

Name

Deborah P. Wright

Address

414 W. 9th Street, Unit F
Charlotte, NC 28202

Curtis E. Cobb, Jr.

P. O. Box 251
Huntersville, NC 28070

The members may increase the number of directors in accordance with the Bylaws. At the annual meeting the members shall elect a new Director to replace any Director whose term is due to expire in accordance with the Bylaws.

ARTICLE VII MEMBERSHIP, VOTING RIGHTS AND ASSESSMENTS

The Corporation shall have members. The authorized number and qualifications of members of this Corporation, the different classes of membership, if any, the property voting rights and privileges of members, the liability of members for assessments and the method of collection thereof shall be as set forth in the Declaration of Covenants, Conditions and Restrictions referenced in Article III hereof and in Bylaws to be adopted by the Director of this Corporation.

ARTICLE VIII BY-LAWS

The first Director of this Corporation shall have the power to adopt Bylaws for this Corporation.

ARTICLE IX DURATION

The term of existence of this Corporation shall be perpetual. Its principal place of business is 414 W. 9th Street, Unit F, Charlotte, NC 28202.

ARTICLE X DISSOLUTION

This Corporation may be dissolved only upon the signed written assent of the members entitled to not less than three-fourths (3/4) of the entire vote of the membership. In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations with similar purposes which are exempt as organizations described in Section 501(c)(3) of the Internal Revenue Code of 1986.

ARTICLE XI AMENDMENTS

Any amendment of these Articles of Incorporation shall require the assent of the members entitled to at least three-fourths (3/4) of the entire vote of the membership.

ARTICLE XII
INCORPORATOR

The name and address of the incorporator is Joseph D. McCullough.

IN WITNESS WHEREOF, I have hereunto set my hand this 10 day of August, 2006.

Joseph D. McCullough (SEAL)
Joseph D. McCullough, Incorporator

STATE OF NORTH CAROLINA
COUNTY OF MECKLENBURG

I, Cheryl Ann Terrell, a Notary Public in and for the County and State aforesaid, do hereby certify that **Joseph D. McCullough** personally appeared before me this day and acknowledged his due execution of the foregoing instrument.

WITNESS my hand and notarial seal, this day of 10 day of August, 2006.

My Commission Expires: Sept. 17, 2006

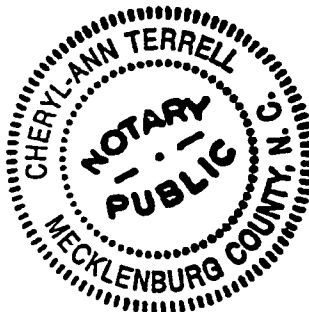


EXHIBIT “D”

**BYLAWS OF
JOY’S SERENITY POINT HOMEOWNERS ASSOCIATION, INC.**

**BYLAWS
OF
JOY'S SERENITY POINT HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

Name, Membership, Definitions

Section 1. Name. The name of the Association shall be JOY'S SERENITY POINT HOMEOWNERS ASSOCIATION, INC. ("Association").

Section 2. Membership. The Association shall have one (1) class of membership, as is more fully set forth in that Declaration of Covenants, Conditions and Restrictions for JOY'S SERENITY POINT (such Declaration, as amended, renewed, or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 3. Definitions. The words used in these Bylaws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

ARTICLE II

Association: Meetings, Quorum, Voting, Proxies

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors, either in the Community or as convenient thereto as possible and practical.

Section 2. First Meeting and Annual Meetings. An annual or special meeting shall be held within one (1) year from the date the Declaration is recorded. Annual meetings shall be set by the Board so as to occur no later than sixty (60) days after the close of the Association's fiscal year.

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of the Total Association Vote (the consent of the Declarant shall not be required). The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of each Lot (as shown in the Association's

records) a notice of each annual or special meeting of the Association stating the time and place where it is to be held, and in the notice of a special meeting, the purpose thereof. If an Owner wishes notice to be given at an address other than his or her Lot, such Owner shall designate by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Voting. Members shall be entitled to one (1) vote for each Lot owned. When more than one (1) Person holds an ownership interest in any Lot, the vote for such Lot shall be exercised as those Owners themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Lot's vote shall be suspended if more than one (1) Person seeks to exercise it. If only one (1) co-Owner attempts to cast the vote for a Lot, it shall be conclusively presumed that such co-Owner is authorized on behalf of all co-Owners to cast the vote for such Lot. In the event of disagreement between or among co-Owners and an attempt by two (2) or more of them to cast such vote or votes, such Persons shall not be recognized and such vote or votes shall not be counted.

(a) In the event an Owner is a corporation, partnership, trust, or other legal entity not being a natural person or persons, then any natural person who is an officer, director or other designated agent of such corporation, partner of such partnership, beneficiary or other designated agent of such trust or other legal entity shall be eligible to represent such entity or entities in the affairs of the Association. Such person's relationship with the Association shall terminate automatically upon the termination of such person's relationship with the entity or entities which are the Owner, and termination of the person's relationship with the Association will create a vacancy in any elected or appointed position within the Association in which such person may have been serving to be filled by the Board.

(b) No Owner shall be eligible to vote, either in person or by proxy, or to be elected to the Board, if that Owner is shown on the books or management accounts

of the Association to be more than thirty (30) days delinquent in any payment due the Association or if the Owner has had its voting rights suspended for the infraction of any provision of the Declaration, these Bylaws, or any rule of the Association. If the voting rights of an Owner have been suspended, that Owner shall not be counted as an eligible vote for purposes of establishing a majority or a quorum or for purposes of amending these Bylaws or the Declaration.

Section 8. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of such member's Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 9. Quorum. The presence, in person or by proxy, of ten percent (10%) of the total eligible Association vote shall constitute a quorum at all meetings of the Association. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 10. Action without a Formal Meeting. Any action to be taken at a meeting of the members or any action that may be taken at a meeting of the members may be taken without a meeting if one (1) or more consents, in writing, setting forth the action so taken, shall be signed by members holding the voting power required to pass such action at a meeting held on the date that the last consent is executed and such action is consented to by the Declarant if required. Such action shall be effective upon receipt by the Association of a sufficient number of such consents executed by current members unless a later effective date is specified therein. Each signed consent shall be delivered to the Association and shall be included in the minutes of meetings of members filed in the permanent records of the Association.

Section 11. Action by Written Ballot. Any action to be taken at any annual, regular or special meeting of members may be taken without a meeting if approved by written ballot as provided herein. The Association shall deliver a written ballot to each member entitled to vote on the matter. The written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot of an action shall only be valid when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting held to authorize such action and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by written ballot shall indicate the number of responses needed to meet the quorum requirements; state the percentage of approvals necessary to approve such matter other than the election of directors; and specify the time by which a ballot must be received by the Association in order to be counted. A timely written ballot received by the Association may not be revoked without the consent of the Board of Directors. The results of each action by

written ballot shall be certified by the Secretary and shall be included in the minutes of meetings of members filed in the permanent records of the Association.

ARTICLE III

Board of Directors: Number, Powers, Meetings

Section 1. Composition and Selection.

(a) Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the directors must reside in the Community and shall be members or spouses of such members; provided, however, no person and his or her spouse may serve on the Board at the same time.

(b) Directors Appointed by Declarant. Declarant shall have the right to appoint or remove any member or members of the Board of Directors or any officer or officers of the Association until such time as the first of the following events shall occur: (a) the expiration of seven (7) years after the date of the recording of the Declaration, (b) the date on which seventy-five percent (75%) of the Lots which may be developed on the real property described in Exhibit "B" and Exhibit "C" of the Declaration shall have been conveyed to Persons who have not purchased such Lots for the purpose of construction of a residence and resale of such Lot and residence, or (c) the surrender by Declarant in writing of the authority to appoint and remove directors and officers of the Association. Each Owner, by acceptance of a deed to or other conveyance of a Lot, vests in Declarant such authority to appoint and remove directors and officers of the Association. The directors selected by the Declarant need not be Owners or residents in the Community.

(c) Number of Directors. For as long as the Declarant has the right to appoint or remove any member or members of the Board of Directors, the Board shall consist of as many members as the Declarant shall, from time to time, appoint, subject to the requirements of Article III, Section 2 above. Thereafter, the Board shall consist of three (3) members; provided, however, the Board may, at any time after the meeting at which the Owners elect directors pursuant to Article III, Section 5(a) of these Bylaws, increase the number of Board members to be elected at the next annual meeting of the Association at which Board members are elected to five (5).

(d) Domination of Directors. Elected directors shall be nominated from the floor and may also be nominated by a nominating committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

(e) Election and Term of Office. Owner-elected directors shall be elected and hold office as follows:

(1) At the next annual meeting after the Declarant's right to appoint directors and officers terminates (or at a special meeting if one is called for such purpose), Owners shall elect three (3) directors.

(2) At annual meetings of the membership thereafter, directors shall be elected. All eligible members of the Association shall vote on all directors to be elected, and the candidate(s) receiving the most votes shall be elected.

The term of one (1) director shall be fixed at one (1) year, the term of one (1) director shall be fixed at two (2) years, and the term of one (1) director shall be fixed at three (3) years. At the expiration of the initial term of office of each respective Owner-elected member of the Board of Directors, or, if the Board is increased to five (5) members as provided in Section 3 above, a successor and, if applicable, the additional Board members, shall be elected to serve for a term of two (2) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

(f) Removal of Directors.

At any regular or special meeting of the Association duly called, any one (1) or more of the members of the Board of Directors may be removed, with or without cause, by a majority of the Total Association Vote and a successor may then be elected at the same meeting to fill the vacancy thus created. A director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than thirty (30) days may be removed by a majority vote of the directors at a meeting, a quorum being present. This Section shall not apply to directors appointed by Declarant.

(g) Vacancies.

Vacancies in the Board of Directors caused by any reason, excluding the removal of a director by vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board of Directors. Each person so selected shall serve the unexpired portion of the term.

Section 2. Meetings.

(a) Organization Meetings.

The first meeting of the Board of Directors following each annual meeting of the membership shall be held within ten (10) days thereafter at such time and place as shall be fixed by the Board.

(b) Regular Meeting.

Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

(c) Special Meetings.

Special meetings of the Board of Directors shall be held when requested by the President or by any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one (1) of the following methods: (a) by personal delivery, (b) written notice by first class mail, postage prepaid, (c) by telephone communication, either directly to the director or to a person at the director's home or office who would reasonably be expected to communicate such notice promptly to the director, (d) by telegram, charges prepaid, or (e) by commercial delivery service to such director's home or office. All such notices shall be given or sent to the director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or telegraph company shall be given at least forty-eight (48) hours before the time set for the meeting.

(d) Waiver of Notice.

The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present and (b) either before or after the meeting, each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

(e) Quorum of Board of Directors.

At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors.

(f) Compensation.

No director shall receive any compensation from the Association for acting as such. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

(g) Open Meetings.

All meetings of the Board shall be open to all members, but members other than directors may not participate in any discussion or deliberation unless expressly so-authorized by the Board.

(h) Executive Session.

The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

(i) Action Without A Formal Meeting.

Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if one (1) or more consents, in writing, setting forth the action so taken, shall be signed by a majority of the directors and delivered to the Association for inclusion in the minutes for filing in the corporate records.

(j) Telephonic Participation.

One (1) or more directors may participate in and vote during any regular or special meeting of the Board by telephone conference call or similar communication equipment by means of which all persons participating in the meeting can hear each other at the same time, and those directors so participating shall be present at such meeting. Any such meeting at which a quorum participates shall constitute a regular meeting of the Board.

Section 3. Powers and Duties.

(a) Powers.

The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles of Incorporation of the Association, or these Bylaws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(1) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;

(2) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;

(3) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;

(4) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(5) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(6) making and amending use restrictions and rules and regulations;

(7) opening of bank accounts on behalf of the Association and designating the signatories required;

(8) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it, and bring any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(9) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(10) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;

(11) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(12) contracting with any Person for the performance of various duties and functions.

Section 4. Management Agent. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Declarant or an affiliate of the Declarant may be employed as managing agent or manager. The term of any management agreement shall not exceed one (1) year and shall be subject to termination by either party, without cause and without penalty, upon thirty (30) days' written notice.

Section 5. Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the following procedure is followed:

(a) Notice.

Written notice shall be served upon the violator by first-class or certified mail sent to the last address of the member shown on the Association's records, specifying:

(1) the nature of the violation, the fine to be imposed and the date, not less than fifteen (15) days from the date of the notice, that the fine will take effect;

(2) that the violator may, within ten (10) days from the date of the notice, request a hearing regarding the fine imposed;

(3) the name, address and telephone numbers of a person to contact to challenge the fine;

(4) that any statements, evidence, and witnesses may be produced by the violator at the hearing; and

(5) that all rights to have the fine reconsidered are waived if a hearing is not requested within ten (10) days of the date of the notice.

(b) Hearing.

If a hearing is requested, it shall be held before the Board in executive session, and the violator shall be given a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing. No fine shall be imposed prior to the date that is five (5) days after the date of the hearing.

ARTICLE IV

Officers

Section 1. Officers. The officers of the Association shall be a President, Secretary, and Treasurer. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary; provided, however, the President and Secretary appointed by the Declarant may be the same person. The President and Treasurer shall be elected from among the members of the Board of Directors. The Board may also elect a Vice President to act in the President's absence and any such Vice President shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 2. Election, Term of Office, and Vacancies. Except during the period in which the Declarant has the right to appoint the officers of the Association under Article III, Section 2 of these Bylaws, the officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the North Carolina Nonprofit Corporation Act.

Section 5. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with North Carolina law.

Section 6. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors.

Section 7. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors. Such resignation shall take effect on the date of the 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.

ARTICLE V

Committees

Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

ARTICLE VI

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Roberts Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with North Carolina law, the Articles of Incorporation of the Association, the Declaration, these Bylaws, or a ruling made by the person presiding over the proceeding.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of North Carolina law, the Articles of Incorporation of the Association, the Declaration, and these Bylaws, the provisions of North Carolina law, the Declaration, the Articles of Incorporation of the Association, and the Bylaws (in that order) shall prevail.

Section 4. Amendment. These Bylaws may be amended by the Board of Directors (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 the 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 or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Lots subject to the Declaration, or (d) if such amendment is necessary to enable any governmental agency or insurance company to insure or guarantee Mortgage loans on the Lots subject to the Declaration. In addition, these Bylaws may be amended upon the affirmative vote or written consent, or any combination thereof, of at least two-thirds (2/3) of the Total Association Vote; provided, however, that the U.S. Department of Veterans Affairs ("VA") (if it is then guaranteeing any mortgage in the Community or has issued a project approval for the guaranteeing of such mortgages) and/or the U.S. Department of Housing and Urban Development ("HUD") (if it is then insuring any mortgage in the Community or has issued a project approval for the insuring of such mortgages) shall have the right to veto material amendments to these Bylaws for as long as the Declarant has the right to appoint and remove the directors and officers of the Association.

Section 5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws or the Declaration shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first class postage prepaid:

(a) if to a Lot Owner, at the address which the Lot Owner has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Owner;

(b) if to an Occupant, at the address of the Lot occupied; or

(c) if to the Association, the Board or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated in writing and filed with the Secretary.

Section 6. Severability. Whenever possible, each provision of these Bylaws shall be interpreted in such manner as to be effective and valid, but if the application of any provision of these Bylaws 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 these Bylaws are declared to be severable.

Section 7. Captions. The captions of each Article and Section hereof, as to the contents of each Article and Section, 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 8. Supplemental Provisions—Sewer Pump Maintenance. The Association has entered into a Home/Property Owners' Operational Agreement with the North Carolina Environmental Management Commission (the "Commission"), as shown at Exhibit E to the Declaration, which Agreement requires, and the Association acknowledges the following (in the event of a conflict between the terms within other provisions of these Bylaws and this Section 6.08, this Section 6.08 shall prevail):

(a) The Association was formed for the purpose, among others, of handling the property, affairs and business of the development known as Joy's Serenity Point (hereinafter, the Development); of operating, maintaining, re-constructing and repairing the common elements of the lands and improvements subject to unit ownership, including the wastewater collection system with pumps, wastewater treatment works, and/or disposal facilities (hereinafter Disposal System); and of collecting dues and assessment to provide funds for such operation, maintenance, re-construction and repair.

(b) The Association desires, to construct and/or operate a Disposal System to provide sanitary sewage disposal to serve the Development on said lands.

(c) The Association has applied to the Commission for the issuance of a permit pursuant to G.S. 143-215.1 to construct, maintain, and/or operate the Disposal System.

(d) The Development was created subject to unit ownership in the dwelling units, other improvements and lands through filing of a Declaration of Unit Ownership (hereinafter Declaration), pursuant to Chapter 47C or 47F of the North Carolina General Statutes.

(e) The Commission desires to assure that the Disposal System of the Development is properly constructed, maintained and operated in accordance with law and permit provisions in order to protect the quality of the waters of the State and the public interest therein...

(f) The Association shall construct the Disposal System and/or make any additions or modifications to the Disposal System in accordance with the permit and plans and specifications hereafter issued and approved by the Commission, and shall thereafter properly operate and maintain such systems and facilities in accordance with applicable permit provisions and law.

(g) The Association shall provide in the Declaration and Association Bylaws that the Disposal System and appurtenances thereto are part of the common elements and shall thereafter be properly maintained and operated in conformity with law and the provisions of the permit for construction, operation, repair, and maintenance of the system and facilities. The Declaration and Bylaws shall identify the entire

wastewater treatment, collection and disposal system as a common element which will receive the highest priority for expenditures by the Association except for Federal, State, and local taxes and insurance.

(h) The Association shall provide in the Declaration and Association Bylaws that the Disposal System will be maintained out of the common expenses. In order to assure that there shall be funds readily available to repair, maintain, or construct the Disposal System beyond the routine operation and maintenance expenses, the Declaration and Association Bylaws shall provide that a fund be created out of the common expenses. Such fund shall be separate from the routine maintenance fund allocated for the facility and shall be part of the yearly budget.

(i) In the event the common expense allocation and separate fund(s) are not adequate for the construction, repair, and maintenance of the Disposal System, the Declaration and Association Bylaws shall provide for special assessments to cover such necessary costs. There shall be no limit on the amount of such assessments, and the Declaration and Bylaws shall provide such that special assessments can be made as necessary at any time.

(j) If a wastewater collection system and wastewater treatment and/or disposal facility provided by any city, town, village, county, water and sewer authorities, or other unit of government shall hereinafter become available to serve the Development, the Association shall take such action as is necessary to cause the existing and future wastewater of the Development to be accepted and discharged into said governmental system, and shall convey or transfer as much of the Disposal System and such necessary easements as the governmental unit may require as condition of accepting the Development's wastewater.

(k) Recognizing that it would be contrary to the public interest and to the public health, safety and welfare for the Association to enter into voluntary dissolution without having made adequate provisions for the continued proper maintenance, repair and operation of its Disposal System, the Association shall provide in the Association Bylaws that the Association shall not enter into voluntary dissolution without first having transferred its said system and facilities to some person, corporation or other entity acceptable to and approved by the Commission by the issuance of a permit.

(l) The Association shall not transfer, convey, assign or otherwise relinquish or release its responsibility for the operation and maintenance of its Disposal System until a permit has been reissued to the Association's successor.

(m) The agreements set forth above shall be conditions of any permit issued by the Commission to the Association for the construction, maintenance, repair and operation of the Disposal System.

EXHIBIT “E”

**HOME/PROPERTY OWNERS’ OPERATIONAL AGREEMENT
With the North Carolina Environmental Management Commission**

STATE OF NORTH CAROLINA

COUNTY OF Mecklenburg

Permit No. _____

HOME/PROPERTY OWNERS' OPERATIONAL AGREEMENT

This AGREEMENT made pursuant to G.S. 143-215.1 (d1) and entered into this 11th day of August, 2006, by and between the North Carolina Environmental Management Commission, an agency of the State of North Carolina, hereinafter known as the COMMISSION; and Joy's Serenity Point Homeowners Association, a non-profit corporation organized and existing under and by virtue of the laws of the State of North Carolina, hereinafter known as the ASSOCIATION.

WITNESSETH:

1. The ASSOCIATION was formed for the purpose, among others, of handling the property, affairs and business of the development known as Joy's Serenity Point (hereinafter the Development); of operating, maintaining, re-constructing and repairing the common elements of the lands and improvements subject to unit ownership, including the wastewater collection system with pumps, wastewater treatment works, and/or disposal facilities (hereinafter Disposal System); and of collecting dues and assessment to provide funds for such operation, maintenance, re-construction and repair.
2. The ASSOCIATION desires, to construct and/or operate a Disposal System to provide sanitary sewage disposal to serve the Development on said lands.
3. The ASSOCIATION has applied to the COMMISSION for the issuance of a permit pursuant to G.S. 143-215.1 to construct, maintain, and/or operate the Disposal System.
4. The Development was created subject to unit ownership in the dwellings units, other improvements and lands through filing of a Declaration of Unit Ownership (hereinafter Declaration), pursuant to Chapter 47C or 47F of the North Carolina General Statutes.
5. The COMMISSION desires to assure that the Disposal System of the Development is properly constructed, maintained and operated in accordance with law and permit provisions in order to protect the quality of the waters of the State and the public interest therein.

NOW, THEREFORE, in consideration of the promises and the benefits to be derived by each of the parties hereto, the COMMISSION and ASSOCIATION do hereby mutually agree as follows:

1. The ASSOCIATION shall construct the Disposal System and/or make any additions or modifications to the Disposal System in accordance with the permit and plans and specifications hereafter issued and approved by the COMMISSION, and shall thereafter properly operate and maintain such systems and facilities in accordance with applicable permit provisions and law.
2. The ASSOCIATION shall provide in the Declaration and Association Bylaws that the Disposal System and appurtenances thereto are part of the common elements and shall thereafter be properly maintained and operated in conformity with law and the provisions of the permit for construction, operation, repair, and maintenance of the system and facilities. The Declaration and Bylaws shall identify the entire wastewater treatment, collection and disposal system as a common element which will receive the highest priority for expenditures by the Association except for Federal, State, and local taxes and insurance.
3. The ASSOCIATION shall provide in the Declaration and Association Bylaws that the Disposal System will be maintained out of the common expenses. In order to assure that there shall be funds readily available to

repair, maintain, or construct the Disposal System beyond the routine operation and maintenance expenses, the Declaration and Association Bylaws shall provide that a fund be created out of the common expenses. Such fund shall be separate from the routine maintenance fund allocated for the facility and shall be part of the yearly budget.

4. In the event the common expense allocation and separate fund(s) are not adequate for the construction, repair, and maintenance of the Disposal System, the Declaration and Association Bylaws shall provide for special assessments to cover such necessary costs. There shall be no limit on the amount of such assessments, and the Declaration and Bylaws shall be provided such that special assessments can be made as necessary at any time.
5. If a wastewater collection system and wastewater treatment and/or disposal facility provided by any city, town, village, county, water and sewer authorities, or other unit of government shall hereinafter become available to serve the Development, the ASSOCIATION shall take such action as is necessary to cause the existing and future wastewater of the Development to be accepted and discharged into said governmental system, and shall convey or transfer as much of the Disposal System and such necessary easements as the governmental unit may require as condition of accepting the Development's wastewater.
6. Recognizing that it would be contrary to the public interest and to the public health, safety and welfare for the ASSOCIATION to enter into voluntary dissolution without having made adequate provision for the continued proper maintenance, repair and operation of its Disposal System, the ASSOCIATION shall provide in the ASSOCIATION Bylaws that the ASSOCIATION shall not enter into voluntary dissolution without first having transferred its said system and facilities to some person, corporation or other entity acceptable to and approved by the COMMISSION by the issuance of a permit.
7. The ASSOCIATION shall not transfer, convey, assign or otherwise relinquish or release its responsibility for the operation and maintenance of its Disposal System until a permit has been reissued to the ASSOCIATION'S successor.
8. The agreements set forth in numbered paragraphs 1, 2, 3, 4, 5, 6, and 7 above shall be conditions of any permit issued by the COMMISSION to the ASSOCIATION for the construction, maintenance, repair and operation of the Disposal System.
9. A copy of this agreement shall be filed at the Register of Deeds in the County(ies) where the Declaration is filed and in the offices of the Secretary of State of North Carolina with the Articles of Incorporation of the Association.

IN WITNESS WHEREOF, this agreement was executed in duplicate originals by the duly authorized representative of the parties hereto on the day and year written as indicated by each of the parties named below:

FOR THE ENVIRONMENTAL
MANAGEMENT COMMISSION

Alan W. Klimek, P.E., Director
Division of Water Quality

(Date)

Joy's Serenity Point Homeowners Association
Name of ASSOCIATION

By: Curtis Cobb
(Signature)

Curtis Cobb Member
Print Name and Title

8-11-06
(Date)

CONSENT AND JOINDER

WHEREAS, Declarant executed a certain Deed of Trust, Assignment and Security Agreement dated January 26, 2006, and recorded in Book 19936 at Page 133 in the Mecklenburg County Public Registry (the "Deed of Trust") to PBRE Inc. ("Trustee") to secure the payment of a loan from PIEDMONT BANK ("Beneficiary"), which deed of trust is a lien on all or a portion of the property described in the Declaration of Covenants, Conditions and Restrictions for Joy's Serenity Point (the "Declaration"); and

WHEREAS, Trustee and Beneficiary have agreed at the request of Declarant to consent to the provisions of the Declaration and to subordinate the lien of the Deed of Trust to the provisions of the Declaration;

NOW, THEREFORE, Trustee and Beneficiary, by joining herein, hereby:

1. Consent to the execution, delivery and recording of the Declaration;
2. Subordinate the lien of the Deed of Trust to the provisions of the Declaration with the same effect as if the Declaration had been executed, delivered and recorded prior to the execution, delivery and recording of such Deed of Trust; and
3. Agree, notwithstanding the foreclosure of the Deed of Trust (or conveyance in lieu thereof) that the Declaration and all rights therein described shall continue unabated, in full force and effect.

Executed this 9 day of November, 2006.

PBRE INC.

By: Thomas Chitt
Vice President
"Trustee"

PIEDMONT BANK

By: David Lee
best Vice President
"Beneficiary"

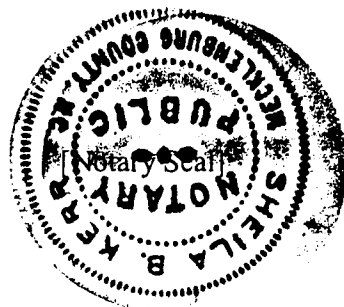
STATE OF NORTH CAROLINA
COUNTY OF Mecklenburg

I, Sheila B. Kerr, a Notary Public for the County and State
aforesaid, certify that Thomas C. Dutton personally and
voluntarily came before me this day and acknowledged that he/she is Vice-President of
PBRE INC., a corporation and that he/she as Vice President, being authorized to do so,
executed the foregoing on behalf of the corporation.

WITNESS my hand and official stamp or seal, this 9 day of November,
2006.

Sheila B. Kerr
Notary Public

My Commission Expires:
7-13-07



STATE OF NORTH CAROLINA
COUNTY OF Mecklenburg

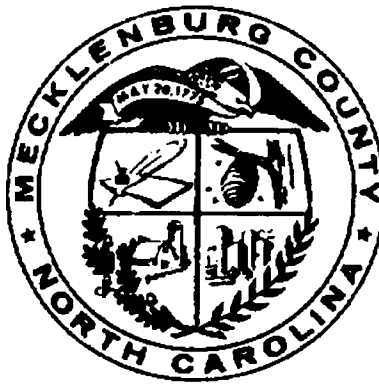
I, Sheila B. Kerr, a Notary Public for the County and State
aforesaid, certify that Douglas Hammert, personally and voluntarily
came before me this day and acknowledged that he/she is Asst. Vice President of
PIEDMONT BANK, a corporation, and that he/she as Asst VP, being authorized to do
so, executed the foregoing on behalf of the corporation.

WITNESS my hand and official stamp or seal, this 9 day of November,
2006.

Sheila B. Kerr
Notary Public

My Commission Expires:
7-13-07





JUDITH A. GIBSON
REGISTER OF DEEDS, MECKLENBURG
COUNTY & COURTS OFFICE BUILDING
720 EAST FOURTH STREET
CHARLOTTE, NC 28202

PLEASE RETAIN YELLOW TRAILER PAGE

It is part of the recorded document, and must be submitted with original for re-recording
and/or cancellation.

Filed For Registration: 11/10/2006 11:46 AM
Book: RE 21341 Page: 220-285
Document No.: 2006234770
RESTR 66 PGS \$206.00
Recorder: SERENA ROSS



2006234770