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**MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
MOSAIC**

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TABLE OF EXHIBITS

EXHIBIT	NAME
“A-1” through “A-__”	Land Initially Submitted
“B”	Land Subject to Annexation
“C”	Bylaws of Mosaic Master Property Owners Association, Inc.
“D”	Project Plan

**MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS
FOR
MOSAIC**

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS is made this 15th of June, 2020, by **CHATHAM PARK INVESTORS LLC**, a North Carolina limited liability company, which is the owner of that certain tract or parcel of land legally described on Exhibit A-1 attached hereto and made a part hereof; **HOLMES OIL COMPANY, INC.**, a North Carolina corporation, which is the owner of that certain tract or parcel of land legally described on Exhibit A-2 attached hereto and made a part hereof; and **MOSAIC LOT 17 LLC**, a North Carolina limited liability company, which is the owner of that certain tract or parcel of land legally described on Exhibit A-3 attached hereto and made a part hereof (collectively, the “Initial Owners”).

The Initial Owners hereby declare that all of the property described in Exhibit “A-1” through “A-3” and any Additional Property which is hereafter subjected to this Declaration by a Supplemental Declaration (as defined herein) shall be held, sold, used and conveyed subject to the following easements, restrictions, covenants, conditions, liens, charges and equitable servitudes which are for the purpose of protecting the value and desirability of and which shall run with the real property subjected to this Declaration. This Declaration shall be binding on all parties having any right, title, or interest in the Community (as defined herein) or any part thereof, their heirs, successors, successors-in-title, and assigns, and shall inure to the benefit of each owner thereof.

The Initial Owners hereby appoint Eco CP Partners LLC, a North Carolina limited liability company as “Declarant” and agree that, except as otherwise provided herein, Declarant shall have the authority to exercise all authority granted by this Declaration for the duration of the Declarant Control Period.

**Article I
PURPOSE**

Declarant intends to create a general plan of development with complementary residential, recreation, open space, office, retail and other commercial land uses combined in ways that foster a sense of identity and community.

Declarant intends by this Declaration to bind the Community with covenants to help implement the plan of development, provide for a diversity of land uses within the Community, proscribe the intensity of development on different Parcels, protect property values and establish an Association for the administration of the Community as a whole.

To encourage land uses and architectural design that are diverse yet cohesive, and to create a community that is both vibrant yet controlled, the Declarant has reserved to itself and to the Association significant power and discretion through this Declaration to control both the physical and social environment within the Community.

This Declaration creates a planned community under the North Carolina Planned Community Act (N.C. Gen. Stat. Chap. 47F).

Article II
DEFINITIONS

The terms in this Declaration and the exhibits to this Declaration shall generally be given their natural, commonly accepted definitions except as otherwise specified. Capitalized terms shall be defined as set forth below.

Section 1. "Act" shall mean the North Carolina Planned Community Act, N.C. Gen. Stat. Chap. 47F.

Section 2. "Additional Property" shall mean and refer to the real property (including, but not limited to, the real property described in Exhibit "B" attached hereto), which may be submitted to the terms of this Declaration as set forth in Article XI.

Section 3. "Articles of Incorporation" or "Articles" shall refer to the Articles of Incorporation of Mosaic Master Owners Association, Inc., as filed with the Secretary of State of North Carolina.

Section 4. "Association" shall refer to Mosaic Master Owners Association, Inc., a North Carolina nonprofit corporation, its successors or assigns.

Section 5. "Association Delegate" shall refer to the natural person appointed by an Owner to represent such Owner in the affairs of the Association, as more particularly described in the Bylaws. During the Declarant Control Period, Declarant shall appoint a natural person to represent Declarant in the affairs of the Association.

Section 6. "Base Assessment" shall refer to assessments levied on all Parcels subject to assessment under Article XII to fund Common Expenses for the general benefit of all Parcels, as more particularly described in Article XII.

Section 7. "Board of Directors" or "Board" shall be the body responsible for administration of the Association, selected as provided in the Bylaws and generally serving the same role as the board of directors under North Carolina corporate law.

Section 8. "Bylaws" shall refer to the Bylaws of the Association attached hereto as Exhibit "C" and incorporated by reference, as they may be amended from time to time.

Section 9. "Building" shall mean any building (not including accessory or ancillary or support buildings or structures which may be identified as Common Elements on the Project Plan) constructed on one or more or portions of one or more Parcels.

Section 10. "Building Exterior" shall mean to the façade, skin, roof or other exterior surface of each Building, including windows and exterior entrances.

Section 11. "Chatham Park Covenant to Share Costs" shall mean that certain Declaration of Easements and Covenant to Share Costs for Chatham Park recorded in Book 2098, Page 836 of the Public Registry.

Section 12. "Chatham Park PDD" shall mean, collectively, the Chatham Park Planned Development District Master Plan approved by the Pittsboro Town Board of Commissioners on August 10, 2015 (the "Master Plan"), all additional elements adopted by the Town in accordance with the Master Plan and applicable Town ordinances, and includes all regulations, rules, directives, and policies of the Town duly adopted pursuant to or in furtherance thereof.

Section 13. "Common Elements" shall mean all real property within the Community, together with any improvements situated thereon, intended for the common use and benefit of the Owners and Permittees of the Community however such real property is described on a plat or document recorded in the Public Registry. Common Elements need not be owned or leased by the Association and may be owned by another Person subject to the rights of others as stated in this Declaration. The Common Elements shall include but shall not be limited to the following:

(a) such portions of the Community as are shown or designated as "Common Elements," "Common Property," "Common Area," "Common Open Space," "COS" or similar designation from time to time on any plat or any other instrument recorded by Declarant and/or any Owner (such as Chatham Park Investors LLC in the event that it designates Common Open Space on a recorded plat prior to any of its Parcel(s) being subjected to the Declaration) in the Public Registry in respect of the Community including, but not limited to, entrance features, landscaped areas, trees, plantings, medians, signage, monuments, lighting [including street lights leased by Declarant or the Association from a utility company], sitting areas, private streets, drainage facilities, irrigation facilities, water and sanitary sewer lines serving more than one Parcel, Stormwater Control Measures, Community systems, communications and/or other utility facilities, ponds, retention ponds, retaining walls, objects of public art, greenways, jogging trails, walkways, recreational areas and other lands and improvements, other than any common property established under a Parcel Declaration by a Parcel Developer or public utilities such as water and sanitary sewer mains owned and maintained by the Town of Pittsboro, or Stormwater Control Measures maintained by the Chatham Park Residential Association pursuant to the Covenant to Share Costs recorded in Book 2098, Page 836 of the Public Registry;

(b) any real or personal property now or hereafter owned by the Association or by the Declarant for the benefit of the Owners and the Permittees, including, but not limited to, Limited Common Elements as defined below, entrance features, landscaped areas, trees, plantings, medians, signage, monuments, lighting [including street lights leased by Declarant or the Association from a utility company], sitting areas, private streets (if any), drainage facilities, irrigation facilities, water and sanitary sewer lines serving more than one Parcel, Stormwater Control Measures, Community systems, communications and/or other utility facilities, retention ponds, retaining walls, objects of public art, greenways, jogging trails, walkways, recreational areas and other lands and improvements;

(c) such easement rights for rights-of-way and such appurtenant easements or licenses as Declarant may declare, acquire or reserve or as are granted to the Association for the benefit of the Owners and the Permittees or for the use, care or maintenance of any portion of the Community, including, but not limited to, rights-of-way and appurtenant easements or licenses for landscaping, trees, plantings, irrigation, signage, monuments, retaining walls, objects of public art, lighting, water and sanitary sewer lines serving more than one Parcel, Stormwater Control Measures, Community systems, communications and/or other utility services. Declarant may (but shall not be obligated to) dedicate some part or all of any such easement rights for public use and/or maintenance. Declarant may (but shall not be obligated to) retain rights to maintain and/or improve portions or all of any such right-of-way and appurtenant easements (and improvements, trees, plantings or landscaping therein) so dedicated and/or areas (and improvements, trees, plantings or landscaping therein) not so dedicated. To the extent that Declarant shall so declare or designate, any such rights-of-way and/or rights appurtenant thereto and/or improvements, trees, plantings or landscaping therein shall be Common Elements.

(d) any object or improvement located under, in or over public property or public street right-of-way, which object or improvements are subject to an encroachment agreement with a Governmental Entity that is recorded with the Public Registry, and may include signs, landscaping, irrigation facilities, drain pipes, decorative surfaces and brick pavers.

It shall be clear that Common Elements may include areas within Parcels whether inside or outside of the Building footprints, and that Common Elements may be located within Open Space as permitted by the Chatham Park PDD or applicable law. Furthermore, and notwithstanding any definition of "Common Elements" as defined in the Act, Common Elements in the Community shall be as defined herein, whether owned by Declarant, the Association, or part of a Parcel.

Section 14. "Common Expenses" shall mean the actual and estimated expenses incurred, or anticipated to be incurred, by the Association, including any reasonable reserves, all as may be found to be necessary and appropriate by the Board pursuant to this Declaration, the Bylaws, and the Articles of Incorporation of the Association, but shall not include any expenses for initial development, original construction, installation of infrastructure, original capital improvements (except as provided in Article XII, Section 6(b) regarding future Parking Decks), or other original construction costs for improvements constructed by Declarant (except as provided in Article XII, Section 6(b) regarding future Parking Decks), unless approved by a majority of the vote of the Association (which in this limited instance, shall mean the Owners and not the exercise of such votes by Declarant during the Declarant Control Period); provided, however, the repair, maintenance, replacement and insurance of such infrastructure or other original capital improvements and to all Common Elements shall be a Common Expense; lease payments on all leased street lights within the Community shall be a Common Expense; and ad valorem property taxes not billed directly to the Owners of Parcels or to Permittees owning Units shall be a Common Expense (it being intended that unless otherwise provided herein, each Owner/Permittee shall pay for ad valorem taxes on its Parcel or Unit and for insurance for the improvements on the same). Common Expenses shall also include any unpaid Association assessment following the foreclosure of a first mortgage or first deed of trust; payments owed to the Town pursuant to any Stormwater Agreement, except for payment in such Stormwater Agreement owed to the Town by the Declarant; costs and expenses for which the Association is obligated under any encroachment agreement or other agreement with the Town or other Governmental Entity; any assessments allocated to the Community pursuant to the Chatham Park Covenant to Share Costs; and expenses incurred by the Association in performing its functions and providing services, including operating, management, enforcement and administrative expenses.

Section 15. "Community" shall mean and refer to the real property described in Exhibit "A" attached hereto, together with such Additional Property as is hereafter subjected to this Declaration in accordance with Article XI.

Section 16. "Community System(s)" or "System(s)" shall mean any or all of a central telecommunication receiving and distribution system (e.g., cable television, high speed data/internet/intranet services, and security monitoring), and its components, including associated infrastructure, equipment, hardware, and software, serving any portion of the Community.

Section 17. "Community-Wide Standard" shall mean the standard of conduct, maintenance, or other activity generally prevailing throughout the Community. Such standard may be more specifically determined by the Board of Directors and the DRB. Notwithstanding the foregoing, the Community (including all Common Elements, by the Association, and all Buildings and Building Exteriors, by their Owners) shall be maintained in a neat and attractive condition and shall have an appearance consistent with "Class-A" mixed use projects located in the Raleigh-Durham-Chapel Hill, North Carolina area. This Section 16 of Article II may be amended only by the affirmative vote or written consent, or any combination thereof, of one hundred percent (100%) of the total votes in the Association (which in this limited instance, shall mean the Owners and not the exercise of such votes by Declarant during the Declarant Control Period), and, during the Declarant Control Period, the consent of the Declarant, unless this Declaration is terminated in accordance with its terms.

Section 18. "Declarant" shall refer to Eco CP Partners, LLC, a North Carolina limited liability company limited liability company, or any successor, successor-in-title, or assign who is designated as the Declarant in an instrument executed by the immediately preceding Declarant and recorded in the Public Registry, which instrument transfers to any other Person the rights, privileges, and options reserved to Declarant and set forth in this Declaration. In all events there shall be only one (1) Declarant at any time and in no event shall more than one (1) Person have the right to exercise power and authority of the Declarant at any time. Provided, however, Chatham Park Investors LLC or its assignee may become the Declarant upon the occurrence of certain events as more particularly described in this Declaration.

Section 19. "Declarant Control Period" shall refer to the period of time during which Declarant shall at all times be entitled to appoint and remove the Board of Directors and the officers of the Association, and during which other Owners shall have no right to nominate, elect, or remove, or exercise any vote to nominate, elect, or remove, the Board of Directors; such period of time beginning on the date that this Declaration is recorded in the Public Registry and ending ninety-nine (99) years thereafter, or at such earlier time as Declarant terminates such right by execution of a written instrument of termination.

Section 20. "Designated Maintenance Items" shall mean and refer to the Common Elements, together with those areas or improvements which by the terms of this Declaration, any Supplemental Declaration or other applicable covenants, contract, or agreement with any Parcel, become the responsibility of the Association.

Section 21. "Design Review Board" or "DRB" shall mean the committee of the Association created pursuant to Article XIII with authorization over new construction and modifications in the Community.

Section 22. "Floor Area" shall mean the total number of square feet of enclosed, covered and heated floor space in a Building, whether or not actually occupied. The Floor Area of any Building shall be calculated from the exterior of all exterior walls and the center line of party or common walls. Absent manifest error, the determination of Floor Area in a Building shall be made by the Declarant and maintained by the Association. During any period of expansion, rebuilding, replacement or reconstruction of a Building, the Floor Area of that Building shall be deemed to be the same as existed immediately prior to such period. Upon completion of such expansion, rebuilding, replacement or reconstruction of a Building, the Owner of the Parcel upon which such Building is located shall cause a new determination of Floor Area for such Building to be made in the manner described above, and notify the Association of the new Floor Area for the Building, which shall have the right to remeasure in its sole discretion and deem the Association's determination to be the new Floor Area for such Building.

Section 23. "Governmental Entity" shall mean the Town, the County of Chatham, North Carolina, the State of North Carolina, the United States of America and all other governmental entities and quasi-governmental entities that have jurisdiction over the Community or any part thereof, and all applicable departments and agencies of any of them, whichever Governmental Entity or entities is/are applicable.

Section 24. "Initial Owners" shall mean those Owners executing this Declaration and appointing Declarant to exercise all powers of Declarant as stated herein.

Section 25. "Limited Common Elements" shall refer to a portion of the Common Elements which the Declarant or the Association now or hereafter owns, leases, or otherwise holds possessory or use rights in for the exclusive use or primary benefit of one (1) or more, but less than all, Parcels, as more particularly described in Article III of this Declaration.

Section 26. "Lot" shall mean any numbered or lettered portion of the Community, together with any improvements thereon, which is shown upon any Record Plat of any part or all of the Community, and which is not any of the following: public or private street rights-of-way; Common Elements; Open Space; or, if applicable, greenway, park lands or other land owned in fee simple by the Town. For purposes of this Declaration, the term "Lot" shall be interchangeable with the term "Parcel".

Section 27. "Majority" shall mean those votes, held by Owners, Association Delegates, or other group as the context may indicate totaling more than fifty percent (50%) of the total number of eligible votes among Owners, Association Delegates, or other group, respectively. Unless otherwise specifically stated, the words "Majority vote" shall mean more than fifty percent (50%) of the votes exercised by those voting in person or by proxy. Except as otherwise specifically provided in the Declaration or the Bylaws, all decisions requiring a vote shall be made by Majority vote.

Section 28. "Mixed-Use Parcel" shall refer to any Parcel containing any combination of retail or other commercial, office, and/or residential uses.

Section 29. "Modified Floor Area" shall mean, for purposes of determining the Voting Percentage of a Parcel, the Floor Area of each Building on a Parcel adjusted as follows according to the use of such Building:

Residential Buildings = Floor Area multiplied by 0.35.

Theater Buildings = Floor Area multiplied by 0.70.

Office Buildings and other uses = Floor Area multiplied by 1.0.

Section 30. "Mortgage" shall refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.

Section 31. "Mortgagee" shall refer to a beneficiary or holder of a Mortgage.

Section 32. "Mortgagor" shall refer to any Person who gives a Mortgage.

Section 33. "Multi-Unit Building" shall refer to any Building containing two (2) or more Units pursuant to a condominium regime, whatever the respective uses.

Section 34. "Nonresidential Parcel" shall mean a Parcel containing exclusively nonresidential uses.

Section 35. "Office Parcel" shall mean a Parcel containing office uses and appurtenant/related uses.

Section 36. "Open Space" shall mean open space areas shown on preliminary subdivision plans filed with the Town and delineated on any Record Plat of the Community or the open space areas required by the Chatham Park PDD. Accordingly, Open Space may not be conveyed except in strict compliance with the Chatham Park PDD. Under the Chatham Park PDD, Open Space may be owned by the Association, a Parcel Association, an Owner, or by the Town. Expenses to maintain Open Space owned by the Association or a Parcel Association shall be Common Expenses or Parcel Expenses, as appropriate.

Section 37. "Owner" shall refer to the one (1) Person who holds the record title to any Parcel, but excluding, however, (i) any Person holding an interest merely as security for the performance of an

obligation; (ii) the tenants or lessees of a Parcel or portion thereof, (iii) the guests, licensees and invitees of an Owner of a Parcel and (iv) Persons owning any easements, rights-of-way, or licenses of real property. Notwithstanding the foregoing, if any Parcel is submitted to the condominium form of ownership under the North Carolina Condominium Act, N.C. Gen. Stat. §§47C-1-101, et seq., providing for fee simple ownership of apartment-style or townhome-style residential Units, or is submitted to covenants subject to a mandatory Parcel Association, then the term "Owner" shall for all purposes be the Parcel Association.

Section 38. "Parcel" shall refer to each separately developed area, including improvements constructed thereon, within the Community, located approximately as shown on and identified on the Project Plan (ultimate exact locations to be shown on a Record Plat) as initially configured, sold, or developed by Declarant, whether or not governed by a Parcel Association, and each Parcel of land within the Community intended for separate development generally as shown on the Project Plan and more particularly on a Record Plat. A Parcel may or may not include land (for example a Residential Parcel may be constructed in an air Parcel over top of and within the same Building as a ground level Nonresidential Parcel with the land beneath the Building being a part of the Nonresidential Parcel and not part of the Residential Parcel). There may or may not be more than one Unit constructed within any given Parcel. The term "Parcel", unless the context dictates otherwise, shall include Residential Parcels, Nonresidential Parcels and Mixed-Use Parcels.

Section 39. "Parcel Assessments" shall mean assessments levied against a particular Parcel or Parcels to fund Parcel Expenses, as more particularly described in Article XII of this Declaration.

Section 40. "Parcel Association" shall refer to any condominium association, homeowners' association or other mandatory membership owners association having concurrent, but subordinate, jurisdiction over any Parcel.

Section 41. "Parcel Declaration" shall refer to any declaration of condominium, declaration of protective covenants, or similar instrument which subjects all or a portion of any property within a Parcel to covenants, restrictions and/or easements in addition to those contained in the Declaration.

Section 42. "Parcel Developer" shall mean any Person which owns or purchases one (1) or more Parcels or any portion thereof for the purpose of constructing improvements thereon for later sale to consumers or any Person which purchases portions of land within the Community for further subdivision, development and/or resale in the ordinary course of such Person's business.

Section 43. "Parcel Expenses" shall mean and include the actual and estimated expenses incurred or anticipated to be incurred by the Association for the benefit of a particular Parcel or Parcels, which may include a reasonable reserve for capital repairs and replacements, all as may be specifically authorized from time to time by the Board of Directors and as more particularly authorized herein or in Supplemental Declarations applicable to the Parcel or Parcels.

Section 44. "Parking Decks" shall mean structured parking decks to be located within the Community.

Section 45. "Percentage Share" is defined in Article XII, Section 2(b) of this Declaration.

Section 46. "Permittees" shall mean any and all of the following: (a) an owner of any portion of a Parcel including, without limitation, owners of condominium Units, townhouse Units, nonresidential Units, outparcels and any other parcel or Parcel of land comprising a portion of a Parcel; (b) the tenants or lessees of a Parcel or portion thereof; and (c) Persons who occupy a residence in the Community as their principal residence in Chatham County, North Carolina, guests, licensees and invitees of an Owner, tenant,

or lessee of a Parcel, an owner of a portion of a Parcel, or the tenants and lessees of a Parcel or portion thereof. Subject to the terms of this Declaration or any Supplemental Declaration, (i) all Permittees shall be bound by the terms hereof (ii) all owner or tenant Permittees shall have the same rights as Owners as to use, access, and enjoyment in and to the Common Elements; and (iii) all provisions of the Declaration, any Supplemental Declaration, Bylaws, and rules and regulations which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Permittees. The terms 'owner Permittee,' tenant Permittee' and 'owner/tenant Permittee' are used in this Declaration in order to distinguish the 'non-owner/non-tenant Permittees' described in (a) and (b) above from other types of Permittees described above.

Section 47. "Person" shall mean a natural person, a corporation, a limited liability company, a partnership, joint venture, a trust, or any other legal entity, including, without limitation, a tenancy-in-common or joint tenancy.

Section 48. "Private Amenities" shall mean any real property and improvements and facilities thereon located within or in the vicinity of the Community, which are privately owned and operated by Persons other than the Association for recreational and related purposes on a membership basis or otherwise.

Section 49. "Project Plan" shall refer to the project plan for the Community, as it may be amended from time to time, which plan contemplates development on all or a portion of the property described on Exhibit "A" and the Additional Property which Declarant may subject to this Declaration from time to time. Inclusion of property on the Project Plan shall not, under any circumstances, obligate Declarant to subject such property to this Declaration, nor shall the exclusion of any Additional Property from the Project Plan bar its later annexation in accordance with Article XI hereof. The Project Plan is attached hereto as Exhibit "D" for informational purposes and incorporated herein by reference. BY ATTACHING THE PROJECT PLAN TO THIS DECLARATION, OR BY EXHIBITING THE PROJECT PLAN IN SALES OR MARKETING MATERIALS, DECLARANT IN NO WAY OBLIGATES ITSELF TO SUBJECT ANY OR ALL OF THE PROPERTY SHOWN ON THE PROJECT PLAN TO THIS DECLARATION, OR OBLIGATES ITSELF TO DEVELOP THE COMMUNITY IN ACCORDANCE WITH THE PROJECT PLAN, OR PREVENTS DECLARANT FROM CHANGING THE PROJECT PLAN FROM TIME TO TIME.

Section 50. "Public Registry" shall mean and refer to the Office of the Register of Deeds in Chatham County, North Carolina.

Section 51. "Record Plat" shall mean any Plat of all or any portion of the Community that is executed by Declarant and/or an Owner recorded in the Public Registry.

Section 52. "Residential Parcel" shall mean a Parcel containing exclusively residential and appurtenant/related uses.

Section 53. "Retail Parcel" shall mean a Parcel containing exclusively retail uses.

Section 54. "Special Assessment" shall mean and refer to assessments levied in accordance with Article XII, Section 5 of this Declaration.

Section 55. "Specific Assessment" shall mean assessments levied in accordance with Article XII, Section 6 of this Declaration.

Section 56. "Stormwater Agreement" shall mean any agreement recorded in the Public Registry relating to Stormwater Control Measures for the Community or any part thereof, and includes all amendments and supplements to such agreements.

Section 57. "Stormwater Control Measures" or "Stormwater Control Facilities", such terms being used interchangeably herein and in the Stormwater Agreement, shall mean one or more of the following devices and measures, together with associated private stormwater drainage easements (however identified on a plat or in a document) that serves the Community: conduits, inlets, channels, pipes, level spreaders, ditches, grassed swales, sand filters, wetponds, dry detention basins, wetlands, permanently protected undisturbed open space areas, bio-retention areas, retention or detention ponds, and other devices and measures, necessary to collect, convey, store, and control stormwater runoff and pollutants for more than one (1) Parcel in the Community, and which are located outside public street rights-of-way and Town drainage easements. Private stormwater drainage easements that serve more than one (1) Parcel in the Community, however identified on a Record Plat or in a recorded document, are deemed to be dedicated to the Association for the benefit of the Community or applicable portion thereof. All Stormwater Control Measures are Common Elements or Limited Common Elements, as applicable, but may be maintained pursuant to the Chatham Park Covenant to Share Costs.

Section 58. "Stormwater Operations Maintenance Manual and Budget" shall mean that manual, however named, attached to and incorporated into the applicable Stormwater Agreement as an exhibit for the Maintenance of Stormwater Control Facilities and the payment of the costs thereof.

Section 59. "Supplemental Declaration" shall mean an amendment or supplement to this Declaration either as a separate document or as part of the deed conveying property to an Owner filed pursuant to Article XI which subjects Additional Property to this Declaration and/or imposes, expressly or by reference, additional restrictions and obligations on the land described therein.

Section 60. "Town" or "Town of Pittsboro" shall mean the Town of Pittsboro, North Carolina, a North Carolina municipal corporation.

Section 61. "Unit or Units" shall mean a portion of a Parcel consisting of a condominium unit.

Section 62. "Voting Percentage" shall be determined, for purposes of dictating the voting interest in the Association attributable to each Parcel, by calculating a percentage, the numerator of which is the Modified Floor Area in the Building(s) located upon a Parcel and the denominator of which is the Modified Floor Area in all Buildings within the Community.

Article III **COMMON ELEMENTS**

Section 1. Common Elements. The Association, subject to the rights of the Owners set forth in this Declaration and except as otherwise provided herein or in the Chatham Park Covenant to Share Costs, shall be responsible for the exclusive management and control of the Common Elements and all improvements thereon (including, without limitation, entrance features, landscaped areas, trees, plantings, medians, signage, monuments, lighting [including leased lighting if not maintained by lessor], sitting areas, private streets and drives, roundabouts, surface parking areas and Parking Decks, drainage facilities, irrigation facilities, water, sanitary sewer, storm sewer, storm water drainage and/or retention, Community systems, communications and/or other utility facilities, ponds, retention ponds, retaining walls, objects of public art, greenways, jogging trails, walkways, recreational areas and other lands), and shall keep them in good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof and consistent with the Community-Wide Standard.

Declarant currently contemplates that the areas shown on the Project Plan as streetscape, entrance features, parks, and other areas within the Community developed as trails, sidewalks, landscaped berms, irrigation systems, private streets and drives, surface parking areas and Parking Decks, street lights, and other similar facilities, will be Common Elements and/or Designated Maintenance Items.

Section 2. Use of Common Elements. All Owners and owner/tenant Permittees shall have a perpetual and nonexclusive easement of use, access, and enjoyment in and to the Common Elements. All non-owner/non-tenant Permittees shall have a revocable license of use, access, and enjoyment in and to the Common Elements. The easement and revocable license described in this Section 2 are subject to:

(a) This Declaration, any Supplemental Declaration, and any other applicable covenants, as the same may be amended from time to time, and subject to any restrictions or limitations contained in any deed conveying such property to the Association.

(b) The right of the Board of Directors to adopt rules regulating the use and enjoyment of the Common Elements, including, without limitation, rules limiting the number of Owners and Permittees who may use the Common Elements, rules limiting the use of the Common Elements by Owners of nonresidential and/or residential land uses within the Community and their Permittees, the hours during which the Common Elements may be used, and the manner, purposes and activities for which the Common Elements may be used or which may take place on the Common Elements. In establishing such rules and regulations, the Board may adopt different rules and regulations for different portions of the Common Elements, and nothing contained herein shall require that the rules and regulations apply uniformly within or to the entire Common Elements or to all Owners and their Permittees.

(c) The right of the Board of Directors to revoke the licenses granted herein and to declare and treat any non-owner/non-tenant Permittee whose use of the Common Elements or whose actions or activities therein violate any local, state or federal law, any of the covenants set forth in this Declaration or in any Supplemental Declaration relating to the use and enjoyment of the Common Elements, or any rules and regulations adopted by the Board of Directors relating to the use and enjoyment of the Common Elements, as a trespasser on the Common Elements and to cause said Permittee to be removed from the Common Elements and/or prosecuted to the fullest extent of the law. The Board of Directors shall also have the right to further suspend or revoke said Permittee's license of use, access, and enjoyment in and to the Common Elements, but the right of vehicular access and support, the right to drain stormwater, and the right to use Stormwater Control Measures, private streets and private utility services provided to said Permittee's Parcel shall not be suspended.

(d) The right of the Board of Directors to impose reasonable fines or suspend the right of an Owner or Permittee whose use of the Common Elements or whose actions or activities therein violate any local, state or federal law, any of the covenants set forth in this Declaration or any Supplemental Declaration relating to the use and enjoyment of the Common Elements, or any rules and regulations adopted by the Board of Directors relating to the use and enjoyment of the Common Elements to use the Common Elements for reasonable periods, after notice and a right to a hearing pursuant to Article V, Section 2 of the Bylaws.

(e) The right of the Association, acting through the Board, to convey or transfer all or any part of the Common Elements owned by the Association pursuant to Article VI hereof, provided that Common Elements may be conveyed or subjected to a security interest only pursuant to Section 47F-3-112 of the Act.

(f) The right of the Association, acting through the Board, to charge reasonable fees for reserving the use of a facility or portion of the Common Elements for a private function.

(g) The right of the Association, acting through the Board, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided that Common Elements may be conveyed or subjected to a security interest only pursuant to Section 47F-3-112 of the Act.

(h) The rights of certain Owners to the exclusive use of those portions of the Common Elements designated "Limited Common Elements," as more particularly described in Section 4 below.

(i) The right of the Association, acting through the Board, to close temporarily portions of the Common Elements.

(j) The right of the Association, acting through the Board, to set curfews for the use of all or a portion of the Common Elements by minors.

(k) The right of the Association, acting through the Board, to grant easements and licenses over the Common Elements owned by the Association for the benefit of the Community or any Parcel or Parcels.

(l) The right of the Declarant or Association, acting through the Board, to lease portions of the Common Elements owned by the Association. Declarant or the Association, acting through the Board, may enter into leases, licenses or operating agreements for portions of the Common Elements, for such consideration or no consideration as Declarant or the Association deems appropriate for its own agreements, to permit use of such portions of the Common Elements by community organizations and by others, whether nonprofit or for profit, for the provision or advertising of goods or services, or for artistic performances or displays for the general benefit or convenience of Owners and Permittees of the Community, or for the general public.

(m) The right of Declarant or Association (but not the obligation) to construct amenities upon the Common Elements (or to allow construction thereof), and to enter into leases, licenses or operating agreements or convey any such amenities to a third party, for such consideration or no consideration as Declarant or the Association deems appropriate for its own agreements, and to allow such third party to operate the amenities for the general benefit or convenience of Owners and Permittees of the Community, or for the general public.

(n) The right of the Declarant or Association to construct and complete any improvements within the Common Elements, in the sole discretion of the Declarant during the Declarant Control Period or Association, respectively.

(o) The right of a Parcel Developer to construct and complete any improvements within the Common Elements at the direction of Declarant.

(p) Easement rights in favor of Declarant such that Declarant may use Common Elements for access, ingress, egress and for the placement of utilities to serve the Community, as well as to serve any additional and/or adjacent land, including but not limited to the Additional Property, whether or not brought within the Community.

Section 3. Prohibited Activities on the Common Elements. Notwithstanding anything to the contrary stated herein, the following activities shall not be permitted on any portion of the Common Elements without an Owner on behalf of itself and any Permittee first obtaining a written permit from the Board of Directors: (a) demonstrations; (b) solicitations; (c) use of loud speakers and amplifiers; (d) public speeches; (e) rallies; (f) public performances of music, theater, or dance; (g) sale of goods or services;

(h) parades; (i) camping; (j) swimming or fishing in any stream, fountain or other body of water located on the Common Elements; (k) playing or listening to music (unless the music is not audible to other persons); and (l) taking photographs for commercial or other non-personal use and distribution. All Owners, and owner/tenant Permittees on behalf of themselves and their Permittees acknowledge that the Common Elements are private property, that the scope and nature of the activities that will be permitted on the Common Elements are intended to be far more restrictive than what might be permitted on public property, and that the Board may deny the granting of a permit if it determines in its sole and absolute discretion, that the issuance of the permit may interfere with or have a potentially negative effect on: (i) the quiet enjoyment of other Parcels, Units and Common Elements by other Owner(s) and Permittees; or (ii) the ability of any other Owner or Owners and Permittees to use their Parcel and/or Unit(s) for their intended purpose or purposes. The permit issued by the Board shall be for a specific date, place, and time. Nothing herein shall limit the Board from issuing permits for any of the activities prohibited above as part of the celebration of a public holiday or planned community event. The Board of Directors may through its rule making authority expand the list of activities for which a written permit is first required to be obtained. No permit shall be required for any of the foregoing activities occurring in connection with the exercise by the Declarant or Association of any rights reserved elsewhere in this Declaration, including, without limitation, those rights set forth in Article III, Section 2.

Section 4. Limited Common Elements. Certain portions of the Common Elements may be designated as Limited Common Elements and reserved for the exclusive use or primary benefit of Owners and Permittees within a particular Parcel or Parcels. By way of illustration and not limitation, Limited Common Elements may include entry features, terraces, decks, amenities, landscaped medians and cul-de-sacs, ponds and other portions of the Common Elements within a particular Parcel or Parcels. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Elements shall be assessed as a Parcel Assessment against the Owners of those Parcels to which the Limited Common Elements are assigned.

Initially, any Limited Common Elements shall be designated as such and the exclusive use thereof shall be assigned herein, in any Supplemental Declaration which subjects the Limited Common Elements to this Declaration, or on the Record Plat establishing/identifying such Limited Common Elements; provided, any such assignment shall not be exclusive and shall not preclude the Declarant from later assigning use of the same Limited Common Elements to additional Parcels, during the Declarant Control Period. Thereafter, a portion of the Common Elements may be assigned as Limited Common Elements of a particular Parcel or Parcels, and Limited Common Elements may be reassigned, upon the vote of a Majority of the total votes in the Association, which Majority must include a Majority of the votes within the Parcel(s) to which the Limited Common Elements are assigned, if applicable, and a Majority of the votes of the Parcel(s) to which the Limited Common Elements are to be assigned. During the Declarant Control Period, any such assignment or reassignment shall also require the consent of the Declarant.

The Association may, upon approval of the Owner(s) of the Parcel(s) to which certain Limited Common Elements are assigned, permit Owners of other Parcels and Permittees to use all or a portion of such Limited Common Elements upon payment of reasonable user fees, which fees shall be used to offset the Parcel Expenses attributable to such Limited Common Elements.

Section 5. Construction and Installation of Improvements within Common Elements or as Designated Maintenance Items. In connection with the sale of a Parcel to a Parcel Developer, the Declarant shall have the right to require the Parcel Developer to construct and install certain improvements within the Common Elements (or to install certain facilities within the Parcel conveyed as Designated Maintenance Items) including, but not limited to, entrance features, landscaped areas, parks, trees, plantings, medians, signage, monuments, lighting, sitting areas, streets, drainage facilities, irrigation facilities, water lines, sanitary sewer lines, storm sewer lines, storm water drainage and/or retention, ponds, retention ponds,

greenways, jogging trails, walkways, and other Amenities. In the event the Declarant requires a Parcel Developer to construct and install improvements within the Common Elements, or upon such Parcel as a Designated Maintenance Item, such obligations shall be specifically set forth in the deed to the Parcel Developer or in a Parcel Declaration or a Supplemental Declaration encumbering the subject Parcel and shall run with the land in favor of the Declarant.

Section 6. Parking Decks. Any future Parking Deck constructed by the Declarant or the Association shall be owned and maintained by the Association as a Common Element. The Association may control access to Parking Decks by use of fences, gates, other controlled access systems, or otherwise in order to enforce any exclusive parking rights, or to discourage parking by persons who are not authorized users of the Parking Decks.

Article IV **PARCELS**

Section 1. Creation of Parcels. All real property subjected to the Declaration either initially or through the filing of a Supplemental Declaration shall be divided by the Declarant into Parcels at such time as Declarant determines, in its sole discretion, and shall be designated on a Record Plat or Plats for the Community or by a metes and bounds description of the property recorded either as an exhibit to this Declaration, in a Supplemental Declaration, or separately, on a Record Plat or Plats or in a deed or deeds in the Public Registry. The Declarant may with the written consent of the Owners thereof amend this Declaration or any Supplemental Declaration from time to time during the Declarant Control Period, to subdivide, combine and/or redesignate Parcels and/or revise Parcel boundaries. Parcels may be subjected to additional covenants and restrictions set forth in a Supplemental Declaration or in a Parcel Declaration separately filed by the Owner thereof, provided that all such covenants and restrictions are approved by Declarant in accordance with the terms hereof.

Section 2. Parcel Declaration. The Board of Directors, and the Declarant during the Declarant Control Period, must approve in writing, which approval shall not be unreasonably withheld, any Parcel Declaration before such Parcel Declaration may be recorded. No Parcel Declaration shall be approved unless the following issues or concepts are addressed or included in the Parcel Declaration:

(a) A Parcel Association, established as a corporation under North Carolina law, which is responsible for the administration, maintenance, preservation, use, and enjoyment of such Parcel and is to function as the Owner of such Parcel as set forth in Article II, Section 37 above.

(b) Mandatory membership in the Parcel Association by all owners of real property in the Parcel.

(c) The Parcel is bound by the Parcel Declaration during the entire time period that the Declaration binds the Community.

(d) The collection of, and payment to the Association of, all Base Assessments, Parcel Assessments, Special Assessments, Specific Assessments, fees, charges, and fines levied by the Association against a Parcel subject to a Parcel Declaration, or the Permittees thereof, shall be the responsibility of the Parcel Association, which may be sued in its own name for failure to pay such monies, and shall also be the responsibility of and a lien and charge upon the property of each Owner and of each owner of any portion of a Parcel including all Permittees that are owners of Units in any Parcel.

(e) Authority of the Parcel Association to collect assessments from all Permittees owning any Parcel Units, including each such Person's pro-rata share of any assessments, charges, fees, or fines levied by the Association.

(f) Authority of the Parcel Association to have lien rights (as permitted under North Carolina law) against any owner of any real property within the Parcel to secure payment of delinquent assessments, as well as interest, late charges (subject to the limitations of North Carolina law), and the costs of collection (including attorneys' fees). Such lien shall be prior and superior to all other liens, except (a) liens and encumbrances (specifically including, but not limited to, a mortgage or deed of trust on the real property but excluding mechanic's or materialmen's liens) recorded before the docketing of the claim in the Office of the Superior Court; (b) liens for real estate taxes and other governmental assessments and charges against the Parcel; and (c) the liens of the Association against any Parcel to secure payment of delinquent assessments, as well as interest, late charges, and costs of collection.

(g) Authority of the Parcel Association to institute legal proceedings in its own name to collect all sums due and owing.

(h) Prohibition of all uses not permitted in Article XIII; provided, however, a Parcel Declaration may further restrict or prohibit activities permitted in this Declaration; provided such restrictions or prohibitions are not inconsistent with the Community-Wide Standard.

(i) The appointment of an Association Delegate.

(j) Such other provisions that the Board deems necessary for the administration, maintenance, preservation, use, and enjoyment of the Community.

Section 3. Special Parcel Services. The Owner of a Parcel or Parcels may request that the Association provide or perform a higher level of service or special services for the benefit of a Parcel or Parcels. The Association shall provide such services, except where the Association, acting through its Board of Directors, determines, in its sole discretion, that: (a) the Association does not have the capacity, skill or expertise to provide the requested service; (b) where the Association determines that the provision of the service would expose the Association to an unreasonable risk of claims, potential or legal exposure; (c) where the Association determines that the provision of services would be unduly burdensome on the Association; or (d) where the Parcel or Parcels requesting the same owe outstanding assessments or other charges to the Association, or have failed to timely pay such assessments or charges in the past two (2) years. The cost of such services shall be assessed against the Parcel or Parcels requesting the same as a Parcel Assessment pursuant to Article XII hereof, provided, however, that the Association may, but shall not be required to, request advance payment for start-up costs associated with providing the service. In the event the Association determines that the Association does not have the capacity skill or expertise to provide the requested service, that the provision of the service would expose the Association to an unreasonable risk of claims, potential or legal exposure, that the provision of services would be unduly burdensome on the Association, or that the Parcel or Parcels requesting such services owe outstanding assessments or other charges to the Association, or have failed to timely pay such assessments or charges in the past two (2) years, the Association may elect to discontinue the provision of such services upon forty-five (45) days' written notice to the Owner of the Parcel.

Section 4. Subdivision of a Parcel. The Owner of a Parcel may at any time petition the Board of Directors to divide the property comprising the Parcel into two (2) or more Parcels. Such petition shall be in writing and shall include a plat of survey which indicates the boundaries of the proposed Parcels. Such petition shall be granted upon the filing of all required documents with the Board, unless the Board of Directors denies such application in writing within thirty (30) days of its receipt thereof. Notwithstanding

the above, during the Declarant Control Period, any subdivision of Parcels shall require the prior written consent of the Declarant. All applications and copies of any denials shall be filed with the books and records of the Association and shall be maintained as long as this Declaration is in effect.

Article V
MEMBERSHIP; VOTING RIGHTS; CONTROL

Section 1. Membership. Each Owner shall have a membership in the Association. During the Declarant Control Period, Declarant shall have a membership in the Association.

Section 2. Voting Generally. Each Owner shall have one (1) weighted vote for each Parcel owned, multiplied by the Voting Percentage attributable to each such Parcel, to be exercised by the Association Delegate. Notwithstanding the foregoing or anything to the contrary herein, until expiration of the Declarant Control Period, Declarant shall have a Majority vote equivalent to the total number of votes held by all Owners, plus one vote.

Section 3. Declarant Control Period. During the Declarant Control Period, the Declarant shall at all times be entitled to appoint and remove the Association's Board of Directors and the officers of the Association, and other Owners shall have no rights to nominate, elect, or remove, or exercise any vote to nominate, elect, or remove, the Board of Directors. Furthermore, during the Declarant Control Period, the Board shall have the sole and exclusive authority to exercise all powers and rights of and to act in all instances on behalf of the Association, and the members shall have no authority to exercise such powers or rights by exercise of their votes, except as expressly provided herein, in the Bylaws, in the Act, or in the North Carolina Nonprofit Corporation Act.

Article VI
RIGHTS AND OBLIGATIONS OF THE ASSOCIATION

Section 1. Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property and all interests therein. The Declarant may convey to the Association personal property and improved or unimproved real estate located within the Community, including, but not limited to, possessory, use or easement rights, leasehold and other property interests. Upon conveyance or dedication by the Declarant to the Association, or upon designation by Declarant of such property as Common Elements, such property or interests therein shall be accepted by the Association and thereafter shall be maintained by the Association at its expense for the benefit of the Owners and their Permittees, subject to and in accordance with any terms, restrictions or limitations set forth in the deed of conveyance, and such property or interests therein shall be deemed to be Common Elements, if not already established as such.

Section 2. Rules and Regulations. The Association, through its Board of Directors, may make and enforce reasonable rules and regulations governing the use of the Community, which rules and regulations shall be consistent with the rights and duties established by this Declaration. Such regulations and use restrictions shall be binding upon all Owners and Permittees during the Declarant Control Period. Thereafter, the same may be overruled, cancelled, or modified in a regular or special meeting of the Association by the vote of Association Delegates.

Section 3. Enforcement. The Association shall be authorized to impose sanctions for violations of this Declaration, the Bylaws, or rules and regulations. Sanctions may include reasonable monetary fines not to exceed the maximum amount allowed under the Act, and suspension of the right to vote and to use any facilities within the Common Elements after notice and a right to a hearing pursuant to Article V, Section 2 of the Bylaws. In addition, the Association, through the Board, in accordance with Article V,

Section 3 of the Bylaws, shall have the right to exercise self-help to cure violations, and shall, in accordance with Article V, Section 2 of the Bylaws, be entitled to suspend any services provided by the Association to any Owner or such Parcel in the event that such Owner is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association. The Board shall have the power to seek relief in any court for violations or to abate nuisances. Sanctions shall be imposed as provided in the Bylaws.

Section 4. Implied Rights. The Association may exercise any other right or privilege given to it expressly by this Declaration, the Bylaws or the Act. The Association may also exercise every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or reasonably necessary to effectuate any such right or privilege.

Section 5. Governmental Interests. During the Declarant Control Period, the Association shall permit the Declarant to designate sites within the Community owned by Declarant for fire, police, water, and sewer facilities, public schools and parks, and other public facilities. The sites may include Common Elements owned by the Declarant or the Association.

Section 6. Indemnification. The Association shall indemnify every officer, director, and committee member or former director, officer or committee member of the Association or any person who may have served at the request of the Association as a director, officer or committee member of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he is made a party or was (or is threatened to be made) a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty. Notwithstanding the foregoing, no Association Delegate shall be indemnified under this Section 6 as to any liability arising from his or her status as an Association Delegate, but only as to liabilities arising out of serving on the Board or serving as an officer of the Association.

The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of Owners or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association shall, as a Common Expense, purchase and maintain adequate general liability and officers' and directors' liability insurance to fund this indemnification obligation, if such insurance is reasonably available, on behalf of any person who is or was a director, officer, committee member, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, committee member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a director, officer, committee member, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, committee member, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, committee member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Section 6, or elsewhere in this Declaration, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

Section 7. Dedication of Common Elements. The Association, acting through the Board of Directors, shall have the power to dedicate portions of the Common Elements owned by the Association to the Town of Pittsboro or the County of Chatham, North Carolina, or to any other local, state, or federal governmental entity. The Association shall require approval from the Declarant in order to so dedicate during the Declarant Control Period.

Section 8. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Community designed to make the Community safer than they otherwise might be. THE ASSOCIATION, THE DECLARANT, ANY SUCCESSOR DECLARANT AND THE OFFICERS, DIRECTORS, COMMITTEES, MEMBERS, SHAREHOLDERS, EMPLOYEES, AGENTS, SUCCESSORS AND ASSIGNS OF ANY OF THE FOREGOING (THE "PARTIES") SHALL NOT IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE COMMUNITY AND SHALL NOT BE HELD LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND THEIR PERMITTEES ACKNOWLEDGE THAT THE PARTIES DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION SYSTEM, BURGLAR ALARM SYSTEM, OR OTHER SECURITY SYSTEM DESIGNATED BY OR INSTALLED ACCORDING TO GUIDELINES ESTABLISHED BY THE DECLARANT OR THE DESIGN REVIEW BOARD MAY NOT BE COMPROMISED OR CIRCUMVENTED; NOR THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP, OR OTHERWISE; NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. ALL OWNERS AND THEIR PERMITTEES ACKNOWLEDGE AND UNDERSTAND THAT THE PARTIES ARE NOT INSURERS. ALL OWNERS AND THEIR PERMITTEES ASSUME ALL RISKS FOR LOSS OR DAMAGE TO PERSONS AND PROPERTY, AND FURTHER ACKNOWLEDGE THAT THE PARTIES HAVE MADE NO REPRESENTATIONS OR WARRANTIES, NOR HAS ANY OWNER OR ITS PERMITTEES RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE COMMUNITY.

Section 9. Powers of the Association Relating to Parcels. The Board of Directors of the Association shall have the power to veto any action taken or contemplated to be taken by any Owner, any Permittee, or by a Parcel Association, which the Board reasonably determines to be inconsistent with the Community-Wide Standard. The Board of Directors of the Association also shall have the power to require specific action to be taken by any Owner or Permittee in connection with its obligations and responsibilities hereunder or under any other covenants affecting the Community. Without limiting the generality of the foregoing, the Association may (a) require specific maintenance or repairs or aesthetic changes to be effectuated by an Owner or Permittee, and (b) require that a proposed Parcel Association budget include certain items and that expenditures be made therefore.

Any action required by the Association in a written notice pursuant to the foregoing paragraph to be taken by an Owner or Permittee shall be taken within the reasonable time frame set by the Association in such written notice. If the Owner or Permittee fails to comply with the requirements set forth in such

written notice, the Association shall have the right to effect such action on behalf of the Owner or Permittee. To cover the Association's administrative expenses in connection with the foregoing and to discourage failure to comply with the requirements of the Association, the Association shall assess each affected Parcel for its pro rata share of any expenses incurred by the Association in taking such action in the manner provided in Article XII, Section 7(b). Such assessments may be collected as a Special Assessment hereunder and shall be subject to all lien rights provided for herein.

Section 10. Bulk Rate Service Agreements. The Association, acting through the Board of Directors, shall have the power to enter into contracts or to assume contracts entered into by the Declarant or Declarant's predecessor-in-title, including bulk rate service agreements, with providers of Community systems components and other common utilities and with other Persons for the maintenance, management, administration, upgrading, modification and operation of the Community systems and utilities. The Association's expenses in connection with any such bulk rate contracts shall be Common Expenses to be included in the Base Assessment. Such contract and agreements may benefit property located outside of the Community, provided the expenses are allocated in a reasonable manner between the Community and property located outside the Community.

The Association shall have no obligation to utilize any particular service provider or providers; provided, except for cause (as defined under a written agreement with the provider), the Association may not, without Declarant's consent, terminate or refuse to renew any contract entered into by Declarant during the Declarant Control Period, or by Declarant's predecessor-in-title.

Section 11. Facilities and Services Open to the Public and Other Parties. Certain facilities and areas within the Community may be open for general use and enjoyment of the public. Such facilities and areas may include, by way of example: roads, sidewalks, greenways, trails, paths, parks, event lawns, performance areas, amphitheaters and similar areas conducive to public gathering and interaction. Declarant, during the Declarant Control Period, may designate such facilities and areas as open to the public at the time Declarant makes such facilities and areas a part of the Designated Maintenance Items, or the Association, acting through the Board of Directors, may so designate them at any time thereafter. The availability of such areas to the general public shall not relieve any Owner of responsibility for assessments levied to fund the Association expenses incurred in connection with such areas. In addition, certain facilities, including without limitation the Private Amenities, may be open to third parties who pay a fee to use such services. Furthermore, even if generally open to the public, such portions of the Community as are not dedicated to the public shall at all times remain private property subject to closure or other regulation by the Declarant or the Association, for safety reasons, or otherwise in the Declarant's or the Board's sole discretion.

Article VII **MAINTENANCE**

Section 1. Association's Responsibility. The Association shall maintain and keep in good repair the Designated Maintenance Items, such maintenance to be funded as hereinafter provided. The Designated Maintenance Items shall include, but need not be limited to:

(a) all Common Elements; all landscaping and other flora located within Common Elements; parks; any private streets, sidewalks, and bike and pedestrian pathways/trails; and including ponds, lakes, streams and/or wetlands located within the Community, but not outside of the Community, which serve as part of the drainage and storm water retention system for the Community, including any retaining walls, bulkheads or dams (earthen or otherwise) retaining water therein, and any fountains, lighting, pumps, conduits, and similar equipment installed therein or used in connection therewith which are part thereof;

(b) landscaping, sidewalks, private streets, surface parking areas, Parking Decks and streetscapes within public rights-of-way within or abutting the Community, to the extent not maintained to the Community-Wide Standard by the Town of Pittsboro, and other flora within any public utility easement within the Community (subject to the terms of any easement agreement relating thereto);

(c) such portions of any Additional Property included within the Designated Maintenance Items as may be dictated by this Declaration, any Supplemental Declaration, or any contract or agreement for maintenance thereof entered into by the Association; and

(d) any other property and facilities owned by the Declarant and made available, on a temporary or permanent basis, for the primary use and enjoyment of the Association, Owners, and Permittees, such property and facilities to be identified by written notice from the Declarant to the Association and to remain a part of the Designated Maintenance Items and be maintained by the Association until such time as Declarant revokes such privilege of use and enjoyment by written notice to the Association.

Except as provided above, during the Declarant Control Period, the Designated Maintenance Items shall not be reduced by amendment of this Declaration or any other means except with the prior written approval of the Declarant.

The Association may maintain other property which it does not own, including, without limitation, property dedicated to the public, if the Board of Directors determines that such maintenance is necessary or desirable to maintain the Community-Wide Standard.

Except as otherwise specifically provided herein, all costs associated with maintenance, repair and replacement of the Designated Maintenance Items shall be a Common Expense to be allocated among all Parcels in accordance with Article XII, Section 2 hereof, without prejudice to the right of the Association to seek reimbursement from the owner(s) of, or other Persons responsible for, certain portions of the Designated Maintenance Items pursuant to this Declaration, other recorded covenants, or agreements with the owner(s) thereof. All costs associated with maintenance, repair and replacement of Limited Common Elements shall be a Parcel Expense assessed as a Parcel Assessment solely against the Parcel(s) to which the Limited Common Elements are assigned, notwithstanding that the Association may be responsible for performing such maintenance hereunder.

The Association and Declarant may provide maintenance services to the Project directly or through its affiliates. The intention of providing such services is to make available the cost-efficiencies arising from affiliates of the Association and Declarant performing similar services nearby in other areas controlled by such affiliates. The Association and Declarant cannot and do not assure or represent that such services will be at a cost lower than may otherwise be available from other sources, but shall be required to contract for and perform such services at fair-market rates.

Section 2. Additional Responsibility. The Association may assume maintenance responsibility for property within any Parcel either by agreement with the Owner of the Parcel or because, in the opinion of the Board, the level and quality of service then being provided is not consistent with the Community-Wide Standard. All costs of maintenance pursuant to this Section shall be assessed as a Parcel Assessment only against the Parcel to which the services are provided. The Board acting for the Association shall have the right to delegate any of the Association's maintenance obligations hereunder as to a particular Parcel, to any Parcel Association, provided, however, that the Association shall reserve the right to continue to undertake said maintenance on behalf of the Parcel Association where the Parcel Association is delinquent in doing so, and in such a case, the Association may assess the Parcel for the cost of said maintenance and may assess a reasonable fee or fine against the Parcel in accordance herewith.

Section 3. Owner's Responsibility. Notwithstanding the foregoing, the cleanliness and orderliness of each Parcel and the Limited Common Elements allocated thereto shall be the responsibility of the individual Parcel Owner(s) and Permittees having the right to the use and enjoyment the same.

Section 4. Standard of Performance. Unless otherwise specifically provided herein or in other instruments creating and assigning such maintenance responsibility, responsibility for maintenance shall include responsibility for repair and replacement, as necessary. All maintenance shall be performed in a manner consistent with the Community-Wide Standard and all applicable covenants. The Association, and/or an Owner and/or a Parcel Association shall not be liable for any damage or injury occurring on, or arising out of the condition of, property which it does not own except to the extent that it has been negligent in the performance of its maintenance responsibilities hereunder.

Article VIII **INSURANCE AND CASUALTY LOSSES**

Section 1. Association Insurance. The Association, acting through its Board of Directors or its duly authorized agent, shall have the authority to and shall obtain blanket "all-risk" property insurance, if reasonably available, for all insurable improvements on the Common Elements (including Common Elements located within Parcels) in the event of a casualty. If blanket "all-risk" coverage is not generally available at reasonable cost, then at a minimum an insurance policy providing fire and extended coverage, including coverage for vandalism and malicious mischief, shall be obtained. The face amount of such insurance shall be sufficient to cover the full replacement cost of any repair or reconstruction in the event of damage or destruction from any insured peril.

In addition, the Association may (but shall have no obligation to), upon request of an Owner of a Parcel or a Parcel Association, and shall, if so specified in a Supplemental Declaration applicable to the Parcel, obtain and continue in effect adequate blanket "all-risk" property insurance on property not constituting Common Elements, located within such Parcel, if reasonably available. If "all-risk" property insurance is not generally available at reasonable cost, then fire and extended coverage may be substituted. Such coverage may be in such form as the Board of Directors deems appropriate. The face amount of the policy shall be sufficient to cover the full replacement cost of all structures to be insured. The costs thereof shall be charged to the Owner of the benefited Parcel as a Parcel Assessment. All policies shall provide for a certificate of insurance to be furnished to each Person insured, to the Association, and to the Parcel Association, if any.

The Board also shall obtain a public liability policy covering the Designated Maintenance Items, insuring the Association and the Owners for all damage or injury caused by the negligence of the Association, and its officers, directors, committee members, and agents while acting on behalf of the Association. If generally available at reasonable cost, the public liability policy or the endorsements made a part thereof shall provide immediate protection with minimum combined liability limits of \$2,000,000 per occurrence for bodily injury, death and property damage.

Except as otherwise provided herein, premiums for all insurance to be obtained by the Association shall be Common Expenses and shall be included in the Base Assessment. That said, premiums for insurance on Limited Common Elements may be included in the Parcel Assessment of the Parcel(s) benefited unless the Board of Directors reasonably determines that other treatment of the premiums is more appropriate.

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 coverage required hereunder. In the event of an insured loss, the deductible shall be treated as a Common Expense

or a Parcel Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after notice and an opportunity to be heard in accordance with Article V, Section 2 of the Bylaws, that the loss is the result of the negligence or willful conduct of one (1) or more Parcel Owners, then the Board may specifically assess the full amount of such deductible against such Owner(s) and their Parcel(s) pursuant to Article XII, Section 8.

All insurance coverage obtained by the Board of Directors, whether obtained on behalf of the Association or a Parcel, shall be governed by the following provisions:

(a) All policies shall be written with a company authorized to do business in North Carolina, which holds a Best's rating of A or better and is assigned a financial size category of IX or larger as established by A. M. Best Company, Inc., if reasonably available, or, if not available, the most nearly equivalent rating which is available.

(b) All insurance obtained by the Association shall be written in the name of the Association as trustee for the benefited parties. Policies on the Common Elements shall be for the benefit of the Association and the Owners. Policies secured on behalf of a Parcel shall be for the benefit of the Parcel Association, if any, the owners of property within the Parcel, and their Mortgagees, as their interests may appear.

(c) 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.

(d) In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by individual Owners or their Permittees or Mortgagees.

(e) All property insurance policies shall have an inflation guard endorsement, if reasonably available. If the policy contains a co-insurance clause, it shall also have an agreed amount endorsement. The Association shall arrange for an annual review of the sufficiency of insurance coverage 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 Town of Pittsboro, North Carolina area.

(f) The Board of Directors shall be required to use reasonable efforts to secure insurance policies that will provide the following:

(i) a waiver of subrogation by the insurer as to any claims against the Association's Board of Directors, officers, employees, and its property manager or management company, the Owners and their Permittees;

(ii) a waiver by the insurer of its rights to repair and reconstruct instead of paying cash;

(iii) a statement that no policy may be cancelled, invalidated, suspended, or subjected to nonrenewal on account of the acts or omissions of any one (1) or more individual Owners or Permittees;

(iv) a statement that no policy may be cancelled, invalidated, suspended, or subjected to nonrenewal on account of any curable defect or violation without prior demand in writing delivered to the Association to cure the defect or violation and the allowance of a reasonable time thereafter within which it may be cured by the Association, its manager, any Owner, or Mortgagee;

(v) a statement that any “other insurance” clause in any policy excludes individual Owners’ or Permittees’ policies from consideration; and

(vi) a statement that the Association will be given at least thirty (30) days prior written notice of any cancellation, substantial modification, or non-renewal.

In addition to other insurance required by this Section, the Association shall obtain, as a Common Expense, worker’s compensation insurance if and to the extent required by law, directors’ and officers’ liability coverage, if reasonably available, and flood insurance, if advisable.

The Association also shall obtain, as a Common Expense, a fidelity bond or bonds, if generally available at reasonable cost, covering all persons responsible for handling Association funds. The amount of fidelity coverage shall be determined in the Board of Directors’ best business judgment but, if reasonably available, may not be less than one-sixth of the annual Base Assessments on all Parcels plus reserves on hand. Bonds shall contain a waiver of all defenses based upon the exclusion of persons serving without compensation and shall require at least thirty (30) days prior written notice to the Association of any cancellation, substantial modification or nonrenewal.

Section 2. Owners’ Insurance.

(a) Except as otherwise provided herein, by virtue of taking title to a Parcel subject to the terms of this Declaration, each Owner covenants and agrees with all other Owners and with the Association that each Owner or its Permittees owning portions of the Parcel shall carry blanket “all-risk” property insurance on its Parcel(s) (which include the Building structures constructed thereon) providing full replacement cost coverage (less a reasonable deductible), unless the Association carries such insurance (which it is not obligated to do hereunder).

(b) From and after the date an Owner acquires title to its Parcel, each Owner shall maintain or cause to be maintained in full force and effect commercial general liability insurance with a financially responsible insurance company or companies with an A.M Best rating of A- or better and licensed to do business in North Carolina. Such policy or policies shall insure against claims on account of loss of life, bodily injury, or property damage that may arise from, or be occasioned by, the condition, use or occupancy of such Owner’s Parcel or the improvements located thereon; and such insurance shall provide for a limit of not less than \$1,000,000 per occurrence and an aggregate limit of not less than \$5,000,000 (including coverage under an umbrella policy) with respect to bodily injury, personal injury, and property damage. Deductible amounts for such insurance policies may not exceed \$20,000. Such insurance shall extend to the contractual obligation of the insured party arising out of the indemnification obligations set forth in this Declaration. Any Owner selling alcoholic beverages on its Lot shall also obtain a “liquor liability” rider, acceptable to Declarant in its sole discretion, to the liability insurance policy such Owner is required to maintain hereunder. For any Owner with a net worth in excess of \$50,000,000, (i) the minimum aggregate limit described above shall be \$2,000,000, (ii) such Owner shall not be required to obtain additional contractual liability insurance in excess of the coverage, if any, included in such Owner’s commercial general liability policy, and (iii) the restriction on deductible amounts shall not apply.

(c) Effective upon the commencement of construction of Buildings on a Parcel, the Owner of such Parcel shall carry, or cause to be carried, with a financially responsible insurance company or companies licensed to do business in the State of North Carolina insurance against loss or damage by fire or other casualty (with an extended coverage endorsement) in an amount at least equal to one hundred percent (100%) of the replacement cost (exclusive of the cost of excavation, foundations, and footings) of the Buildings and improvements constructed on its Parcel. Such insurance shall insure against causes or events which from time to time are included as covered risks under standard insurance industry practices within the classification

of fire insurance with an extended coverage or “all risk” endorsement, and specifically against at least the following perils: loss or damage by fire, windstorm, tornado, hail, explosion, malicious mischief, vandalism, aircraft, vehicle, and smoke damage. Additionally, prior to commencing any construction activities within the Community, the Owner performing or causing to be performed such construction activities shall maintain, or cause to be maintained, so long as such construction activity is occurring, at least the minimum insurance coverages set forth below:

(i) Workers’ Compensation – as required by applicable Laws;

(ii) Employer’s Liability – as required by applicable Laws; and

(iii) Commercial General Liability on an occurrence basis with personal injury coverage and broad form property damage (said policy shall identify Declarant as an additional insured and be endorsed to remove the XCU exclusion (if any) relating to explosion, collapse, and underground property damage) as follows:

(A) Bodily Injury - \$2,000,000 per person, \$5,000,000 per occurrence; and

(B) Property Damage - \$1,000,000 per occurrence, \$5,000,000 aggregate.

(d) Upon request of Declarant, each Owner shall provide evidence of any insurance required to be carried by such Owner hereunder.

(e) Additional recorded covenants applicable to any Parcel may establish more stringent requirements regarding the standards for rebuilding or reconstructing structures on the Parcels and the standards for clearing and maintaining the Parcels in the event the structures are not rebuilt or reconstructed.

Section 3. Multi-Unit Buildings. Notwithstanding the foregoing, with respect to each Multi-Unit Building, the Owners of the Parcels comprising said Building shall be responsible for obtaining and maintaining the property insurance for all of the Building improvements (including Units therein, but expressly not including personal property of Unit owners and upfitting improvements made by Unit owners) located in Multi-Unit Buildings. The Owners of all Parcels within the Multi-Unit Building shall be named as insureds in such property insurance policies. The premiums incurred relative to such property insurance coverage shall be apportioned between Parcels on the basis of the relative Voting Percentages attributed to said Parcels. In the event of a disagreement between such Parcel Owners relating to the type, extent and costs of insurance obtained pursuant to this Section 3, such disagreement shall be resolved in accordance with the provisions of Article XIX herein. Each Owner of a Parcel or owner of a Unit within a Multi-Unit Building shall maintain property insurance required by this Article with respect to such Owner’s upfitting improvements, personal property and trade fixtures in the Building. In the event of a casualty to a Multi-Unit Building, the Building shall be repaired and/or restored absent agreement by all Owners of Parcels within the Building to the contrary.

Section 4. Damage and Destruction.

(a) Immediately after damage or destruction by fire or other peril to all or any part of the Community 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 shall 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 paragraph, means repairing or restoring the property to substantially the same condition in which it existed prior to the fire or other peril, allowing for any changes or improvements necessitated by changes in applicable building codes.

(b) Any damage to or destruction of the Common Elements shall be repaired or reconstructed unless at least seventy-five percent (75%) of the total votes in the Association (which in this limited instance, shall mean the Owners and not the exercise of such votes by Declarant during the Declarant Control Period), and the Declarant, during the Declarant Control Period, decide within sixty (60) days after the loss not to repair or reconstruct.

Any damage to or destruction of the common property of any Parcel Association shall be repaired or reconstructed unless the Parcel Owner decides within sixty (60) days after the damage or destruction not to repair or reconstruct.

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 said period, then the period shall be extended until such funds or information shall be made available. However, such extension shall not exceed sixty (60) additional days. No Mortgagee shall have the right to participate in the determination of whether the damage or destruction to the Common Elements or common property of a Parcel shall be repaired or reconstructed.

(c) If it is determined in the manner described above that the damage or destruction to the Common Elements or to the common property of any Parcel Association shall not be repaired or reconstructed and no alternative improvements are authorized, the affected portion of the Community shall be cleared of all debris and ruins. Thereafter, such property shall be maintained by the Association or the Parcel, as applicable, in a neat and attractive, landscaped condition consistent with the Community-Wide Standard.

(d) Each Owner and Permittee owning any portion of a Parcel further covenants and agrees that in the event of damage to or destruction of structures comprising his or her Parcel, the Owner or Permittee shall proceed promptly to repair or to reconstruct the damaged structure in a manner consistent with the original construction or such other plans and specifications as are approved in accordance with Article XIII of this Declaration. Alternatively, the Owner or Permittee shall clear the Parcel of all debris and ruins and thereafter shall maintain the Parcel in a neat and attractive, landscaped condition consistent with the Community-Wide Standard. The Owner shall pay any costs of repair or reconstruction which are not covered by insurance proceeds.

Section 5. Disbursement of Proceeds. Any insurance proceeds paid on policies remaining after defraying such costs of repair or reconstruction, or if no repair or reconstruction is made, any proceeds remaining after making such settlement as is necessary and appropriate with the affected Owner or Owners and their Mortgagee(s) as their interests may appear, shall be retained by and for the benefit of the Association or the Parcel Association and placed in a capital improvements account.

Section 6. Repair and Reconstruction. If the insurance proceeds are insufficient to defray the costs of repairing or reconstructing the damage to the Common Elements or to the common property of a Parcel Association, the Board of Directors shall, without the necessity of a vote of the Association or Parcel Association, levy a Special Assessment against those Parcel Owners responsible for the premiums for the applicable insurance coverage under Section 1 of this Article. Additional assessments may be made in like manner at any time during or following the completion of any repair or reconstruction.

Article IX **NO PARTITION**

Except as is permitted in this Declaration or amendments hereto, there shall be no judicial partition of the Common Elements or any part thereof. No Person acquiring any interest in the Community or any

part thereof shall seek any judicial partition unless the Community or such portion thereof have been removed from the provisions of this Declaration. This Article shall not be construed to prohibit the Board of Directors from acquiring and disposing of tangible personal property nor from acquiring title to real property which may or may not be subject to this Declaration.

Article X
CONDEMNATION

Whenever all or any part of the Common Elements shall be taken (or conveyed in lieu of and under threat of condemnation by the Board acting on the written direction of at least sixty-seven percent [67%] of the total votes in the Association and of the Declarant, during the Declarant Control Period) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof. The award made for such taking shall be payable to the Association as trustee for all Owners to be disbursed as follows:

If the taking involves a portion of the Common Elements on which improvements have been constructed, then the Association shall restore or replace such improvements so taken on the remaining land included in the Common Elements to the extent reasonably practicable and funds are available, unless within sixty (60) days after such taking the Declarant, during the Declarant Control Period, and at least seventy-five percent (75%) of the total vote of the Association shall otherwise agree. Any such construction shall be in accordance with plans approved by the Board of Directors of the Association. If such improvements are to be repaired or restored, the provisions in Article VIII hereof regarding the disbursement of funds for the repair of casualty damage or destruction shall apply.

If the taking does not involve any improvements on the Common Elements, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors shall determine.

Article XI
ANNEXATION AND WITHDRAWAL OF PROPERTY

Section 1. Annexation Without Approval. The Declarant shall have the unilateral right, privilege, and option, from time to time at any time until the expiration of the Declarant Control Period, to subject to the provisions of this Declaration and the jurisdiction of the Association any real property that is contiguous or directly across a street from the Community, including, without limitation, all or any portion of the real property described in Exhibit "B," and any real property that has been removed from the Community in accordance with the provisions for withdrawal in Section 3 of this Article, which real property shall be deemed to be Additional Property.

Such annexation shall be accomplished by filing a Supplemental Declaration annexing such Additional Property in the Public Registry. Such Supplemental Declaration shall not require the consent of Association Delegates, but shall require the consent of the owner of such property, if other than Declarant. Any such annexation shall be effective upon the filing for record of such Supplemental Declaration unless otherwise provided therein.

Section 2. Annexation With Approval. Following the Declarant Control Period, subject to the consent of the owner thereof, the Association may annex real property that is contiguous or directly across a street from the Community to the provisions of this Declaration and the jurisdiction of the Association, including, without limitation, all or any portion of the real property described in Exhibit "B," and any real property that has been removed from the Community in accordance with the provisions for withdrawal in

Section 3 of this Article. Such annexation shall require the affirmative vote of two-thirds of the votes of the Association represented at a meeting duly called for such purpose.

Annexation shall be accomplished by filing a Supplemental Declaration describing the property being annexed in the Public Registry. Any such Supplemental Declaration shall be signed by the President and the Secretary of the Association, and by the owner of the property being annexed. Any such annexation shall be effective upon filing unless otherwise provided therein.

Section 3. Withdrawal of Property. The Declarant reserves the right to amend this Declaration unilaterally at any time during the Declarant Control Period, without prior notice and without the consent of any Person, for the purpose of removing certain portions of the Community then owned by the Declarant or its affiliates or the Association from the provisions of this Declaration (including any Additional Property which may have theretofore been subjected to this Declaration), provided such withdrawal is not contrary to the overall, uniform scheme of development for the Community.

Section 4. Amendment. Without limiting any other provisions of this Declaration, during the Declarant Control Period, this Article shall not be amended without the prior written consent of the Declarant.

Article XII **ASSESSMENTS**

Section 1. Creation of Assessments. There are hereby created assessments for Association expenses as may from time to time specifically be authorized by the Board of Directors, to be commenced at the time and in the manner set forth in Section 11 of this Article. There shall be four (4) types of assessments: (a) Base Assessments to fund Common Expenses for the general benefit of all Parcels; (b) Parcel Assessments for Parcel Expenses benefiting only particular Parcel or Parcels; (c) Special Assessments as described in Section 7 below; and (d) Specific Assessments as described in Section 8 below. Each Owner is deemed to covenant and agree to pay these assessments, and each owner Permittee is deemed to covenant and agree to pay its pro-rata share of these assessments based on the portion of the Parcel owned by such Permittee.

All assessments, together with interest (at a rate not to exceed sixteen percent (16%) per annum, or the highest rate allowed by North Carolina law, whichever is less) as computed from the date the delinquency first occurs, late charges, costs, and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon each Parcel against which the assessment is made until paid, as more particularly provided in Section 9 of this Article. Each such assessment, together with interest, late charges, costs, and reasonable attorney's fees, also shall be the personal obligation of the Person who was the Owner of such Parcel at the time the assessment arose and the Person who was the owner of a portion of such Parcel at the time the assessment arose. In the event of a transfer of title to a Parcel or portion thereof, the grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of conveyance. However, no first Mortgagee who obtains title to a Parcel pursuant to the remedies provided in the Mortgage shall be liable for unpaid assessments which accrued prior to such acquisition of title.

The Association shall, within ten (10) business days after receipt of a written demand, furnish to any Owner or Permittee liable for any type of assessment a certificate in writing signed by an officer of the Association setting forth whether such assessment has been paid as to any particular Parcel or portion thereof. Such certificate shall be conclusive evidence of payment to the Association of such assessment therein stated to have been paid and is binding on the Association, Board and every Owner. The Association may require the advance payment of a reasonable processing fee for the issuance of such certificate.

Assessments shall be paid in such manner and on such dates as may be fixed by the Board of Directors. If the Board so elects, assessments may be paid in monthly, quarterly or annual installments. Unless the Board otherwise provides, the Base Assessment and any Parcel Assessment shall be due and payable annually with the same being due in advance on January 31 of each year. If any Owner is delinquent in paying any assessments or other charges levied on his Parcel, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

No Owner may waive or otherwise exempt itself from liability for the assessments, including, by way of illustration and not limitation, by non-use of Common Elements or abandonment of the Parcel. The obligation to pay assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of assessment or set-off shall be claimed or allowed by reason of any alleged failure of the Association or Board to take some action or perform some function required to be taken or performed by the Association or Board 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 to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority.

The Association is specifically authorized to enter into contracts for "in kind" contribution of services, materials, or a combination of services and materials with the Declarant or other entities for the payment of some portion of the Common Expenses.

Section 2. Computation of Base Assessments. Common Expenses shall be assessed as Base Assessments on a Percentage Share basis against the Parcels and shall be payable by the Owners of those Parcels as follows:

(a) The Base Assessments shall be determined on a "Percentage Share" basis as set forth below. Each Owner shall be responsible for payment of a Base Assessment equal to its pro-rata share of Common Expenses.

(b) Such pro-rata share shall be calculated in accordance with the following formula: by calculating a percentage, the numerator of which is the Floor Area in the Building(s) located upon a Parcel and the denominator of which is the Floor Area in all Buildings within the Community (the "Percentage Share"). Common Elements maintained by the Association shall be excluded when determining the Floor Area of any Parcel for purposes of determining the Percentage Share. The Base Assessment obligation for each Parcel shall be calculated as the amount equal to the Common Expenses of the Association multiplied by the Percentage Share attributable to each Parcel.

Section 3. Computation of Base Assessments During the Declarant Control Period. During the Declarant Control Period, Declarant may elect to establish the Base Assessment against any Parcel as a fixed sum certain payable annually by the Owner of such Parcel, subject to annual increase during the Declarant Control Period as set forth below (a "Fixed Base Assessment"). At the end of the Declarant Control Period, or such earlier time as agreed by Declarant and the Owner of such Parcel, Base Assessments shall revert to a Percentage Share basis as set forth in Section 2 above.

(a) A Fixed Base Assessment shall increase each calendar year thereafter by the percentage increase in the Price Index calculated on January 1 of each year over the Price Index in effect for the prior year. In no event shall the Base Assessment for any calendar year be less than the Base Assessment for any prior calendar year. The term "Price Index", as used in this Declaration, means the Consumer Price Index for all Urban Consumers (CPI-U): U.S. City Average, All Items (unadjusted) (1982-84=100), published monthly by the Bureau of Labor Statistics, U.S. Department of Labor, and first so published in 1988. If the Bureau of Labor Statistics should cease to publish such Index in its present form and calculated on the present basis, a comparable index or an index reflecting changes in the cost of living determined in a similar manner

or by substitution, combination or weighting of available indices, expenditure groups, items, components or population, published by the Bureau of Labor Statistics or by a responsible financial periodical or recognized authority shall be designated by the Association to be the Price Index.

(b) During the Declarant Control Period, Declarant shall be obligated to fund any Operating Deficit attributable to any Parcel paying a Fixed Base Assessment, if applicable. The term "Operating Deficit" is defined as the difference between the Fixed Base Assessment assessed against a Parcel for a calendar year and the Base Assessment that would be levied on against such Parcel on a Percentage Share basis during the same calendar year, including funding of reserves, but excluding any amount of a Base Assessment levied against a Parcel which was not paid. Parcel Assessments, Special Assessments and Specific Assessments shall not be considered when determining an Operating Deficit. Declarant, at its option, may fund the Operating Deficit by any one or more of the following means: (i) payment to the Association; (ii) payment directly to a person or entity providing the services or materials to the Association, or (iii) providing, directly or indirectly, to or for the Association, services or materials related to Common Expenses (the value of which shall be determined by the Board in its reasonable discretion, giving due consideration to what the fair market value of such services or materials would be if they had been furnished by a Person other than Declarant).

(c) After the fifth (5th) anniversary of the date that this Declaration is recorded in the Public Registry, the Declarant, at its sole option, or a designee Owner selected by Declarant may receive a Base Assessment credit toward payment of Base Assessments due and payable by Declarant or its Owner designee thereafter for Parcels owned by Declarant or such Owner designee, in an amount equal to the aggregate of the Operating Deficits previously paid by Declarant as provided herein. Declarant may not charge or collect interest or any other charge or fee on any monies paid by the Declarant, for Operating Deficits. As determined by Declarant, the assessment credit may be applied to payment of all Base Assessments due from Declarant or its Owner designee until the Operating Deficit has been credited in full.

Section 4. Common Expense Budget. It shall be the duty of the Board, at least sixty (60) days before the beginning of each subsequent fiscal year, to prepare and approve a budget covering the estimated Common Expenses of the Association for such fiscal year. The budget shall be required to include a capital contribution establishing a reserve fund in accordance with a budget separately prepared as provided in Section 6 of this Article. The budget may take into account any contribution, advance against future assessments due from Declarant, or loan that is anticipated to be made by Declarant. Within thirty (30) days after adoption of the budget for the Community, the Board shall provide to all Association Delegates a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Association to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. If the proposed budget to be voted on at any such meeting does not increase the Base Assessment for such year by a maximum amount equal to the previous year's Base Assessment times twenty-five percent (25%), the budget is ratified unless at that meeting one hundred percent (100%) of the total votes in the Association rejects the budget. If the proposed budget to be voted on at any such meeting increases the Base Assessment for such year by an amount greater than the previous year's Base Assessment times twenty-five percent (25%), the budget is ratified unless at that meeting at least sixty-seven percent (67%) of the total votes in the Association rejects the budget. In the event any proposed budget is rejected, the periodic budget last ratified shall be continued until such time as a subsequent budget approved by the Board is not rejected.

Section 5. Computation of Parcel Assessments. It shall be the duty of the Board, at least sixty (60) days before the beginning of each fiscal year, to prepare and approve a separate budget covering the estimated Parcel Expenses to be incurred by the Association for each Parcel on whose behalf Parcel Expenses are expected to be incurred during the coming year. The Board shall be entitled to set such budget only to the extent that this Declaration, any Supplemental Declaration, or the Bylaws specifically authorizes the Board to assess certain costs

as a Parcel Assessment. Subject to Article IV, Section 3, any Parcel may request that additional services or a higher level of services be provided by the Association, and, if the Association elects to provide such additional services or a higher level of services, any additional costs shall be added to such budget. Such budget shall include a capital contribution establishing a reserve fund for repair and replacement of capital items maintained as a Parcel Expense, if any, within the Parcel.

Within thirty (30) days after adoption of the budget for the Parcel Expenses, the Board shall provide to all Association Delegates of Parcels in which a Parcel Assessment is to be levied a summary of the budget and an opportunity to ratify the budget. The Board shall set a date by which the Association Delegate shall ratify or reject the budget, such date to be not less than ten (10) nor more than sixty (60) days after mailing of the summary. The budget is ratified unless the Association Delegate rejects the budget by the specified date. In the event the budget is rejected, the periodic budget last ratified shall be continued until such time as the Association Delegate ratifies a subsequent budget approved by the Board, and the Board in its discretion shall not provide such services that result in the Association incurring Parcel Expenses on behalf of the Parcel.

Section 6. Reserve Budget; Capital Contribution.

(a) Reserve Budget. The Board of Directors shall annually prepare reserve budgets for both general and Parcel purposes which take into account the number and nature of replaceable assets, the expected life of each asset, and the expected repair or replacement cost. The Board shall set the required capital contribution in an amount sufficient to permit meeting the projected needs of the Association, as shown on the budget, with respect both to amount and timing by annual Base Assessments or Parcel Assessments, as appropriate, over the period of the budget. The budget may take into account a contribution, advance against future assessments due from Declarant, or loan that is anticipated to be made by Declarant, if any. The capital contribution required, if any, shall be fixed by the Board and included within and distributed with the applicable budget and notice of assessments, as provided in Section 4 of this Article. Upon acquisition of record title to each Unit or Parcel by the first owner thereof other than Declarant or a Parcel Developer, a non-refundable capital contribution shall be made by or on behalf of the purchaser thereof to the working capital of the Association in the initial amount of \$750.00 (which amount may be increased or decreased by the Board, in its discretion, from time to time). Such contributions shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of a Base Assessment. The Association shall use such funds for the good of the Community as determined by the Board. The full amount of the capital contribution shall be due and collectible at the closing of the transfer of title to the Unit, shall be the personal obligation of the purchaser, shall be secured by the Association's lien for assessments under Section 9 of this Article, and shall be collectible by the Association in the same manner as other assessments under Sections 9 and 10 this Article.

(b) Capital Contributions for Future Parking Deck. The Board shall have the right to require one or more additional capital contributions from each Owner for the construction of a Parking Deck by the Declarant or the Association in the approximate location shown upon the Project Plan. Such Parking Deck shall be owned and maintained as a Common Element by the Association. The amount of such assessment shall be determined by the Board and included within and distributed with the applicable budget and notice of assessments, as provided in Section 4 of this Article. Such contributions shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of a Base Assessment. The full amount of such capital contribution shall be due and collectible at such time as specified by the Board in the Budget, shall be secured by the Association's lien for assessments under Section 9 of this Article, and shall be collectible by the Association in the same manner as other assessments under Sections 9 and 10 this Article.

Section 7. Special Assessments.

(a) Unanticipated Expenses. In addition to other assessments authorized hereunder, the Association may levy Special Assessments from time to time to cover unanticipated expenses. Such Special Assessment may be levied against all Parcels, if such Special Assessment is for Common Expenses, or against the appropriate Parcel(s) if such Special Assessment is for Parcel Expenses. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the unanticipated expenses are incurred or expected to be incurred.

(b) Costs to Cure Non-compliance. The Association may levy a Special Assessment against any Parcel or Parcels to reimburse the Association for costs incurred in bringing the Parcel or Parcels into compliance with the provisions of the Declaration, any applicable Supplemental Declaration, the Articles, the Bylaws, and the Association rules and regulations. Such Special Assessments may be levied upon the vote of the Board after notice to the Association Delegate(s) of the Parcel(s), as applicable, and an opportunity for a hearing.

Section 8. Specific Assessments. The Board shall have the power to specifically assess expenses of the Association against the Owner(s) of certain Parcel(s) (a) that are incurred as a consequence of the conduct of such Owner(s) or their Permittees; or (b) costs and expenses of any damages to the Common Elements (including an administrative fee not to exceed twenty percent (20%) of such costs and expenses) caused by the actions, including any negligent actions, of such Owner(s) and/or their Permittees.

Section 9. Lien for Assessments. All assessments levied against any Parcel remaining unpaid for a period of thirty (30) days or longer, together with late charges, interest, costs, and reasonable attorney's fees actually incurred, shall be secured by a lien on the Parcel in favor of the Association and a lien on each separately owned portion of such Parcel. The Association shall evidence the existence of the lien by filing a claim of lien in the Office of the Clerk of the Superior Court of Chatham County, North Carolina. The claim of lien shall set forth the address of the Association, the name of the record owner(s) of the Parcel or portions thereof at the time the claim of lien is filed, a description of the Parcel and separately owned portions thereof, and the amount of the lien claimed in respect to the Parcels and separately owned portions thereof. The lien shall be superior to all other liens and encumbrances on the Parcel and separately owned portions thereof, except for: (a) liens and encumbrances (excluding mechanics' or materialmen's liens) recorded before the docketing of the claim of the lien in the Office of the Clerk of Superior Court; and (b) liens for real estate taxes and other governmental assessments and charges against the Parcel and separately owned portions thereof.

All Persons acquiring liens or encumbrances on any Parcel or separately owned portions thereof after this Declaration has been recorded, other than as provided above, shall be deemed to consent that their liens or encumbrances shall be inferior to future liens for assessments, whether or not prior consent is specifically set forth in the instruments creating their liens or encumbrances.

Section 10. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessments or installments of assessments which are not paid when due shall be delinquent. Any assessment or installment delinquent for a period of more than fifteen (15) days shall incur a late charge in an amount as the Board may from time to time determine and bear interest at the rate of sixteen percent (16%) per annum, or the highest rate allowed under North Carolina law, whichever is lower. The Association shall cause a notice of delinquency to be given to any Owner who has not paid within ten (10) days following the due date and may (but shall not be obligated to) cause a notice of delinquency to be given to said Owner's Permittees owning portions of the Parcel. If the assessment is not paid within thirty (30) days or longer, a lien shall be filed as provided in Section 9 above and, in addition, the lien shall include the late charge, interest at a rate not to exceed sixteen percent (16%) per annum, or the highest rate allowed under North Carolina law, whichever is lower, and all late charges from the date first due and payable, all costs of collection, 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 or longer, the Association may, as the

Board shall determine, institute suit to collect such amounts and/or to foreclose its lien. Each Owner and its Permittees, 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 him or her, personally, for the collection of such charges as a debt or to foreclose the lien. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all other Owners and their Permittees.

No Owner or Permittee may waive or otherwise exempt himself or herself from liability for assessments, by abandoning the Parcel or portion thereof or in any other manner. The obligation to pay assessments is a separate and independent covenant on the part of each Owner and each Permittee (on a pro-rata basis for the portion of the Parcel owned by such Permittee) and no reduction of any assessment shall be claimed or allowed by reason of: (a) 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; (b) for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association; or (c) 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.

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

The Association, acting on behalf of the Owners and Owner Permittees, shall have the power to bid for the Parcel or portion thereof, at the foreclosure sale and to acquire, hold, lease, mortgage, and convey the Parcel or portion thereof. During the period in which a Parcel or portion thereof is owned by the Association following foreclosure: (a) no right to vote shall be exercised on its behalf; (b) no assessment shall be levied on it; and (c) each other Parcel shall be charged, in addition to its usual assessment, its equal pro rata share of the assessment that would have been charged such Parcel had it not been acquired by the Association as a result of foreclosure. Suit to recover a money judgment for unpaid Common Expenses and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

The sale or transfer of any Parcel or portion thereof shall not affect the assessment lien or relieve such Parcel or portion thereof from the lien for any assessments thereafter becoming due. However, the sale or transfer of any Parcel or portion thereof pursuant to judicial or nonjudicial foreclosure of a first Mortgage shall extinguish the lien as to any installments of such assessments which became due prior to such sale or transfer. Where the Mortgagee holding a first Mortgage of record or other purchaser of a Parcel or portion thereof obtains title pursuant to judicial or nonjudicial foreclosure of the Mortgage, it shall not be personally liable for the share of the Common Expenses or assessments by the Association chargeable to such Parcel or portion thereof which became due prior to such acquisition of title. Such unpaid share of Common Expenses or assessments shall be deemed to be Common Expenses collectible from Owners of all Parcels subject to assessment under this Article, including such acquirer, its successors and assigns.

Section 11. Date of Commencement of Assessments. The obligation of an Owner to pay the assessments provided for herein shall commence on the first day of the first month following the later of: i) the month in which any Building upon its applicable Parcel has been issued a permanent certificate of occupancy from the appropriate Governmental Entity; or ii) the month in which the Board first determines a budget and levies assessments as provided for herein. Thereafter, for each and every year, the assessments shall be in an amount as set by the Board in accordance with the ratification procedures set forth in this Declaration and shall be due and payable in advance on January 1 of each calendar year.

Section 12. Failure to Assess. The omission or failure of the Board to fix the assessment amounts or rates or to deliver or mail to each Owner an assessment notice shall not be deemed a waiver, modification, or a release of any Owner from the obligation to pay assessments. In such event, each Owner shall continue to pay Base Assessments and Parcel Assessments on the same basis as for the last year for which an assessment was made, if

any, until a new assessment is made, at which time any shortfalls in collections may be assessed retroactively by the Association.

Section 13. Exempt Property. Notwithstanding anything to the contrary herein, all property dedicated to and accepted by any governmental authority or public utility, including, without limitation, public schools, public streets, and public parks, if any, shall be exempt from payment of Base Assessments, Parcel Assessments, Special Assessments and Specific Assessments.

Article XIII **DESIGN STANDARDS**

Section 1. General. No development of any Parcel (including structures or improvements that are part thereof) shall be commenced, placed, erected, or installed, and no construction or modification thereof (which shall include staking, clearing, excavation, grading and other site work, exterior alteration or modification of existing improvements, and planting or removal of plants, trees, or shrubs other than as may be permitted in Article XIV, Section 10) shall take place except in strict compliance with this Article, until the requirements below have been fully met, and the Design Review Board ("DRB") has rendered a final decision pursuant to Section 3 below.

Modifications or alterations to any Parcel visible from the Common Elements and the street level areas within the Community during any time of the year shall be subject to approval of the DRB, including any improvements made to the interior of window.

All structures constructed on any portion of the Community shall be designed by and built in accordance with the plans and specifications of a licensed architect or licensed building designer.

This Article shall not apply to the activities of the Declarant, nor to construction or improvements or modifications to the Common Elements by or on behalf of the Association.

This Article may not be amended without the Declarant's written consent during the Declarant Control Period.

Section 2. Design Review. Responsibility for administration of the Design Guidelines, as defined below, and review of all applications for construction and modifications under this Article shall be handled by the DRB. The members of the DRB need not be Association Delegates, and may, but need not, include architects, engineers or similar professionals, whose compensation, if any, shall be established from time to time by the Board of Directors. The Board of Directors may establish reasonable fees to be charged by the DRB on behalf of the Association for review of applications hereunder and may require such fees to be paid in full prior to review of any application. The DRB shall consist of at least three (3), but not more than five (5), persons. During the Declarant Control Period, the Declarant shall retain the right to appoint all members of the DRB who shall serve at the discretion of the Declarant. There shall be no surrender of this right prior to the expiration of the Declarant Control Period, except by a written instrument executed by Declarant and recorded in the Public Registry. Upon the expiration of such right, the Board of Directors shall appoint the members of the DRB, who shall serve and may be removed at the discretion of the Board of Directors.

Section 3. Guidelines and Procedures.

(a) The Declarant may prepare the initial design and development guidelines and application and review procedures (the "Design Guidelines") which shall be applicable to all construction activities within the Community. The Design Guidelines shall not conflict with the Chatham Park PDD. The Design Guidelines may contain general provisions applicable to all of the Community, as well as specific provisions

which vary from one portion of the Community to another depending upon the location, unique characteristics, and intended use thereof.

The DRB, acting on behalf of the Board of Directors, shall adopt such Design Guidelines at its initial organizational meeting and, thereafter shall have sole and full authority to amend them from time to time, without the consent of the Owners. The Design Guidelines shall not conflict with the Chatham Park PDD.

The DRB shall, upon request, make the Design Guidelines available to Owners and Parcel Developers who seek to engage in development of or construction upon all of any portion of the Community and all such Persons shall conduct their activities in strict accordance with such Design Guidelines. In the discretion of the Declarant, such Design Guidelines may be recorded in the Public Registry, in which event the recorded version, as it may unilaterally be amended from time to time by the DRB by recordation of amendments thereto, shall control in the event of any dispute as to which version of the Design Guidelines was in effect at any particular time.

Any amendments to the Design Guidelines adopted from time to time by the DRB in accordance with this Section shall apply to construction and modifications commenced after the date of such amendment only, and shall not apply to require modifications to or removal of structures previously approved by the DRB once the approved construction or modification has commenced.

(b) Plans and specifications showing the nature, kind, shape, color, size, materials, and location of all proposed construction and modifications shall be submitted to the DRB for review and approval (or disapproval). In reviewing each submission, the DRB may consider the quality of workmanship and design, harmony of external design with existing structures, compliance with applicable governmental construction permit requirements, location in relation to surrounding structures, topography, finish grade elevation, landscaping, efforts made to mitigate sound and light transmission, general aesthetics, and any other consideration in its sole discretion.

In the event that the DRB fails to approve or to disapprove any application within sixty (60) days after submission of all information and materials reasonably requested, the application shall be deemed approved.

Section 4. Signs. Any Owner or Permittee shall, before erecting a sign permitted under Article XIV, Section 1, request that the DRB determine whether such sign and the plans for the installation of such signs complies with the Design Guidelines. If the DRB determines that such sign complies with the Design Guidelines and the sign is installed pursuant to the plans for the installation of such, such sign shall not later be deemed not to comply with the Design Guidelines.

Section 5. No Waiver of Future Approvals. The members of the DRB will change from time to time and the interpretation, application and enforcement of the Design Guidelines may vary accordingly. The approval by the DRB of any proposals, plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the DRB shall not be deemed to constitute a waiver of any right to withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent.

Section 6. Variance. Subject to the Chatham Park PDD, the DRB may authorize variances from compliance with any of its guidelines and procedures when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require, but only in accordance with duly adopted rules and regulations. Such variances may only be granted, however, when unique circumstances dictate and no variance shall (a) be effective unless in writing; (b) be contrary to the restrictions set forth in this Declaration; or (c) estop the

DRB from denying a variance in other circumstances. For purposes of this Section, the inability to obtain approval of any governmental agency, the issuance of any permit, or the terms of any financing shall not be considered a hardship warranting a variance.

Section 7. Commencement of Construction. All changes, modifications and improvements approved by the DRB hereunder must be commenced within one (1) year from the date of approval by the DRB (unless otherwise provided for in writing by the DRB at the time of approval). If not commenced within one (1) year from the date of such approval (or such other time period approved by the DRB), then such approval shall be deemed revoked by the DRB, unless the DRB gives a written extension for commencing the work. All work approved by the DRB hereunder shall be completed in its entirety within ninety (90) days from the date of commencement, unless otherwise agreed in writing by the DRB. All approved changes, modifications, and improvements must be completed in their entirety. An Owner may not construct only a portion or part of an approved change, modification, or improvement.

Section 8. Limitation of Liability. Review and approval of any application pursuant to this Article is made on the basis of aesthetic considerations only and the DRB shall not bear any responsibility for ensuring the structural integrity or soundness of approved construction or modifications, nor for ensuring compliance with building codes and other governmental requirements. Neither the Declarant, the Association, the Board of Directors, the DRB, nor any member of any of the foregoing shall be held liable for any injury, damages, or loss arising out of the manner or quality of approved construction on or modifications to any Parcel.

Section 9. Enforcement. Any construction, alteration, or other work done in violation of this Article shall be deemed to be nonconforming. Upon written request from the Board or the Declarant, Owners shall, at their own cost and expense, remove such construction, alteration, or other work and shall restore the land to substantially the same condition as existed prior to the construction, alteration, or other work. Should an Owner fail to remove and restore as required hereunder, the Board or its designees shall have the right to enter the property, remove the violation, and restore the property to substantially the same condition as existed prior to the construction, alteration or other work. All costs, together with the interest at sixteen percent (16%) per annum, or the maximum rate then allowed by law, whichever is less, may be assessed against the nonconforming Parcel and collected as a Special Assessment pursuant to Article XII, Section 7(b) hereof.

Any contractor, subcontractor, agent, employee, or other Permittee of an Owner who fails to comply with the terms and provisions of this Article and the Design Guidelines may be excluded by the Board from the Community. In such event, neither the Association, its officers, or directors shall be held liable to any Person for exercising the rights granted by this Section.

In addition to the foregoing, the Board of Directors shall have the authority and standing, on behalf of the Association, to pursue all legal and equitable remedies available to enforce the provisions of this Article and the decisions of the DRB.

Article XIV **USE RESTRICTIONS**

The Community shall contain a mix of commercial, office, residential, and related and ancillary uses. Any Supplemental Declaration or additional covenants imposed on any Parcel or a portion thereof may prohibit, regulate or limit the above-referenced uses and/or impose stricter standards than those contained in this Article. The Association, acting through its Board of Directors, shall have standing and the power to enforce such additional covenants or Supplemental Declarations.

Section 1. Signs. Except as may be provided for herein or as may be required by legal proceedings, and except for signs which may be erected by Declarant related to the development and sale of Parcels or Units, no

signs (including political signs), advertising posters, flags (including the flags of the United States and the State of North Carolina), or billboards of any kind shall be erected, placed, or permitted to remain within the Community that are visible from the Common Elements or the street levels within the Community without the prior written consent of the DRB or its designee, except that one (1) professionally lettered sign not to exceed five (5) square feet in area may be displayed on any lot within the Community to advertise the structure thereon as being "For Sale"; provided, however, any "For Sale" sign located on a developed residential Unit shall not exceed forty-two (42) inches in height, and any "For Sale" sign located on any other Unit shall not exceed thirty (30) inches in height. The DRB may in its discretion require all such signs to be uniform in appearance. Signs related to business activities located on Nonresidential Parcels or Units shall be permitted on the exterior of Buildings, provided such signs comply with the Design Guidelines and provided that DRB approval is obtained.

Notwithstanding the foregoing, Declarant may place such signs as Declarant deems desirable in connection with its sale and development of the Community on any property owned by Declarant or on any of the Common Elements, and such signs shall not be subject to the Design Guidelines of DRB review or approval. Declarant may also grant to any Parcel Owner or Permittee the right to erect such signs as such Parcel Owner or Permittee deems desirable in connection with its sale and development of the Community on any property owned by such Parcel Owner or Permittee or on any of the Common Elements, and such signs shall not be subject to the Design Guidelines or DRB review or approval; provided, however, no Parcel Owner or Permittee shall have such right unless and until it is granted in writing by Declarant, and such right may be made subject to such conditions as Declarant may impose, including without limitation review and approval of the location, content, and appearance of all such signs by Declarant.

Notwithstanding all of the foregoing, no sign shall be erected in the Community that conflicts with or violates state or local law, ordinance, or properly adopted local signage plan/program.

Section 2. Parking and Prohibited Vehicles.

(a) Parking. Owners and Permittees shall be permitted to park vehicles only in marked surface parking spaces or Parking Decks, which are subject to additional rules or regulations that may be promulgated by the Association. Nothing in this Master Declaration shall be deemed to grant any Person the right to park on any portion of the Community not striped with parking spaces, such as roadways, entrances and exits or fire lanes. Vehicles shall be subject to such reasonable rules and regulations as the Board of Directors may adopt. The Declarant and/or the Association may designate certain areas of Parking Decks and on-street parking areas for Owners or Permittees subject to reasonable rules.

(b) Prohibited Vehicles. Mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and boat trailers shall not be permitted in the Community, except in restricted areas, if any, designated by the Board. Stored vehicles and vehicles which are either obviously inoperable or do not have current operating licenses shall not be permitted in the Community. For purposes of this Section, a vehicle shall be considered "stored" if it is put up on blocks or covered with a tarpaulin and remains on blocks or so covered for seven (7) consecutive days without the prior approval of the Board. Any vehicle parked in violation of this Section or parking rules promulgated by the Board may be towed in accordance with Article V, Section 3 of the Bylaws.

Section 3. Permittees Bound. Except as provided otherwise, all provisions of the Declaration, any applicable Supplemental Declaration, Bylaws, and rules and regulations which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Permittees. Every Owner shall cause all Permittees of his or her Parcel to comply with the Declaration, any applicable Supplemental Declaration, Bylaws, and rules and regulations. Every Owner shall be responsible for all violations and losses to the Common Elements caused by such Permittees, notwithstanding the fact that such Permittees of a Parcel are fully liable and may be sanctioned for any violation of the Declaration, Bylaws, and rules and regulations.

Section 4. Quiet Enjoyment. Nothing shall be done or maintained on any part of a Parcel which emits foul or obnoxious odors outside the Parcel or creates noise or other conditions which tend to disturb the quiet, safety, comfort, or serenity of 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.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Community, which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to persons using the Common Elements or to the Owners or Permittees of other Parcels. No outside burning shall be permitted within the Community without the prior written consent of the Board. No speaker, horn, whistle, bell, or other sound device (including sound devices for public performances, events and concerts), except alarm devices used exclusively for security purposes, shall be installed or operated on any Parcel without the prior written consent of the Board, if such device is audible on the Common Elements within the Community.

Notwithstanding the above, and in consideration that the Community is a mixed-use community with residential uses immediately adjacent to and in some cases within the same Building as nonresidential uses, the ordinary operation of nonresidential uses, including the hours of operation and including if applicable the noises and smells associated with such operation (for example outdoor patio music or restaurant smells) shall not be deemed to violate the restriction contained in this Section 4.

Section 5. Unsightly or Unkempt Conditions. All portions of a Parcel visible from the Common Elements, or publicly dedicated roadways within the Community shall be kept in a clean and tidy condition at all times and all yard areas shall be mowed and all on-lot trees shall be pruned. Nothing shall be done, maintained, stored, or kept which, in the determination of the Board of Directors, causes an unclean, unhealthy, or untidy condition to exist or is obnoxious to the senses. Any structures, equipment or other items which may be permitted to be erected or placed on portions of Parcels and are visible from the Common Elements or publicly dedicated roadways within the Community shall be kept in a neat, clean and attractive condition and shall promptly be removed upon request of the Board if, in the judgment of the Board, they have become rusty, dilapidated or otherwise fallen into disrepair.

No Owner or Permittee shall dump grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Community, except that fertilizers may be applied to landscaping on Parcels provided care is taken to minimize runoff.

Section 6. Trash Removal. All rubbish, trash, and garbage shall be stored in appropriate containers approved pursuant to Article XIII hereof and shall regularly be removed from the Community and shall not be allowed to accumulate.

Section 7. Irrigation. No sprinkler or irrigation systems of any type which draw upon water from creeks, streams, rivers, ponds, wetlands, canals, or other ground or surface waters within the Community shall be installed, constructed, or operated within the Community. However, the Declarant and the Association shall have the right to draw water from such sources for the purpose of irrigating the Designated Maintenance Items. All sprinkler and irrigation systems serving Parcels shall draw upon public water supplies only and shall be subject to approval in accordance with Article XIII of this Declaration. Private irrigation wells are prohibited on the Community.

Section 8. Tents, Mobile Homes, and Temporary Structures. Except as may be permitted by the Declarant or the DRB during initial construction within the Community, no tent, shack, mobile home, or other structure of a temporary nature shall be placed upon a Parcel or any part of the Community. This prohibition shall not apply to restrict the construction or installation of a single utility or similar outbuilding to be permanently located on a Parcel, provided it receives the prior approval of the DRB, as appropriate, in accordance with Article XIII hereof. In

addition, party tents or similar temporary structures may be erected for a limited period of time for special events with prior written approval of the Board.

Section 9. Grading, Drainage and Septic Systems. No Person shall alter the grading of any Parcel without prior approval pursuant to Article XIII of this Declaration. 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 Person other than Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swells, storm sewers, or storm drains. The Declarant hereby reserves for itself and the Association a perpetual easement across the Community for the purpose of altering drainage and water flow. However, the exercise of such an easement shall not materially diminish the value of or unreasonably interfere with the use of any Parcel without the Owner's consent. Septic tanks and drain fields, other than those installed by or with the consent of the Declarant, are prohibited within the Community.

Section 10. Removal of Plants and Trees. No trees or shrubs, except for those which are diseased or dead or create a safety hazard, shall be removed except in strict compliance with the Design Guidelines and upon prior approval in accordance with Article XIII of this Declaration. In the event of an intentional or unintentional violation of this Section, the violator may be required by the DRB to replace the removed tree with one (1) or more comparable trees of such size and number and in such locations as the DRB may determine necessary, in its sole discretion, to mitigate the damage.

Section 11. Sight Distance at Intersections. No sight obstructing or partially obstructing wall, fence, foliage, berm, parked vehicle or sign between two feet and eight feet tall, as measured above the curb line elevation or the nearest traveled way if no curb exists, shall be placed within any area designated on a Record Plat of the Community as a sight triangle or other similar designation. An easement over sight triangles is reserved for the benefit of the Declarant, the Association, and the Town, and their respective agents and contractors for the purpose of removing any such obstruction, and a Person entering on to a Parcel pursuant to such easement for the purpose of removing such obstruction shall not be deemed a trespasser and shall not be liable for damages to the Association or the Owner of the Parcel with respect to the obstruction removed from the sight triangle. It shall be the responsibility of the Association (as to Common Elements) or Owner of the Parcel as soon as reasonable practicable following removal of any obstruction from the sight triangle, to restore the portion of the properties previously occupied by the removed obstruction to the condition required or permitted by the Chatham Park PDD and the governing documents.

Section 12. Utility Lines. No overhead utility lines, including lines for cable television, shall be permitted within the Community, except for temporary lines as required during construction and high voltage lines if required by law or for safety purposes.

Section 13. Air Conditioning Units. Except as may be permitted by the DRB or its designee, no window air conditioning units may be installed on any Parcel.

Section 14. Lighting. Except for traditional holiday decorative lights, which may be displayed for two months prior to and one (1) month after any commonly recognized holiday for which such lights are traditionally displayed, all exterior lights visible from the Common Elements or the street levels within the Community must be approved in accordance with Article XIII of this Declaration and shall comply with the Chatham Park PDD.

Section 15. Artificial Lakes, Exterior Sculpture, and Similar Items. No artificial vegetation or permanent flagpoles shall be permitted on the exterior of any portion of the Community visible from the Common Elements or the street levels within the Community. No exterior sculpture, fountains, flags and temporary flagpoles, birdhouses, birdbaths, other decorative embellishments, or similar items visible from the Common Elements or the street levels within the Community shall be permitted unless approved in accordance with Article XIII of this

Declaration, except for any such item installed by Declarant, or by any Parcel Owner pursuant to any right granted by Declarant to such Parcel Owner.

Section 16. Energy Conservation Equipment. No solar energy collector panels or attendant hardware or other energy conservation equipment shall be constructed or installed on any Parcel unless it is an integral and harmonious part of the architectural design of a structure, and approved in accordance with Article XIII hereof. No windmills, wind generators, or other apparatus for generating power from the wind shall be erected or installed on any Parcel without the prior written consent of the DRB.

Section 17. Wetlands and Other Water Bodies. All wetlands, ponds, and streams within the Community, if any, shall be aesthetic amenities only, and no other use thereof, including without limitation fishing, swimming, boating, playing, or use of personal flotation devices, shall be permitted without the prior approval of the Board of Directors. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of ponds, or streams within the Community. No docks, piers, or other structures shall be constructed on or over any body of water within the Community, except such as may be constructed by the Declarant or the Association.

Section 18. Fences. No fences, hedges or walls of any kind shall be permitted on any Parcel except as approved in accordance with Article XIII of this Declaration.

Section 19. Prohibited Uses. A Parcel or any portion thereof may be used for only purposes that are permitted by zoning, environmental and other applicable laws now or hereafter in effect having jurisdiction over the Community and which are not prohibited by the terms of the Declaration or any Supplemental Declaration applicable to the Parcel. Notwithstanding anything contained herein to the contrary, the following uses shall be prohibited, and shall not be permitted on a Parcel or any portion thereof except with the prior written consent of the Board of Directors and, during the Declarant Control Period, the written consent of the Declarant, which may be given or withheld in the sole discretion of the Board of Directors and Declarant, respectively:

- (a) Warehousing, industrial and manufacturing uses (excepting self-storage facilities in locations approved by the Board);
- (b) Any use which involves the breeding of any animals, livestock or poultry;
- (c) Dangerous or unsafe uses such as the sale or storage of explosives;
- (d) Objectionable or nuisance uses by reason of odor, dust, fumes, smoke, noise, vibration, electro-mechanical disturbance and radiation, electro-magnetic disturbance and radiation, air or water pollution, refuse matter or water-carried waste;
- (e) Junk or salvage yards, mobile home park, trailer court, labor camp or stock yard;
- (f) Laundromat or washateria except for laundry facilities ancillary to and located within a building on a Parcel and intended only for use by Owners, occupants or tenants of such Parcel;
- (g) Bingo hall;
- (h) Adult book store or adult video store where obscene, pornographic or "adult" materials or paraphernalia, including, but not limited to, movies, videotapes, devices, books, magazines, or other related items are sold or displayed;

- (i) Massage parlor (excepting licensed, therapeutic massage facilities, which are not prohibited) or facility which hosts obscene, nude or semi-nude live performances;
- (j) The sale or exhibition of pornographic materials or sexual paraphernalia;
- (k) Facilities used for the sale, display or advertisement of any paraphernalia used in the preparation or consumption of controlled substances;
- (l) Dry cleaning plant; and
- (m) Funeral home or store selling caskets.
- (n) Freestanding flagpoles or other flags unless approved in writing by the DRB in its sole discretion.

Section 20. Outdoor Restaurant Uses. Restaurants located within the Community shall be permitted to have outdoor dining facilities, provided that seating at such outdoor dining facilities shall cease at such time as determined by the Association. Notwithstanding the foregoing, those customers, guests, patrons or invitees of a restaurant located within the Community that are seated outdoors shall be permitted to remain until the end of permitted hours for outdoor seating as established by the Association. Such outdoor dining facilities may have music at reasonable volumes so long as applicable governmental regulations are observed. Intercom, microphone and other forms of voice amplification systems used for paging customers, guests, patrons or invitees of a restaurant located within the Community shall be prohibited from outdoor use at all times unless approved by the Association.

Section 21. Laws and Ordinances. Every Owner and Permittee shall comply with all laws, statutes, ordinances, and rules of federal, state, and municipal governments applicable to the Community. Any violation thereof may be considered a violation of this Declaration, including, without limitation, violations relating to: (a) zoning of any improvements constructed on a Parcel; (b) noise restrictions; (c) hours of operation of any commercial activity; and (d) construction permits. However, the Board shall have no obligation to take action to enforce such laws, statutes, ordinances, and rules.

Article XV **EASEMENTS**

Section 1. Easements of Encroachment. There shall be reciprocal appurtenant easements of encroachment, and for maintenance and use of any permitted encroachment, between each Parcel and any adjacent Common Elements and between adjacent Parcels due to the unintentional placement or settling or shifting of the improvements constructed, reconstructed, or altered thereon (in accordance with the terms of these restrictions) to a distance of not more than three (3) feet, as measured from any point on the common boundary along a line perpendicular to such boundary. However, in no event shall an easement for encroachment exist if such encroachment occurred due to willful and knowing conduct on the part of, or with the knowledge and consent of, an Owner, Permittee, or the Association.

Section 2. Easements for Utilities, Etc. There are hereby reserved unto Declarant, during the Declarant Control Period, the Association, and the designees of each (which may include, without limitation, Chatham County, or the Town of Pittsboro and any utility) access and maintenance easements upon, across, over, and under all of the Community to the extent reasonably necessary for the purpose of replacing, repairing, and maintaining Community systems, cable television systems, master television antenna systems, security and similar systems, roads, walkways, bicycle pathways, ponds, wetlands, drainage systems, street lights, signage, and for the purpose of establishing Community systems and a master arrangement for utilities, including, but not limited to, water, sewers, meter boxes, telephone, gas, communications and electricity, and for the purpose of installing any of the

foregoing on property which it owns or within easements designated for such purposes on recorded plats of the Community. Notwithstanding anything to the contrary herein, this easement shall not entitle the holders to construct or install any of the foregoing systems, facilities, or utilities over, under or through any existing Building or other structure that is part of a Parcel, and any damage to a Parcel resulting from the exercise of this easement shall promptly be repaired by, and at the expense of, the Person exercising the easement. The exercise of this easement shall not unreasonably interfere with the use of any Parcel and, except in an emergency, entry onto any Parcel shall be made only after reasonable notice to the Owner, or Permittee.

Without limiting the generality of the foregoing, there are hereby reserved for the local water supplier, electric company, and natural gas supplier easements across all the Common Elements for ingress, egress, installation, reading, replacing, repairing, and maintaining utility meters and boxes. Notwithstanding anything to the contrary contained in this Section 2, no sewers, electrical lines, water lines, or other utilities may be installed or relocated on the Community, except as may be approved by the Association's Board of Directors, or as provided by Declarant, or as may be installed within easements designated for such purposes on a Record Plat of the Community.

Section 3. Easements for Stream and Pond Maintenance and Flood Water. The Declarant reserves for itself and its successors, assigns, and designees the nonexclusive right and easement, but not the obligation, to enter upon the ponds, streams, and wetlands located within or as Designated Maintenance Items to (a) install, keep, maintain, and replace pumps in order to provide water for the irrigation of any of the Designated Maintenance Items; (b) install, keep, maintain, and replace fountains, lighting, conduits and similar equipment therein; (c) construct, maintain, and repair any bulkhead, wall, dam, or other structure retaining water; and (d) remove trash and other debris therefrom and fulfill their maintenance responsibilities as provided in this Declaration. The Declarant's rights and easements provided in this Section 3 shall be transferred to the Association at such time as the Declarant shall cease to own any property subject to the Declaration, or such earlier time as Declarant may elect, in its sole discretion, to transfer such rights by a written instrument. The Declarant, the Association, and their designees shall have an access easement over and across any of the Community abutting or containing any portion of any of the lakes, ponds, streams, or wetlands to the extent reasonably necessary to exercise their rights under this Section.

There is further reserved herein for the benefit of Declarant, the Association, and their designees, a perpetual, nonexclusive right and easement of access and encroachment over the Common Elements and Parcels adjacent to or within one hundred (100) feet of lakes, ponds, streams and wetlands within the Community, in order to (a) temporarily flood and back water upon and maintain water over such portions of the Community; (b) fill, drain, dredge, deepen, clean, fertilize, dye, and generally maintain the lakes, ponds, streams, and wetlands within or constituting the Designated Maintenance Items; (c) maintain and landscape the slopes and banks pertaining to such lakes, ponds, streams, and wetlands; and (d) enter upon and across such portions of the Community for the purpose of exercising its rights under this Section 3. All persons entitled to exercise these easements shall use reasonable care in, and repair any damage resulting from the intentional exercise of such easements. Nothing herein shall be construed to make Declarant or any other Person liable for damage resulting from flooding due to hurricanes, heavy rainfall, or other natural disasters.

Section 4. Easements to Serve Additional Property. During the Declarant Control Period, the Declarant and its duly authorized agents, representatives, and employees, as well as its successors, assigns, licensees, and mortgagees, shall have and hereby reserves an easement over the Common Elements for the purposes of enjoyment, use, access, and development of the Additional Property, whether or not such Additional Property is made subject to this Declaration. This easement includes, but is not limited to, a right of ingress and egress over the Common Elements for construction of roads and for connecting and installing utilities on the Additional Property.

Section 5. Right of Entry. The Association shall have the right, but not the obligation, to enter upon any Parcel for emergency, security, and safety reasons, to perform maintenance pursuant to Article VI hereof, and to inspect for the purpose of ensuring compliance with this Declaration, any Supplemental Declaration, Bylaws, and rules and regulations, which right may be exercised by the Association's Board of Directors, officers, agents,

employees, managers, and all policemen, firemen, ambulance personnel, and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall only be during reasonable hours and after notice to the Owner. This right of entry shall include the right of the Association to enter upon any Parcel to cure any condition which may increase the possibility of a fire or other hazard in the event an Owner fails or refuses to cure the condition within a reasonable time after requested by the Board.

Section 6. Sidewalks/Walkways/Driveways. Declarant hereby establishes, creates and reserves for itself, its successors and assigns, all Owners and their respective Permittees with respect to, and as a burden upon, the other Parcels and the Common Elements, a perpetual non-exclusive right, privilege, easement and reservation for the passage of pedestrians over, across and through all sidewalk and walkway areas which are located in the Community, and the passage of vehicular traffic over, across and through all driveways areas which are located in the Community, and to use any marked surface parking areas and Parking Decks which are located in the Community, other than parking spaces marked reserved with the consent of Declarant or the Association.

Section 7. Temporary Closings. In order to establish that the ingress and egress easements, and any private access ways or road ways, located therein are and will continue to remain private property and to prevent a dedication thereof or the accrual of any rights to any person or to the public therein, except as herein specifically granted, or as may be reasonably necessary in connection with the performance of any construction, repair, relocation, replacement or maintenance of the improvements comprising such access ways or road ways, any utilities or any other improvements, located or to be located in or on the ingress and egress easement areas, the Association, for the Common Elements, and the Owner of any Parcel within the Community on which an ingress and egress easement is located, shall have the right to temporarily restrict access to the general public with respect to all or any portion of any such access way or road way, to the extent and for such limited periods as shall be necessary to prevent such dedication or accrual or to permit such construction, repair, relocation, replacement or maintenance; provided, however, that neither the Association nor any such Owner shall exercise the rights granted in this Section 7 in any manner which will unreasonably interfere with rights and privileges granted herein or in any manner which will deny pedestrian or vehicular access over any of the ingress and egress easements granted herein, and in no event shall the exercise of such rights totally preclude pedestrian access to any portion of the Community by any parties benefited by the easements granted herein and provided further that no ingress and egress easement shall be closed except as otherwise expressly permitted in this Declaration.

Section 8. Easements for Multi-Unit Buildings. With respect to any Multi-Unit Buildings within the Community, Declarant hereby declares, establishes, creates, grants and reserves the easements hereinafter set forth in this Section 8:

(a) Reciprocal Easements Benefiting Entire Multi-Unit Building. To and for the benefit of the respective Owners or Permittees of each Parcel within any Multi-Unit Building, the easements hereinafter set forth in this Section 8(a):

(i) Utilities and Mechanical Equipment. To the extent such utilities and maintenance facilities are not separate and distinct for each Parcel within the Multi-Unit Building, reciprocal non-exclusive easements over the entire Multi-Unit Building for the furnishing of water, electricity, storm and sanitary sewerage, gas, telephone, television, communications, security systems, other utilities and services and heating, air-conditioning and ventilation by means of pipes, wires, ducts, cables, conduits, equipment panels, mechanical equipment, heating, air conditioning and ventilation equipment and machinery, fire stairwell, sprinkler systems and other apparatus and facilities located as shown in the plans and specifications for such building and otherwise as may hereafter be consented to in writing from time to time by the Owners and/or Permittees of the respective burdened Parcels. Unless such utilities and mechanical facilities are separate and distinct for each Parcel within the Multi-Unit Building, such utility and mechanical facilities shall be constructed, maintained, repaired and replaced by the Owners of the Parcels comprising the Building, with each Owner bearing a share of the costs of the same in relation to the Voting

Percentages attributable the respective Parcels. The above described easement shall be appurtenant to each Parcel within the Multi-Unit Building and shall benefit the Parcels and the Owners and/or Permittees thereof. Any dispute over the payment of construction, maintenance and repair fees described in this Section, shall be resolved in accordance with the procedures set forth in Article XIX.

(ii) Encroachments. Reciprocal non-exclusive easements over the entire Multi-Unit Building (i) for minor encroachments which will not substantially interfere with the Parcel encroached upon created by the construction, reconstruction, renovation, settling, shifting or other causes of movement and (ii) for overhangs. This easement shall be appurtenant to each Parcel within the Multi-Unit Building for the benefit of the Parcels and Owners and/or Permittees thereof.

(iii) Emergency Access. Without limitation, and notwithstanding any other provisions herein, reciprocal non-exclusive easements over the Multi-Unit Building by each of the respective Owners of Parcels constituting a portion of such Multi-Unit Building for emergency ingress, egress and access, said easement being appurtenant to each such Parcel for the benefit of the Parcels and the Owner and Permittee thereof.

(b) Easements Benefiting Air Parcels. To and for the benefit of the respective Owners and/or Permittees of each air Parcel within a Multi-Unit Building, the easements hereinafter set forth in this Section 8(b):

(i) Support. A perpetual non-exclusive support easement for the use, maintenance, repair and replacement of (i) all columns, piers, footings, caissons, girders, beams, foundations, slabs and other supports, supporting structures and appurtenances thereto located or to be located on the ground Parcel and/or any air Parcel(s) occupying a lower elevation within the boundaries of such Multi-Unit Building in connection with the building and any other structures or improvements constructed or to be constructed in the air Parcel benefited by such easement rights and (ii) all columns, piers, footings, caissons, girders, beams, foundations, slabs and other supports, supporting structures and appurtenances thereto located or to be located on the ground Parcel and/or any air Parcel(s) occupying a lower elevation within the boundaries of such Multi-Unit Building as are necessary or appropriate in connection with the maintenance and operation of the building and any other structures or improvements hereafter constructed in, over, on or upon the air Parcel benefited by such easement rights.

(ii) Access. A perpetual non-exclusive access easement for reasonable pedestrian access, ingress and egress to and from the air Parcel and the building located within the Multi-Unit Building and any other structures or improvements hereafter constructed thereon, to and from any portion of the ground Parcel and/or any air Parcel(s) occupying a lower elevation within the boundaries of such Multi-Unit Building over and across all walkways, steps, stairways, fire stairwells, elevators, elevator shafts and passages located or to be located on the ground Parcel and/or any air Parcel(s) occupying a lower elevation within the boundaries of such Multi-Unit Building.

(iii) Repairs. A permanent non-exclusive access, construction, repair and replacement easement for all purposes necessary, appropriate or incidental to the Owner's and/or Permittees use and enjoyment of the easements reserved pursuant to this Section 8 for the benefit of such Owner's air Parcel.

Section 9. Cooperation. All easements granted in this Declaration, and the use thereof, shall be deemed to be limited to the extent reasonably necessary to accomplish the purposes for which such easements are granted. The Declarant and each Parcel Owner and/or Permittee agree to cooperate with the reasonable requests of the others in furtherance of the spirit and intent of the matters addressed in this Declaration. To this end, the Declarant and the Parcel Owners and/or Permittees may enter into cooperative agreements with each other for the common

provision of services and systems, so long as such agreement is consistent with the other terms and conditions contained in this Declaration.

Section 10. Access for Governmental Agencies. A non-exclusive, perpetual right-of-access (including private streets) over all Parcels and Common Elements in the Community is established for the benefit of governmental agencies for installing, removing and reading water meters; maintaining and replacing water and sewer facilities, fire lanes and acting for purposes consistent with public safety and welfare, including law enforcement, fire protection, emergency services, garbage collection and delivery of mail.

Article XVI
DECLARANT'S RIGHTS

Any or all of the special rights and obligations of the Declarant set forth in this Declaration or the Bylaws may be transferred to other Persons, provided that the transfer shall not reduce an obligation nor enlarge a right beyond that contained in this Declaration or in the Bylaws, as applicable. Furthermore, no such transfer shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Public Registry. Nothing in this Declaration shall be construed to require the Declarant or any successor to develop any of the Additional Property in any manner whatsoever.

Notwithstanding any provisions contained in this Declaration to the contrary, so long as construction and initial sales of Parcels or portions thereof shall continue, it shall be expressly permissible for the Declarant and Parcel Developers authorized by Declarant to maintain and carry on upon portions of the Common Elements such facilities and activities as, in the sole opinion of the Declarant, may be reasonably required, convenient, or incidental to the construction, marketing or sale of such Parcels, including, but not limited to, business offices, signs, models, and sales offices. The Declarant and Parcel Developers authorized by Declarant shall have easements for access to and use of such facilities. The right to maintain and carry on such facilities and activities shall include specifically, without limitation, the right to use Parcels owned by the Declarant and any community facilities which may be owned by the Association, as models and sales offices, respectively.

This Article may not be amended without the express written consent of the Declarant. However, the rights contained in this Article shall terminate upon termination of the Declarant Control Period.

Article XVII
PRIVATE AMENITIES

Various Private Amenities may be constructed and made available for use by Owners, Permittees and others for recreational purposes (including the general public), pursuant to an agreement with the Association, or otherwise. Access to and use of any Private Amenity is strictly subject to the rules and procedures of the owner of such Private Amenity (it being clear that Declarant may be such an owner), and except as may otherwise be set forth in a written agreement between the Association or Parcel Association and the owner of the Private Amenity, no Person gains any right to enter or to use any Private Amenity solely by virtue of membership in the Association or ownership of a Parcel or Unit.

All Persons, including all Owners and Permittees, are hereby advised that no representations or warranties have been or are made by Declarant, the Association, or by any Person acting on behalf of any of the foregoing, with regard to the continuing ownership, operation or availability of any Private Amenity. No purported representation or warranty in such regard, written or oral, shall be effective unless specifically set forth in a written instrument executed by the record owner of the Private Amenity.

Rights to use Private Amenities will be granted only to such Persons, and on such terms and conditions, as may be determined by the owners of such Private Amenities. Such owners shall have the right, from time to time

in their sole and absolute discretion and without notice, to amend or waive the terms and conditions of use of their respective Private Amenities and to terminate use rights altogether. No consent of the Declarant, Association, Association Delegate, or any Owner shall be required to effectuate any change in ownership, operation or terms of access to any Private Amenity.

Article XVIII
DISCLOSURES AND WAIVERS

SECTION 1. VIEW IMPAIRMENT.

NEITHER DECLARANT NOR THE ASSOCIATION GUARANTEE OR REPRESENT THAT ANY VIEW OVER AND ACROSS THE PARCELS OR COMMON ELEMENTS WITHIN THE COMMUNITY WILL BE PRESERVED WITHOUT IMPAIRMENT. NEITHER DECLARANT NOR THE ASSOCIATION SHALL BE OBLIGATED TO RELOCATE, PRUNE, OR THIN TREES OR OTHER LANDSCAPING EXCEPT TO MAINTAIN THE COMMUNITY-WIDE STANDARD OR AS OTHERWISE REQUIRED UNDER A SEPARATE COVENANT OR AGREEMENT. THE ASSOCIATION (WITH RESPECT TO THE COMMON ELEMENTS) HAS THE RIGHT TO ADD TREES AND OTHER LANDSCAPING FROM TIME TO TIME SUBJECT TO APPLICABLE LAW. ANY EXPRESS OR IMPLIED EASEMENTS FOR VIEW PURPOSES OR FOR THE PASSAGE OF LIGHT AND AIR ARE HEREBY EXPRESSLY DISCLAIMED.

SECTION 2. NOTICES AND DISCLAIMERS AS TO COMMUNITY SYSTEMS.

ANY COMMUNITY SYSTEM AND ITS PROVIDERS, MANAGERS AND OPERATORS MAY BE SUBJECT TO FEDERAL, STATE OR MUNICIPAL REGULATIONS, LAWS AND ORDINANCES. SUCH REGULATIONS, LAWS AND ORDINANCES MAY HAVE A SIGNIFICANT IMPACT ON CERTAIN ASPECTS OF THE SYSTEM INCLUDING, BUT NOT LIMITED TO, THE FEES CHARGED, THE METHOD OF DELIVERY, THE RIGHTS OF THE SYSTEM USERS, AS WELL AS THE RIGHTS OF THE SYSTEM PROVIDERS OR OPERATORS. THESE REGULATIONS AND THEIR IMPACTS ARE BEYOND THE DECLARANT'S AND ASSOCIATION'S CONTROL.

IN RECOGNITION OF THE FACT THAT INTERRUPTIONS IN CABLE TELEVISION AND OTHER COMMUNITY SYSTEMS SERVICES WILL OCCUR FROM TIME TO TIME, NEITHER DECLARANT NOR ITS SUCCESSORS OR ASSIGNS SHALL IN ANY MANNER BE LIABLE FOR, AND NO COMMUNITY SYSTEM USER SHALL BE ENTITLED TO A REFUND, REBATE, DISCOUNT OR OFFSET IN APPLICABLE FEES FOR, ANY INTERRUPTION IN COMMUNITY SYSTEMS SERVICES, REGARDLESS OF WHETHER OR NOT SUCH INTERRUPTION IS CAUSED BY REASONS WITHIN THE DECLARANT'S CONTROL.

EACH OWNER AND PERMITTEE ACKNOWLEDGES AND AGREES THAT THE ASSOCIATION, BY VIRTUE OF CONTRACTUAL RELATIONSHIPS WITH COMMUNITY SYSTEMS PROVIDERS, MAY GAIN ACCESS TO INFORMATION RELATING TO INDIVIDUAL USE OF THE COMMUNITY SYSTEMS, INCLUDING ACCOUNT AND CONTENT INFORMATION. IN RECOGNITION OF THIS FACT, EACH OWNER AND ITS PERMITTEES WAIVE ANY PRIVACY RIGHTS HE OR SHE MAY HAVE IN SUCH INFORMATION AND ANY CLAIMS AGAINST THE ASSOCIATION, THE BOARD AND DECLARANT RELATING TO THE ACQUISITION OF SUCH INFORMATION. FURTHER, EACH OWNER AND PERMITTEE ACKNOWLEDGES AND AGREES THAT THE ACQUISITION OF SUCH INFORMATION BY THE ASSOCIATION SHALL NOT

CREATE ANY DUTY ON THE PART OF THE ASSOCIATION OR DECLARANT TO ANY PERSON TO ACT IN ANY MANNER WITH RESPECT TO SUCH INFORMATION.

NOTWITHSTANDING THE ABOVE OR ANY OTHER PROVISIONS IN THIS DECLARATION, THERE IS NO GUARANTEE OR REPRESENTATION THAT ANY PARTICULAR COMMUNITY SYSTEM WILL BE MADE AVAILABLE.

SECTION 3. WATER MANAGEMENT.

EACH OWNER AND PERMITTEE ACKNOWLEDGES AND AGREES THAT ANY PONDS OR WETLANDS ARE DESIGNED AS WATER MANAGEMENT AREAS AND ARE NOT DESIGNED SOLELY AS AESTHETIC FEATURES. DUE TO FLUCTUATIONS IN GROUND WATER ELEVATIONS WITHIN THE IMMEDIATE AREA, THE WATER LEVEL OF LAKES WILL RISE AND FALL. EACH OWNER AND PERMITTEE FURTHER ACKNOWLEDGES AND AGREES THAT DECLARANT HAS NO CONTROL OVER SUCH ELEVATIONS. THEREFORE, EACH OWNER AND PERMITTEE AGREES TO RELEASE AND DISCHARGE DECLARANT FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, DAMAGES, COSTS, AND EXPENSES OF WHATEVER NATURE OR KIND, INCLUDING REASONABLE ATTORNEYS' FEES AND COSTS AT ALL TRIBUNAL LEVELS, RELATED TO OR ARISING OUT OF ANY CLAIM RELATING TO SUCH FLUCTUATIONS IN WATER ELEVATIONS.

OWNERS AND PERMITTEES SHALL NOT ALTER, MODIFY, EXPAND, OR FILL ANY PONDS OR WETLANDS LOCATED WITHIN OR IN THE VICINITY OF THE COMMUNITY WITHOUT THE PRIOR WRITTEN APPROVAL OF THE LOCAL PERMITTING AUTHORITY, THE ASSOCIATION, THE DECLARANT, THE U.S. ARMY CORPS OF ENGINEERS (IF IT HAS AUTHORITY OVER WETLANDS WITHIN THE COMMUNITY), AND SUCH OTHER LOCAL, STATE, AND FEDERAL AUTHORITIES AS MAY HAVE RELEVANT JURISDICTION OVER SUCH MATTERS.

SECTION 4. LIABILITY FOR ASSOCIATION OPERATIONS.

THE ASSOCIATION SHALL, TO THE FULLEST EXTENT PERMITTED BY LAW, INDEMNIFY, DEFEND, AND HOLD HARMLESS DECLARANT, ITS SUCCESSORS AND ASSIGNS, FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, DEMANDS, DAMAGES, COSTS, AND EXPENSES OF WHATEVER KIND OR NATURE (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND COSTS AT ALL TRIBUNAL LEVELS AND WHETHER OR NOT SUIT IS INSTITUTED, INCLUDING THOSE INCURRED IN ESTABLISHING THE RIGHT TO BE INDEMNIFIED, DEFENDED, AND HELD HARMLESS PURSUANT HERETO), WHICH RELATE TO OR ARISE OUT OF ASSOCIATION MANAGEMENT AND OPERATIONS, INCLUDING, WITHOUT LIMITATION, IMPROVEMENT, MAINTENANCE, AND OPERATION OF AMENITIES AND OTHER PORTIONS OF THE DESIGNATED MAINTENANCE ITEM AND THE COLLECTION OF ASSESSMENTS.

Article XIX
GENERAL PROVISIONS

Section 1. Term. 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 the Owners and their Permittees, their respective legal representatives, heirs, successors, and assigns. This Declaration may be terminated only by the affirmative vote or written consent, or any combination thereof, of ninety percent

(90%) of the total votes in the Association, and, during the Declarant Control Period, the consent of the Declarant.

Section 2. Amendment.

(a) By Declarant. Until expiration of the Declarant Control Period, Declarant may unilaterally amend this Declaration for any purpose provided that the amendment has no material adverse effect upon any right of any Owner or Permittee and does not materially increase the burden imposed by this Declaration on that part or portion of the Parcel owned by such Owner or such Permittee and does not adversely affect the title to that part or portion of the Parcel owned by such Owner or such Permittee unless the affected Owner or Permittee shall consent in writing. Thereafter, the Declarant may unilaterally amend this Declaration if such amendment is (i) necessary to bring any provision into compliance with any applicable governmental statutes, rule, regulation, or judicial determination; (ii) necessary to enable any reputable title insurance company to issue title insurance coverage on the property in the Community; (iii) 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 property in the Community; (iv) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the property in the Community; or (v) otherwise necessary to satisfy the requirements of any governmental agency. However, any such amendment shall not adversely affect the title to any property in the Community unless the Owner shall consent thereto in writing. During the Declarant Control Period, Declarant may unilaterally amend this Declaration for any other purpose, provided the amendment has no material adverse effect upon any right of any Owner.

(b) By Owners. Thereafter and otherwise, this Declaration may be amended only by the affirmative vote or written consent, or any combination thereof, of seventy-five percent (75%) of the total votes in the Association, and, during the Declarant Control Period, the consent of the Declarant.

Notwithstanding the above, the percentage of votes necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause. To be effective, any amendment must be executed by the Association and recorded in the Public Registry.

If an Association Delegate, on behalf of an Owner, consents to any amendment to this Declaration or the Bylaws, it will be conclusively presumed that such Association Delegate has the authority so to consent, and no contrary provision in any Mortgage or contract between the Owner and a third party will affect the validity of such amendment.

No amendment may remove, revoke, or modify any right or privilege of the Declarant without the written consent of the Declarant or the assignee of such right or privilege.

Section 3. Services During Declarant Control. Each Owner acknowledges that Declarant and its affiliates may provide to the Association services utilized by communities such as this Community, including, but not limited to, management services. Each Owner consents and agrees that the Association may enter into service contracts with Declarant and its affiliates. The intention of providing such services is to make available the cost-efficiencies arising from Declarant and its affiliates performing similar services nearby in areas controlled by such affiliates. The Association and Declarant cannot and do not assure or represent that such services will be at a cost lower than may otherwise be available from other sources, but shall be required to contract for and perform such services at fair-market rates.

Section 4. Severability. Invalidation of any provision or portion of a provision of this Declaration by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

Section 5. Litigation. Notwithstanding any other provisions herein, except as otherwise specifically provided below, no judicial or administrative or arbitration proceeding shall be commenced or prosecuted by the Association unless approved by a vote of two-thirds (2/3) of the Association. 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 XII; (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 approved by the percentage of votes, and pursuant to the same procedures, necessary to institute proceedings as provided above.

Section 6. Cumulative Effect; Conflict. The covenants, restrictions, and provisions of this Declaration shall be cumulative with those of any Parcel Declaration and the Association may, but shall not be required to, enforce the covenants, conditions, and provisions of any Parcel Declaration; provided, however, in the event of conflict between or among such covenants and restrictions, and provisions of any articles of incorporation, bylaws, rules and regulations, policies, or practices adopted or carried out pursuant thereto, those of any Parcel Declaration shall be subject and subordinate to those of the Association. The foregoing priorities shall apply, but not be limited to, the liens for assessments created in favor of the Association.

Section 7. Compliance. Every Owner and its Permittees shall comply with all lawful provisions of this Declaration, the Bylaws, and the rules and regulations of the Association. Failure to comply shall be grounds for an action to recover sums due, for damages or injunctive relief, or for any other remedy available at law or in equity, maintainable by the Association or, in a proper case, by any aggrieved Parcel Owner(s). In addition, the Association may avail itself of any and all remedies provided in this Declaration or the Bylaws.

Article XX **STORMWATER**

Section 1. Stormwater Control Measures. The Chatham Park PDD requires that stormwater runoff from the Community be controlled and nitrogen loading from stormwater runoff from the Community be reduced. To comply with the Chatham Park PDD, Stormwater Control Measures will be installed by the Declarant and maintained by the Association as Common Elements in strict compliance with the Stormwater Operations and Maintenance Manual and Budget attached to the Stormwater Agreement for the Community so that, at all times, the Stormwater Control Measures shall perform as designed and shall comply with the Stormwater Agreement, the Chatham Park PDD and applicable regulations, rules and directives of the Town. The expenses for maintenance of Stormwater Control Measures by the Association shall be Common Expenses. Failure to maintain the Stormwater Control Measures is a violation of the Chatham Park PDD potentially subjecting each Owner of a Lot to significant daily civil penalties and other enforcement actions.

Section 2. Creation of Stormwater Assessments. Each Owner, by execution of this Declaration or by acceptance of a deed or other instrument conveying title to a Lot, whether or not it shall be so expressed therein, is deemed to covenant and agree to pay to the Association (or to any Person who may be designated by the Association to collect such monies) a Stormwater Assessment, as hereinafter defined, established and collected as hereinafter provided, and each Owner of a Lot, by acceptance of a deed or other instrument conveying title to a Lot, whether or not it shall be so expressed therein, is deemed

to covenant and agree to pay to the Association (or to any Person who may be designated by the Association to collect such monies) such Stormwater Assessment. Stormwater Assessments shall commence with respect to each Lot on the later of the date on which this Declaration or applicable Annexation Declaration is recorded or the date on which a plat is recorded establishing the Lot. The annual budget for the Association shall include a line item evidencing the Stormwater Assessments, and the amount budgeted shall be sufficient to satisfy the total annual inspection, management and maintenance budget for the Stormwater Control Measures as set forth in the Stormwater Operations and Maintenance Manual and Budget attached to the Stormwater Agreement as an exhibit, and any replacement contribution payment owed to the Town pursuant to the Stormwater Agreement. The Association shall honor its obligations under the Stormwater Agreement, and the Association shall assess the Stormwater Assessment. The Declarant and each Owner of a Lot shall be obligated to pay the Stormwater Assessment, whether or not the annual budget contains the required line item for the Stormwater Assessment, and whether or not the annual budget is ratified by the Owners. No vote of the Owners is required to levy, collect, or foreclose a Stormwater Assessment. Stormwater Assessments shall be paid to the Association at the same time annual Base Assessments are due.

The allocation of Stormwater Assessments payable by the Owners shall be determined in the same manner as Base Assessments, as set forth in Article XII, Sections 2 and 3 of this Declaration.

In the event of nonpayment of any Stormwater Assessment for a period of thirty (30) days or longer after the payment due date, such Stormwater Assessment, together with interest at a rate not to exceed the highest rate allowed by North Carolina law), as computed from the date the delinquency first occurs, late charges, and costs of collection thereof, including reasonable attorney's fees, shall be a charge on the land upon the filing of a claim of lien, in the manner provided in G.S.47F-3-116(g), in the office of Clerk of Superior Court in the County in which the Lot is located and shall be a continuing lien upon each Lot against which the assessment is made until paid in full. The lien may be foreclosed in accordance with North Carolina law, or in any other manner permitted under the Act or by law. When the holder of a first mortgage or first deed of trust of record or other purchaser of a Lot who obtains title to the Lot as a result of a foreclosure of a first mortgage or first deed of trust, such purchaser and its heirs, successors, and assigns shall not be liable for the Stormwater Assessments against such Lot which became due prior to the acquisition of title to such Lot by such purchaser. In such instances, such unpaid assessments shall be deemed Common Expenses collectible from all Owners, including the new Owner.

Each Stormwater Assessment, together with late charges, interest, the costs of collection thereof, including attorney's fees, shall also be the personal obligation or corporate obligation of each Person who was the Owner of the Lot at the time when the Stormwater Assessment first became due and payable. If more than one Person held an ownership interest in the Lot at the time the Stormwater Assessment first became due, then each Person shall be both jointly and severally liable. An Owner's personal obligation for payment of Stormwater Assessments shall not become the personal obligation of a subsequent Owner unless expressly assumed by the subsequent Owner, although the lien shall continue against the Lot until the amount due is paid.

The creation of the Stormwater Assessments is for the benefit of the Town, and the Stormwater Assessments may be collected and enforced by the Town as provided herein and in the Chatham Park PDD.

Section 3. Purpose of Stormwater Assessments. The Stormwater Assessments to be levied by the Association against each Lot shall be used as follows:

(a) to pay the actual and estimated expenses incurred or anticipated to be incurred by the Association, including any reasonable reserve funds, under any Stormwater Agreement, including Maintenance of the Stormwater Control Measures in strict compliance with the Stormwater Operations and

Maintenance Manual and Budget attached to the Stormwater Agreement as an exhibit, so that, at all times, the Stormwater Control Measures shall perform as designed and shall comply with the Stormwater Agreement, the Chatham Park PDD, applicable regulations and rules and directives of the Town;

(b) to pay all legal, engineering and other professional fees incurred by the Association in carrying out its duties as set forth herein, or in the Governing Documents, or in the Stormwater Agreement in connection with the Stormwater Control Measures; and

(c) payments to the Town pursuant to the Stormwater Agreement.

Section 4. Assignment of Collection Rights and Lien Rights to Town. Pursuant to the Stormwater Agreement and G S.47F-3-102(15) of the Act, the Association has assigned to the Town its rights to collect Stormwater Assessments, its rights to file liens against the Lots, and the right to foreclose on those liens for monies owed by the Association to the Town pursuant to the Stormwater Agreement. The Association shall have a license to collect Stormwater Assessments, to file liens against the Lots, and to foreclose on those liens for monies owed by the Association to the Town pursuant to the Stormwater Agreement until such time as the Town notifies the Association in writing that it has elected to exercise its right to collect Stormwater Assessments, to file liens against the Lots, and/or to foreclose on those liens for monies owned by the Association to the Town pursuant to the Stormwater Agreement. Declarant hereby irrevocably authorizes and directs each Owner to rely upon any written notice sent to such Owner by the Association that the Town has elected to exercise its rights hereunder and thereafter to pay Stormwater Assessments directly to the Town without any obligation or right to inquire otherwise until such time such Owner receives written notice from the Town to pay the Stormwater Assessments directly to the Association. As the assignee of the Association's collection and lien rights, upon the filing of a claim of lien by the Town, any such lien may be foreclosed in like manner as a mortgage on real estate pursuant to power of sale under Articles 2A of Chapter 45 of the General Statutes from and after the time of recording a claim of lien in the office of the clerk of superior court of the county in which the Lot is located; which claim of lien shall state the description of the Lot(s) encumbered by the claim of lien, the name and address of the Association and of the Town, the record Owner(s) of the encumbered Lot(s) at the time the claim of lien is filed, and the amount of the lien claim. The claim of lien shall be filed any time after a period of thirty (30) days or longer of default and the lien shall continue in effect until all sums secured by the lien as herein provided shall have been fully paid. Such claims of lien shall include all sums that are due and payable when the claim of lien is filed, plus late charges, interest at the rate set forth in the Stormwater Agreement, but not to exceed eighteen percent (18%) per year, collection costs, and reasonable attorney's fees. Any lien claim filed by the Town shall be signed by the Town Manager. Upon full payment of all sums secured by such claims of lien, the same shall be satisfied of record.

Section 5. Effect of Assignment. Each Owner of a Lot, by acceptance of a deed or otherwise, vests in the Town, as the assignee of the Association's collection and lien rights for the Stormwater Assessments, the right and power, upon nonpayment of the Stormwater Assessments by the Association, to bring all actions against each Owner, personally, for the collection of such charges as a debt or to foreclose the lien, which charges and lien amounts shall equal a pro-rata share of the Stormwater Assessments for each Owner. The lien provided for in this Article shall be in favor of the Town and shall be for the benefit of all Owners.

Section 6. Annexation of Additional Property. As set forth in Article XI of this Declaration, additional real property from time to time may be annexed to the Community and subjected to this Declaration. Such Additional Property shall also be subjected to existing Stormwater Agreements and/or new Stormwater Agreements, in accordance with the following:

In connection with the recording of a Supplemental Declaration, either a new Stormwater Agreement and/or an amendment to an existing Stormwater Agreement (as determined by the Town) shall be entered into among the Town, Declarant, and Association to address the Stormwater Control Measures of the Additional Property. The Supplemental Declaration shall establish that all Stormwater Control Measures to be located in or serving such Additional Property shall be Common Elements and such new Stormwater Control Measures shall be designated as such on the Record Plat(s) of the Additional Property. At all times Stormwater Assessments shall be sufficient to maintain any new or additional Stormwater Control Measures in or serving any Additional Property and to pay the applicable replacement contribution payments to the Town under the new or amended Stormwater Agreement.

Section 7. Drainage Easement. The Declarant dedicates, establishes and declares to and for the benefit of each Lot, the Common Elements and each Owner hereof

(a) a perpetual, irrevocable and nonexclusive easement, right and privilege to discharge and store surface water drainage from such Lot or Common Elements into the Stormwater Control Measures situated in private drainage easements that serve the Community, whether located on or off of the Community, and

(b) a perpetual, irrevocable and non-exclusive easement, right and privilege to use and maintain Stormwater Control Measures, including the right of access to and from the private drainage easements and other portions of the Community as reasonably necessary to maintain the Stormwater Control Measures.

Section 8. Joint and Several Liability. Each Owner of any portion of the Community served by Stormwater Control Measures is jointly and severally responsible for maintenance of such Stormwater Control Measures, including payment of any unpaid ad valorem taxes, public assessments for improvements, and unsafe building and public nuisance abatement liens charged against the Stormwater Control Measures, and including all interest charges thereon, together with the costs and expenses of collection incurred by the Town or other collecting Person, including court costs and reasonable attorney's fees actually incurred. Each Owner of any portion of the Community served by the Stormwater Control Measures has a right of contribution against all other Owners of other portions of the Community served by the same Stormwater Control Measures for payment of such costs and expenses to the extent that the Owner having such right of contribution pays more than such Owner's prorata share thereof; such prorata share being determined either by other assessment provisions of this Declaration or by dividing the acreage of such Owner's portion of the Community served by the Stormwater Control Measures by the total acreage of the Community served by the same Stormwater Control Measures.

Section 9. Relocation of Drainage Easements. Drainage easements situated within the Community may be relocated only by a written agreement signed by the Association - upon approval of the Board of Directors without vote of the members - and by the Owners of all portions of the Community on which the drainage easement then is located, and by the Owners of all portions of the Community on which the drainage easement is to be relocated. The consent of tenants and Mortgagees of the affected Lots shall not be required for the relocation to be effective. Relocations of a drainage easement shall be accompanied with a letter sealed by a professional engineer licensed in the State of North Carolina stating that the relocated drainage easement will not cause any adverse stormwater runoff unto adjoining Community.

Relocation of a drainage easement is valid from the later of the time of either recording of the plat or other instrument of relocation in the Public Registry or such later date specified therein.

Article XXI
CHATHAM PARK PDD AND USE OF CHATHAM PARK NAME

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS DECLARATION, ALL DEVELOPMENT WITHIN THE COMMUNITY MUST COMPLY WITH THE CHATHAM PARK PDD. DECLARANT MAKES NO REPRESENTATION OR WARRANTY AS TO WHETHER ANY PROPOSED OR ANTICIPATED USE AN OWNER MAY HAVE FOR ANY PORTION OF THE COMMUNITY WILL COMPLY WITH THE CHATHAM PARK PDD. IT SHALL BE THE SOLE RESPONSIBILITY OF EACH OWNER OR PROSPECTIVE OWNER TO OBTAIN, REVIEW AND COMPLY WITH THE CHATHAM PARK PDD IN CONNECTION WITH THE DEVELOPMENT OF ITS PARCEL.

No Owner or Permittee shall use the name “Chatham Park” or “Chatham Park PDD”, or any substantially similar name in any document, in any advertising, on any Building, or in any manner without the prior written consent of Declarant. Declarant shall have all remedies available at law or in equity to enforce the provisions of this Article.

Article XXII
RIGHTS OF CHATHAM PARK INVESTORS LLC

Eco CP Partners LLC (“Eco”) has contracted to purchase from Chatham Park Investors LLC (“CPI”) the real property described in **Exhibit A-1** to this Declaration (the “CPI Land”) pursuant to a “Contract To Sell And Purchase Real Property” effective March 27, 2019, together with all subsequent amendments thereto (the “Contract”). Notwithstanding anything to the contrary herein, if the Contract is terminated prior to the time that Eco has purchased all of the CPI Land, then CPI shall have the right to become the Declarant under this Declaration, which right may be exercised by CPI by recording in the Public Registry a document that gives notice of termination of the Contract and exercise of CPI’s right to become the Declarant under this Declaration. CPI shall be the sole Declarant under this Declaration effective as of the date and time of the recording of such notice and exercise in the Public Registry. CPI shall not be liable for any acts or omissions of Eco as Declarant under this Declaration. Any assignment or attempted assignment by Eco of any rights of the Declarant under this Declaration or the right to be the Declarant under this Declaration shall be void unless consented to in writing by the assignee and by CPI. CPI shall have all remedies available at law or in equity to enforce the provisions of this Article.

CPI shall have the right to construct, erect, operate, repair, replace, remove, and maintain one or more signs in the Community on Lots owned by CPI or in easements granted to or reserved by CPI, and improvements related to Community Systems (as defined in the Commercial Declaration) without having to obtain approval from Eco, the Association, or the DRB; provided, however, with respect to such signs CPI shall comply with all applicable requirements of the Covenants, Conditions, And Restrictions For Chatham Park Commercial Properties recorded in the Public Registry in Book 2105, Page 322, including all amendments thereto (together, the “Commercial Declaration”), and the Declaration Of Easements And Covenant To Share Costs For Chatham Park recorded in the Public Registry in Book 2098, Page 836, including all amendments thereto.

The provisions of this Article XXII control over any contrary or conflicting provisions elsewhere in this Declaration or in any amendment to this Declaration.

[SIGNATURES ON FOLLOWING PAGES]

15th IN WITNESS WHEREOF, the undersigned Initial Owner has executed this Declaration this day of June, 2020.

INITIAL OWNER:

CHATHAM PARK INVESTORS LLC
a North Carolina limited liability company

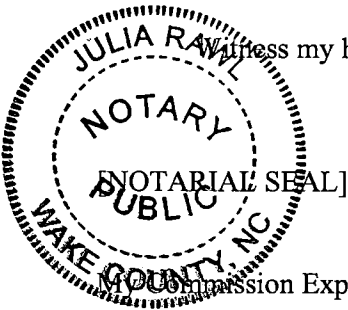
By: *Julian W Raul*
Name: Julian W Raul
Title: Vice President

STATE OF NORTH CAROLINA

COUNTY OF WAKE,

I, *Julia Raul*, a Notary Public for said County and State, do hereby certify that Julian W Raul, as a Vice President of Chatham Park Investors LLC, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of said limited liability company.

Witness my hand and notarial seal, this 15th day of June, 2020.



Julia Raul
NOTARY PUBLIC

Commission Expires:

February 7, 2024

IN WITNESS WHEREOF, on this 15th day of June, 2020, Eco CP Partners LLC has executed this Declaration on behalf of the Initial Owner Holmes Oil Company, Inc. pursuant to authority reserved in the Post-Closing Agreement recorded in Book 2059, Page 744, Chatham County Registry of Deeds.

INITIAL OWNER:

ECO CP PARTNERS LLC
a North Carolina limited liability company,
on behalf of HOLMES OIL COMPANY, INC.
a North Carolina corporation

By: [Signature]
Name: Kirk J. Bradley
Title: Manager

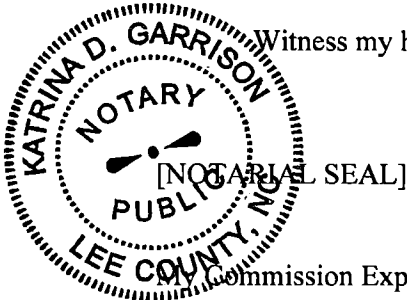
STATE OF North Carolina

COUNTY OF Lee

I, Katrina D. Garrison, a Notary Public for said County and State, do hereby certify that Kirk J. Bradley, as Manager of Eco CP Partners LLC, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of said limited liability company.

Witness my hand and notarial seal, this 15th day of June, 2020.

[Signature]
NOTARY PUBLIC



Commission Expires:
October 21, 2023

IN WITNESS WHEREOF, the undersigned Initial Owner has executed this Declaration this 15th day of June, 2020.

INITIAL OWNER:

MOSAIC LOT 17 LLC

By: ECO MOSAIC LLC as its Manager

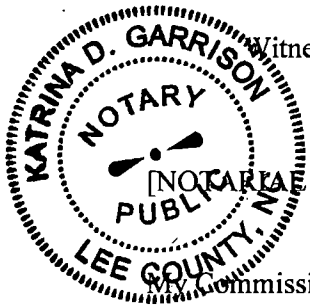
By: [Signature]
Name: Kirk J. Bradley
Title: Manager

STATE OF North Carolina

COUNTY OF Lee

I, Katrina D. Garrison, a Notary Public for said County and State, do hereby certify that Kirk J. Bradley, as Manager of Eco Mosaic LLC, as Manager for Mosaic Lot 17 LLC, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of said limited liability company.

Witness my hand and notarial seal, this 15th day of June, 2020.



[NOTARIAL SEAL]

[Signature]
NOTARY PUBLIC

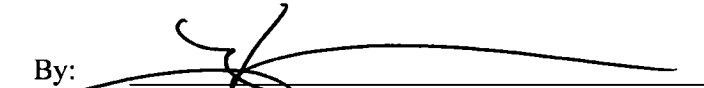
My Commission Expires:

October 28, 2023

IN WITNESS WHEREOF, the undersigned Declarant has executed this Declaration this 15th day of JUNE, 2020 to accept its appointment as Declarant.

DECLARANT:

ECO CP PARTNERS LLC, a North Carolina limited liability company

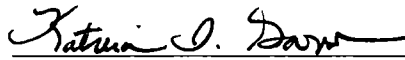
By: 
Kirk J. Bradley, Manager

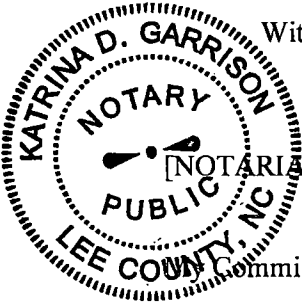
STATE OF North Carolina

COUNTY OF Lee

I, Katrina D. Garrison, a Notary Public for said County and State, do hereby certify that Kirk J. Bradley, as Manager of Eco CP Partners LLC, personally appeared before me this day and acknowledged the due execution of the foregoing instrument on behalf of said limited liability company.

Witness my hand and notarial seal, this 15th day of June, 2020.


NOTARY PUBLIC



Commission Expires:
October 28, 2023

EXHIBIT "A"

Land Initially Submitted

[See attached Exhibit A-1 through A-3]

**EXHIBIT A-1
LAND OF INITIAL OWNER
CHATHAM PARK INVESTORS LLC**

LYING AND BEING IN CENTER TOWNSHIP, CHATHAM COUNTY, NORTH CAROLINA

COMMENCING AT A POINT, SAID POINT BEING PUBLISHED IN THE NATIONAL GEODETIC SURVEY AS "PITTSBORO CORS ARP" (PID: DE8234) AND HAVING NC GRID COORDINATES OF NORTHING: 716,944.75' & EASTING: 1,947,344.01'; THENCE N13°51'02"E A GRID DISTANCE OF 13,414.46 FEET TO AN EXISTING 60D TRAVERSE NAIL KNOW AS CE GROUP PT#2 AND HAVING NC GRID COORDINATES OF NORTHING: 729,969.16 feet & EASTING: 1,950,555.32 feet, THENCE TO A CALCULATED POINT S31°03'30"E FOR A DISTANCE OF 68.27 FEET SAID POINT LYING IN THE NORTHEAST QUADRANT OF US 15-501 AND RUSSET RUN (SR 1658); BEING THE SOUTH WESTERN MOST CORNER OF CHATHAM PARK INVESTORS, LLC AS RECORDED IN DEED BOOK 1724 PAGE 158; POINT IS HEREBY KNOW AS ***THE POINT OF BEGINNING***.

THENCE FROM THE SAID ***POINT OF BEGINNING*** ALONG THE EASTERN MARGIN OF US HIGHWAY 15-501 N 02° 43' 03" E FOR A DISTANCE OF 121.53 FEET TO A CONCRETE RIGHT OF WAY MONUMENT. THENCE, S 89° 40' 55" W FOR A DISTANCE OF 9.57 FEET TO A POINT; THENCE, N 02° 23' 20" E FOR A DISTANCE OF 101.22 FEET TO A POINT; THENCE, S 89° 03' 50" E FOR A DISTANCE OF 10.08 FEET TO A POINT; THENCE, N 02° 40' 59" E FOR A DISTANCE OF 344.40 FEET TO A POINT; THENCE, N 04° 25' 17" E FOR A DISTANCE OF 242.01 FEET TO A POINT; THENCE WITH A CURVE TURNING TO THE RIGHT, HAVING A RADIUS OF 1279.53 FEET, WITH A CHORD BEARING OF N 11° 17' 47" E FOR A DISTANCE OF 150.86 FEET TO A POINT; THENCE WITH A CURVE TURNING TO THE RIGHT, HAVING A RADIUS OF 2401.92 FEET, WITH A CHORD BEARING OF N 15° 42' 25" E FOR A DISTANCE OF 59.60 FEET TO A POINT; THENCE WITH A CURVE TURNING TO THE RIGHT, HAVING A RADIUS OF 1279.53 FEET, WITH A CHORD BEARING OF N 19° 11' 04" E FOR A DISTANCE OF 72.99 FEET TO A POINT; THENCE, N 41° 04' 12" E FOR A DISTANCE OF 201.92 FEET TO A POINT; THENCE, N 03° 23' 07" E FOR A DISTANCE OF 115.79 FEET TO A POINT; THENCE, N 39° 42' 12" E FOR A DISTANCE OF 150.08 FEET TO A POINT, SAID POINT BEING AN IRON PIPE FOUND. THENCE LEAVING SAID MARGIN, RUNNING WITH COOPER PROPERTY; S 77° 55' 23" E FOR A DISTANCE OF 229.57 FEET TO A POINT; THENCE, S 76° 31' 19" E FOR A DISTANCE OF 425.61 FEET TO A POINT; THENCE, S 67° 27' 36" E FOR A DISTANCE OF 437.59 FEET TO A POINT; THENCE S 67° 29' 43" E A DISTANCE OF 449.68 FEET TO A POINT; THENCE, S 18° 00' 27" W FOR A DISTANCE OF 843.97 FEET TO A POINT, SAID POINT LYING ON THE NORTHERN MARGIN OF RUSSET RUN, THENCE WITH A CURVE TURNING TO THE LEFT, HAVING A RADIUS OF 585.00 FEET, WITH A CHORD BEARING OF S 89° 31' 52" W FOR A DISTANCE OF 196.72 FEET TO A POINT. THENCE, S 80° 48' 19" W FOR A DISTANCE OF 540.02 FEET TO A POINT. THENCE WITH A CURVE TURNING TO THE RIGHT, HAVING A RADIUS OF 57.00 FEET, WITH A CHORD BEARING OF N 41° 52' 45" W FOR A DISTANCE OF 96.80 FEET TO A POINT; THENCE, S 88° 35' 48" W FOR A DISTANCE OF 50.75 FEET TO A POINT; THENCE, S 88° 35' 48" W FOR A DISTANCE OF 35.31 FEET TO A POINT;

THENCE WITH A CURVE TURNING TO THE RIGHT, HAVING A RADIUS OF 127.00 FEET, WITH A CHORD BEARING OF S 45° 51' 45" W FOR A DISTANCE OF 142.76 FEET. THENCE, S 80° 03' 40" W FOR A DISTANCE OF 342.75 FEET TO A POINT; THENCE, N 89° 43' 45" W FOR A DISTANCE OF 226.87 FEET TO A POINT, SAID POINT BEING THE **POINT AND PLACE OF BEGINNING**, HAVING AN AREA OF 1,924,689 SQUARE FEET, 44.185 ACRES MORE OR LESS.

Less and except the following tract:

All of Lot numbered 13, containing approximately 1.411 acres, more or less, and as shown on a plat entitled, "RECOMBINATION SURVEY – PROPERTY OF CHATHAM PARK INVESTORS, LLC – PORTION OF DEED BOOK 1724, PAGE 158 - CENTER TOWNSHIP – CHATHAM COUNTY – NORTH CAROLINA," dated June 17, 2019, prepared by Jamie Shane Strickland, PLS, of CE Group, Inc., recorded at Plat Slide 2019-150, Chatham County, North Carolina, Registry.

And less and except the following tract:

All of Lot numbered 17, containing approximately 1.135 acres, more or less, and as shown on a plat entitled, "Subdivision Plat of Mosaic at Chatham Park – Phase 1A Property of Chatham Park Investors, LLC and Holmes Oil Company, Inc., Deed Book 1724, Page 158 and Deed Book 2059, Page 671 - Center Township – Chatham County – North Carolina" dated December 16, 2019, prepared by Jamie Shane Strickland, PLS, of CE Group, Inc., recorded at Plat Slide 2020-80 through 2020-85, Chatham County, North Carolina, Registry.

**EXHIBIT A-2
LAND OF INITIAL OWNER
HOLMES OIL COMPANY, INC.**

All of Lot numbered 13, containing approximately 1.411 acres, more or less, and as shown on a plat entitled, "RECOMBINATION SURVEY – PROPERTY OF CHATHAM PARK INVESTORS, LLC – PORTION OF DEED BOOK 1724, PAGE 158 - CENTER TOWNSHIP – CHATHAM COUNTY – NORTH CAROLINA," dated June 17, 2019, prepared by Jamie Shane Strickland, PLS, of CE Group, Inc., recorded at Plat Slide 2019-150, Chatham County, North Carolina, Registry.

**EXHIBIT A-3
LAND OF INITIAL OWNER
MOSAIC LOT 17 LLC**

All of Lot numbered 17, containing approximately 1.135 acres, more or less, and as shown on a plat entitled, "Subdivision Plat of Mosaic at Chatham Park – Phase 1A Property of Chatham Park Investors, LLC and Holmes Oil Company, Inc., Deed Book 1724, Page 158 and Deed Book 2059, Page 671 - Center Township – Chatham County – North Carolina" dated December 16, 2019, prepared by Jamie Shane Strickland, PLS, of CE Group, Inc., recorded at Plat Slide 2020-80 through 2020-85, Chatham County, North Carolina, Registry.

EXHIBIT "B"

**Additional Property and
Land Subject to Annexation**

Any real property that is contiguous or directly across a street from the Community, any real property that has been removed from the Community in accordance with the provisions for withdrawal in Article XI, and any real property any point on the perimeter boundary of which is located within five (5) land miles of any point on the perimeter boundary of the Community.

EXHIBIT "C"

BYLAWS

OF

MOSAIC MASTER PROPERTY OWNERS ASSOCIATION, INC.

BYLAWS
OF
MOSAIC MASTER OWNERS ASSOCIATION, INC.

Article I
General

Section 1. Applicability. These Bylaws provide for the self-government of Mosaic Master Owners Association, Inc., in accordance with the North Carolina Planned Community Act (the "Act"), the Articles of Incorporation filed with the Secretary of State and the Master Declaration of Covenants, Conditions and Restrictions for Mosaic, recorded in the public records of Chatham County, North Carolina, ("Declaration").

Section 2. Name. The name of the corporation is Mosaic Master Owners Association, Inc. ("Association").

Section 3. Definitions. The terms used herein shall have their generally accepted meanings or such meanings as are specified in Article II of the Declaration.

Section 4. Membership. An Owner of a Parcel shall automatically be a member of the Association. Each Owner shall appoint one (1) natural person as the Association Delegate to represent such Owner in the affairs of the Association. No other Persons shall be entitled to participate in the affairs of the Association, including, without limitation, attending meetings and voting on Association matters. Such person's relationship with the Association shall terminate automatically upon the termination of such person's appointment by 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 and such vacancy will be filled in accordance with these Bylaws.

Section 5. Voting. Each Owner shall be entitled to one (1) weighted vote for each Parcel owned, the weight of which shall be equal to the Voting Percentage attributable to the Parcel, which vote shall be cast by an Association Delegate or by a lawful proxy as provided below. No Association Delegate shall be eligible to vote if that Association Delegate's Parcel is shown on the books or management accounts of the Association to be more than sixty (60) days delinquent in any payment due the Association or if the Association Delegate 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 Association Delegate have been suspended, that Association Delegate shall not be counted as an eligible vote for purposes of establishing a Majority or a quorum. Notwithstanding the foregoing or anything to the contrary herein, until expiration of the Declarant Control Period, Declarant shall have a Majority vote.

Section 6. Majority. As used in these Bylaws, the term "Majority" shall mean those votes, Owners, Association Delegates, or other group as the context may indicate totaling more than fifty percent (50%) of the total number of eligible votes, Owners, Association Delegates, or other group, respectively. Unless otherwise specifically stated, the words "Majority vote" mean more than fifty percent (50%) of the votes exercised by those voting in person or by proxy. Except as otherwise specifically provided in the Declaration or these Bylaws, all decisions shall be by Majority vote.

Section 7. Purpose. The Association shall have the responsibility of administering the Community, establishing the means and methods of collecting the contributions to the Common Expenses, arranging for the management of the Community and performing all of the other acts that may be required

to be performed by the Association pursuant to the Act, the North Carolina Nonprofit Corporation Act and the Declaration. Except as to those matters which the Act, the Declaration or the North Carolina Nonprofit Corporation Act specifically require to be performed by the vote of the Association membership, the administration of the foregoing responsibilities shall be performed by the Board of Directors as more particularly set forth below.

Article II

Meetings of Members

Section 1. Annual Meetings. The regular annual meeting of the Association Delegates shall be held during the fourth quarter of each year with the date, hour, and place to be set by the Board of Directors. No annual meeting of the Association shall be set on a legal holiday.

Section 2. Special Meetings. Special meetings of the Association Delegates may be called for any purpose at any time by the President or Secretary, by request of a majority of the Board of Directors, or upon written petition of Association Delegates holding at least fifty percent (50%) of the total eligible Association vote. Any such written petition by the Association Delegates must be submitted to the Association's Secretary. The Secretary shall then verify that the required number of Association Delegates have joined in the petition and shall submit all proper petitions to the Association's President. The President shall then promptly call a special meeting for the purpose stated in the petition setting the date, time and location of the meeting (which is not required to be the date, time or location requested in any petition submitted to the Association), and the Secretary shall send notice of the meeting in accordance with these Bylaws. Any special meeting called pursuant to written petition shall be set within thirty (30) days of the date of the petition.

Section 3. Notice of Meetings. It shall be the duty of the Secretary to mail or deliver to each Association Delegate of record a notice of each annual or special meeting of the Association at least ten (10) days prior to, but no more than sixty (60) days in advance of, each meeting. The notice shall state the time and place of the meeting and the items on the agenda, including the general nature of any proposed amendment to the Declaration or Bylaws, any budget changes, and any proposal to remove a director or officer. If any Owner wishes notice to be given at an address other than his or her unit, the Owner shall have designated by notice in writing to the Secretary such other address. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered proper service of notice.

Section 4. Waiver of Notice. Waiver of notice of meeting of the Association Delegates shall be deemed the equivalent of proper notice. Any Association Delegate may, in writing, waive notice of any meeting of the Association Delegates, either before or after such meeting. Attendance at a meeting by an Association Delegate, whether in person or represented by proxy, shall be deemed a waiver by such Association Delegate of notice of the time, date, and place thereof, unless such Association Delegate specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to lack of notice is raised before the business, of which proper notice was not given, is put to a vote.

Section 5. Quorum. Except as may be provided elsewhere, the presence of Persons, in person or by proxy, entitled to cast one-tenth (1/10) of the eligible votes of the Association shall constitute a quorum. Once a quorum is established for a meeting, it shall conclusively be presumed to exist until the meeting is adjourned and shall not need to be reestablished. Association Delegates whose voting rights have been suspended pursuant to the Declaration or these Bylaws shall not be counted as eligible votes toward the quorum requirement.

Section 6. Adjournment. Any meeting of the Association Delegates may be adjourned from time to time for periods not exceeding ten (10) days by vote of the Association Delegates holding the Majority of the votes represented at such meeting, regardless of whether a quorum is present. Any business which could be transacted properly at the original session of the meeting may be transacted at a reconvened session, and no additional notice of such reconvened session shall be required.

Section 7. Proxy. Any member entitled to vote may do so by written proxy duly executed by the Association Delegate setting forth the meeting at which the proxy is valid. To be valid, a proxy must be signed, dated, and filed with the Secretary prior to the opening of the meeting for which it is to be used. Proxies may be delivered to the Board by personal delivery, U.S. mail or facsimile transmission to any Board member or the property manager. Proxies may be revoked only by written notice delivered to the Secretary, except that: (a) the presence in person by the giver of a proxy at a meeting for which the proxy is given shall automatically invalidate the proxy for that meeting; and (b) a later dated proxy shall automatically be deemed to invalidate any previously given proxy. A proxy holder may not appoint a substitute proxy holder unless expressly authorized to do so in the proxy.

Section 8. Action Taken Without a Meeting. In the Board's discretion, any action that may be taken by the Association Delegates at any annual, regular, or special meeting may be taken without a meeting if the Board delivers a written consent form or written ballot to every Association Delegate entitled to vote on the matter.

(a) Ballot. A written ballot shall set forth each proposed action and provide an opportunity to vote for or against each proposed action. Approval by written ballot shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the 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: (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and (3) specify the time by which a ballot must be received by the Board in order to be counted. A written ballot may not be revoked. The Association shall maintain such ballots in its file for at least three (3) years.

(b) Written Consent. Approval by written consent shall be valid only when the number of written consents setting forth the actions taken is received and equals or exceeds the requisite majority of 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. Executed written consents shall be included in the minutes or filed with the Association's records. If an action of the Association is approved by written consent hereunder, the Board shall issue written notice of such approval to all Association Delegates who did not sign written consents. Approval shall be effective ten (10) days after written notice is issued; provided, however, if the consent is to an amendment to the Declaration or Bylaws which must be recorded, the effective date shall be no earlier than the date of recording of such amendment.

Section 9. Order of Business. At all meetings of the Association, Roberts Rules of Order (latest edition) shall govern when not in conflict with the Declaration, these Bylaws or the Articles of Incorporation, unless the Owners present at a particular meeting vote to suspend Robert's Rules at that meeting.

Section 10. Action by Members. Except as otherwise provided in the Articles of Incorporation, the Declaration or these Bylaws, any act or decision approved by a vote of no less than a

majority of all votes present at a duly held meeting of the Members at which a quorum is present shall be regarded as the act of the Members.

Article III Board of Directors

A. Composition and Selection.

Section 1. Composition and Eligibility. The affairs of the Association shall be governed by a Board of Directors. Except for directors appointed by the Declarant hereunder, the directors shall be Association Delegates. No Association Delegate shall be eligible to be elected to or continue to serve on the Board of Directors if such Association Delegate's Parcel is shown on the books and records of the Association to be more than sixty (60) days delinquent in the payment of any assessment or charge by the Association. Excepting the directors appointed by the Declarant, whose terms shall be determined by the Declarant in its sole discretion, directors shall not be eligible to serve more than three (3) consecutive two (2) year terms without first resigning from the Board for a time period which shall be the lesser of: (a) one (1) year; or (b) the period of time from the end of one annual meeting of the Association to the beginning of the next annual meeting of the Association.

Section 2. Directors Appointed by the Declarant. Notwithstanding anything to the contrary herein, Declarant shall have exclusive authority to appoint and remove directors and officers during the period of time beginning on the date that the Declaration is recorded in the Public Registry and ending ninety-nine (99) years thereafter, or at such earlier time as Declarant terminates such right by execution of a written instrument of termination. Such period of time is referred to herein and in the Declaration as the "Declarant Control Period."

Section 3. Number of Directors and Term of Office. During the period that the Declarant has the authority to appoint directors, the Board shall consist of three (3) persons. Not later than after termination of the Declarant's right to appoint directors and officers as described in Section 2 of this Article, the Association shall call a meeting to be held at which Association Delegates shall elect five (5), seven (7), or nine (9) persons, the exact number as determined by resolution of the Board. If such meeting is not the annual meeting, the directors elected shall serve until the next annual meeting. At the first annual meeting after Declarant has surrendered control of the Association, if there are five (5) directors, the three (3) directors receiving the most votes shall be elected for terms of two (2) years each and the two (2) directors receiving the next highest number of votes shall be elected for a term of one (1) year, or if there are seven (7) directors, four (4) of the directors shall be elected for terms of two (2) years each and three (3) directors shall be elected for terms of one (1) year, or if there are nine (9) directors, the five (5) directors receiving the most votes shall be elected for terms of two (2) years each and the directors receive the next highest number of votes shall be elected for a term of one (1) year. At each annual meeting thereafter, a successor 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.

Section 4. Removal of Members of the Board of Directors. At any annual or special meeting of the Association duly called, any one or more Board members, except for directors appointed by Declarant hereunder, may be removed with or without cause by a Majority of the Association Delegates of the Association entitled to elect said director and a successor may then and there be elected to fill the vacancy thus created. Further, any Association Delegate whose Parcel is more than sixty (60) days past due in the payment of any assessment or charge shall be automatically removed from the Board of Directors, even if the Owner subsequently pays the amount owed, and the vacancy shall be filled as provided in Section 5 below. Any director who has had three (3) consecutive unexcused absences from regularly scheduled Board meetings may be removed by the vote of a Majority of the other directors. Any director whose removal

has been proposed shall be given at least ten (10) days notice of the calling of the meeting to consider his or her removal and the purpose thereof and shall be given an opportunity to be heard at the meeting.

Section 5. Vacancies. Vacancies in the Board caused by any reason shall be filled by a vote of the Majority of the remaining directors, even though there may be less than a quorum, at any meeting of the Board of Directors; provided, however, if Declarant elects to remove a director during the period that the Declarant has the authority to appoint and remove directors, Declarant shall have the right to appoint a new director in Declarant's sole discretion. The successor so selected shall hold office for the remainder of the term of the director being replaced. Notwithstanding anything to the contrary herein, any director whose appointment as an Association Delegate has been rescinded by the Parcel Owner, may be replaced by the newly appointed Association Delegate for such Parcel unless there has been a transfer of ownership of the Parcel, in which case, the vacancy shall be filled by the remaining directors, even if less than a quorum at any meeting of the directors.

Section 6. Compensation. Directors shall not be compensated for services as such unless and only to the extent that compensation is authorized by a Majority vote of the Association. Directors may be reimbursed for the expenses incurred in carrying out their duties as directors upon approval of such expenses by the Board of Directors.

Section 7. Director Conflicts of Interest. Nothing herein shall prohibit a director or an entity affiliated with a director from entering into a contract and being compensated for services or supplies furnished to the Association in a capacity other than as director, provided that the director's interest is disclosed to the Board and the contract is approved by a Majority of the directors who are at a meeting of the Board of Directors at which a quorum is present, excluding the director with whom the contract is made. The interested director shall not count for purposes of establishing a quorum of the Board. The interested director shall be entitled to be present at any meeting at which the proposed contract is discussed but shall not be entitled to discuss the proposed contract during the discussion. Notwithstanding anything herein, the directors, during the Declarant Control Period, shall be authorized on behalf of the Association to enter into contracts with the Declarant and its affiliates as set forth in the Declaration.

Section 8. Nomination. Nomination for election to the Board shall be made by a Nominating Committee which shall be appointed by the Board of Directors at least thirty (30) days prior to the annual meeting to serve a term of one (1) year and shall consist of at least one (1) Board member and at least two (2) other Association Delegates who are not Board members. The members of the Nominating Committee shall be announced at the annual meeting. The Nominating Committee may nominate any number of qualified individuals, but not less than the number of directors to be elected. The nominations shall be made at least fourteen (14) days prior to the annual meeting. Nominations shall also be allowed from the floor at the meeting. Each candidate shall be given a reasonable opportunity to communicate his or her qualifications to the Association Delegate prior to the election. No Association Delegate shall be nominated for election to the Board, nor permitted to run for election, if such Association Delegate's Parcel is more than sixty (60) days past due in the payment of any assessment. Failure to comply with this Section shall in no way invalidate the election of directors who were not nominated in accordance with the provisions hereof.

Section 9. Elections. All Association Delegates eligible to vote shall be entitled to cast their entire vote for each directorship to be filled. There shall be no cumulative voting. The directorships for which elections are held shall be filled by that number of candidates receiving the most votes. Voting for election of Board members shall be by written ballot (unless dispensed by unanimous consent at such meeting at which such voting is conducted).

B. Meetings.

Section 1. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the Board, but such meetings shall be held at least once every six (6) months. The newly elected Board shall meet within ten (10) days after each annual meeting of the membership.

Section 2. Special Meetings. Special meetings of the Board may be called by the President on two (2) days notice to each director given by regular first class or electronic mail, in person, by telephone, or by facsimile transmission, which notice shall state the time, place, and purpose of the meeting. Special meetings of the Board shall be called by the President, Vice President, Secretary, or Treasurer in like manner and on like notice on the written request of at least two (2) directors.

Section 3. Waiver of Notice. Any director may, at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall also constitute a waiver of notice by him or her of the time and place of such meeting. If all directors are present at any Board meeting, no notice shall be required and any business may be transacted at such meeting.

Section 4. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep a minute book recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. A Majority of directors shall constitute a quorum for the transaction of business. One or more directors who participate in a meeting by means of telephone or electronic communication shall be deemed present and in attendance for all purposes at such meeting, provided all persons participating in the meeting can hear each other.

Section 5. Open Meetings. All meetings of the Board shall be open to all Association Delegates, but Association Delegates other than directors may not participate in any discussion or deliberation unless expressly so authorized by the Board. Notwithstanding the above, 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.

Section 6. Action Without a Meeting. Any action by the Board required or permitted to be taken at any meeting may be taken without a meeting if a Majority of the directors consent to such action in writing, sent via hand delivery, regular first class or electronic mail or facsimile. Such consents must describe the action taken and be signed by no fewer than a Majority of the directors and such consents shall be filed with the minutes of the Board of Directors.

C. Powers and Duties.

Section 1. Powers and Duties. The Board of Directors shall manage the affairs of the Association and shall have all the powers and duties necessary for the administration of the Community and may do all such acts and things as are not by the Act, the Declaration, the Articles of Incorporation, or these Bylaws directed to be done and exercised exclusively by the Association. 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 shall be responsible for the following, in the way of explanation, but not limitation:

(a) preparation and adoption of an annual budget, in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the Common Expenses and Parcel Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of assessments;

(c) providing for the operation, care, upkeep, and maintenance of all of the Designated Maintenance Items as defined in the Declaration;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, repair, and replacement of the Common Elements, Association property, and the Designated Maintenance Items 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;

(e) collecting the assessments, depositing the proceeds thereof in a financial depository or institution which it shall approve, or otherwise investing the proceeds in accordance with any limitations set forth under North Carolina law, and using the proceeds to administer the Association;

(f) making and amending rules and regulations and imposing sanctions for violation thereof, including, without limitation, monetary fines;

(g) opening of bank or other financial accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to, or alterations of the Common Elements in accordance with the other provisions of the Declaration and these Bylaws, after damage or destruction by fire or other casualty;

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

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

(k) paying the costs of all services rendered to the Association or its members and not directly chargeable to specific Owners;

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

(m) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominium associations, or other associations or corporations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other Person.

Section 2. Management Agent. The Association may, but shall not be required to, hire a professional management agent or agents, at a compensation established by the Board, to perform such duties and services as the Board of Directors shall authorize.

Section 3. Borrowing. Except as may be set forth in the Declaration, the Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, restoration, or improvement of the Common Elements and facilities, and for other purposes, with the approval of a Majority of the Association votes.

Section 4. Liability and Indemnification of Officers, Directors and Committee Members. The Association shall indemnify every officer, director, and committee member or former director, officer or committee member of the Association or any person who may have served at the request of the Association as a director, officer or committee member of another corporation, whether for profit or not for profit, against expenses (including attorneys' fees) or liabilities actually and reasonably incurred by him in connection with the defense of or as a consequence of any threatened, pending or completed action, suit or proceeding (whether civil or criminal) in which he is made a party or was (or is threatened to be made) a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of a duty. Notwithstanding the foregoing, no Association Delegate shall be indemnified under this Section 4 as to any liability arising from his or her status as an Association Delegate, but only as to liabilities arising out of serving on the Board or serving as an officer of the Association. The indemnification provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of Owners or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association shall, as a Common Expense, purchase and maintain adequate general liability and officers' and directors' liability insurance to fund this indemnification obligation, if such insurance is reasonably available, and the insurance shall be written as provided in the Declaration, on behalf of any person who is or was a director, officer, committee member, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, committee member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability.

The Association's indemnity of any person who is or was a director, officer, committee member, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, committee member, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, committee member, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on his behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Nothing contained in this Section 4, or elsewhere in these Bylaws, shall operate to indemnify any director or officer if such indemnification is for any reason contrary to any applicable state or federal law.

D. Committees.

Section 1. Design Review Board. During the Declarant Control Period, the Declarant shall appoint the members of a Design Review Board, who shall serve at Declarant's discretion. Thereafter, the Board shall appoint the Design Review Board. Except as otherwise provided in the Declaration, the Design Review Board shall establish and maintain Design Guidelines in the Community.

Section 2. Other Committees. There shall be such other committees as the Board shall determine with the powers and duties that the Board shall authorize.

Section 3. Service on Committees. Unless otherwise provided in these Bylaws or in the resolution authorizing a particular committee, the members of any committee shall be appointed by the President and shall serve at the pleasure of the Board of Directors. Any committee member may be removed with or without cause at any time and with or without a successor being named.

Article IV **Officers**

Section 1. Designation. The principal officers of the Association shall be the President, the Secretary and the Treasurer, all or any of which may be the same person. A Vice President may be elected at the discretion of the Board.

Section 2. Election of Officers. The Association officers shall be elected annually by the Board at the first Board meeting following each annual meeting of the members and shall hold office at the pleasure of the Board and until a successor is elected.

Section 3. Removal of Officers. Upon the affirmative vote of a Majority of the members of the Board, any officer may be removed, either with or without cause, and a successor may be elected.

Section 4. Vacancies. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 5. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the members and of the Board. 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, including, but not limited to, the power to appoint committees from among the Association Delegates from time to time as he or she may in his or her discretion decide is appropriate to assist in the conduct of the affairs of the Association.

Section 6. Vice President. The Vice President, if any, shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the members 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 under North Carolina law.

Section 8. 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. The Treasurer shall be responsible for the preparation of the budget as provided in the Declaration. The Treasurer may delegate all or a part of the preparation and notification duties associated with the above responsibilities to a management agent.

Section 9. Other Officers. Other offices may be created by the Board, and the Board members which hold such offices shall have such titles and duties as are defined by the Board.

Section 10. Agreements, Contracts, Deeds, Leases, Etc. All agreements, contracts, deeds, leases, checks, promissory notes, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Section 11. Amendments to the Declaration. All amendments to the Declaration required to be executed by the Association shall be prepared, executed, certified, and recorded by at least two (2) officers on behalf of the Association.

Article V Rule Making and Enforcement

Section 1. Authority and Enforcement. The Community shall be used only for those uses and purposes set out in the Declaration. The Board of Directors shall have the authority to make, modify, repeal and enforce reasonable rules and regulations governing the conduct, use, and enjoyment of Parcels and the Common Elements; provided, copies of all such rules and regulations shall be furnished to all Owners. Any rule or regulation may be repealed by the affirmative vote or written consent of a Majority of the total Association vote and the consent of the Declarant so long as the Declarant has the right to appoint and remove directors, at an annual or special meeting of the Association. Every Owner and its Permittees shall comply with the Declaration, Bylaws and rules and regulations of the Association, and any lack of compliance therewith shall entitle the Association and, in an appropriate case, one or more aggrieved Unit Owners, to take action to enforce the terms of the Declaration, Bylaws or rules and regulations. The Board shall have the power to impose sanctions for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted hereunder. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

Section 2. Fining and Suspension Procedure. The Board shall not impose a fine upon an Owner or a Permittee, suspend the right of an Association Delegate to vote, suspend the right of an Owner or Permittee to receive any services provided by or on behalf of the Association, or suspend the right of an Owner or Permittee to use the Common Elements, unless and until the Association has sent or delivered written notice to the violator as provided in subsection (a) below and the violator has had an opportunity to be heard as provided in subsection (b) below. This Section shall not apply to Permittees, other than Permittees who are owners of portion of any Parcel. Notwithstanding the foregoing, the right of access and support, the right to drain stormwater and the right to use Stormwater Control Measures, private streets, private utility services provided to the Lot through easements in Common Elements shall not be suspended for violation of the Association's rules and regulations.

(a) Notice. If any provision of the Declaration or Bylaws or any rule or regulation of the Association is violated, the Board shall send the Owner or Permittee written notice identifying the violation and fine(s) and/or suspension being imposed and advising the Owner or Permittee of the right to request a hearing before the Board to contest the violation or penalty or to request reconsideration of the penalty. Penalties may be effective or commence upon ten (10) days of receipt of such notice or such later date specified in such notice, unless the Association's Secretary, or another person designated by the Board, receives written notice before such time from the Owner or Permittee requesting a hearing before the Board to challenge the violation or penalty. The right to a hearing shall be deemed waived if the Owner or Permittee does not request a hearing within such time.

(b) Hearing. If a written request for hearing is received from the Owner or Permittee within ten (10) days of the date of the violation notice as provided above, then the Board shall schedule and hold in executive session a hearing affording the violator a reasonable opportunity to be heard. The minutes of the meeting shall contain a written statement of the results of the hearing. The Board may establish rules

of conduct for such hearing, which may include limits on time and on the number of participants who may be present at one time. Penalties may be effective or commence immediately upon completion of the hearing. In the event of a continuing violation, each day the violation continues or occurs again constitutes a separate offense, and a fine may be imposed on a per diem basis without further notice to the Owner or further hearings.

Section 3. Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Board may elect to enforce any provision of the Declaration, the Bylaws, or the rules and regulations by self-help (specifically including, but not limited to, towing of vehicles that are in violation of any parking rules and regulations or performing maintenance on any Parcel upon a failure by the Parcel Owner to so do) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity for compliance with the procedure set forth in Section 2 of this Article. In any such action, to the maximum extent permissible, the Owner responsible for the violation for which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. The Association or its duly authorized agent shall have the power to enter a Parcel or any portion thereof or upon any portion of the Common Elements to abate or remove, using such force as may be reasonably necessary, any structure, thing or condition which violates the Declaration, the Bylaws, or the rules and regulations; provided, however, written notice shall be given to the Owner or Permittee of the Parcel at least two (2) days prior to the time that any items of construction are altered or demolished. All costs of self-help, including reasonable attorney's fees, shall be assessed against the violating Parcel or portion thereof and shall be collected as provided herein for the collection of assessments.

Section 4. Conflict Resolution Account. The Board may maintain and fund an account to be used as an alternative to enforcement actions ("Conflict Resolution Account"). The costs and expenses of the Conflict Resolution Account shall be a Common Expense. The Board, upon the approval of a Majority of the directors, may waive its right to pursue an enforcement action for the violation of any provision of the Declaration, Bylaws, or any rule or regulation, and in lieu make an expenditure from the Conflict Resolution Account. No expenditure from the Conflict Resolution Account in response to a violation shall exceed One Thousand Dollars (\$1,000.00). Such expenditure shall, in the sole judgment of the Board, limit or ameliorate the disturbance to the Community caused by the violation. The decision of the Board to make an expenditure from the Conflict Resolution Account is a business judgment and may not be appealed, overruled, or challenged in any manner whatsoever unless such decision is the result of fraud or other willful misconduct.

The Board's decision to waive its right to pursue an enforcement action pursuant to this Section shall not be deemed a waiver of its right to thereafter enforce any provision of the Declaration, Bylaws, or any rule or regulation of the Association.

Article VI Miscellaneous

Section 1. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws 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 an Owner or Association Delegate, at the address which the Association Delegate has designated in writing and filed with the Secretary, or if no such address has been designated, at the address of the Parcel of such Association Delegate;

(b) If to a Permittee, at the address of the portion of the Parcel owned by such Permittee; or

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

Section 2. Severability. The invalidity of any part of these Bylaws shall not impair or affect in any manner the validity, enforceability, or effect of the balance of these Bylaws or the Declaration.

Section 3. Captions. The captions herein are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope of these Bylaws or the intent of any provision thereof.

Section 4. Gender and Grammar. The use of the masculine gender in these Bylaws shall be deemed to include the feminine gender, and the use of the singular shall be deemed to include the plural whenever the context so requires.

Section 5. Fiscal Year. The fiscal year of the Association may be set by Board resolution, and, in the absence thereof, shall be the calendar year.

Section 6. Financial Review. A financial review of the accounts of the Association shall be performed annually in the manner provided by the Board and a financial statement shall be prepared. However, after having received the Board's financial statement review at the annual meeting, the Association may, by a Majority of the Association vote, require that the accounts of the Association be audited as a Common Expense by an independent accountant. Such statement shall be made available to the holder, insurer, or guarantor of any first mortgage on a Parcel upon submission of a written request and must be available within one hundred twenty (120) days of the Association's fiscal year end. If an audited financial statement by an independent accountant is not required, a mortgage holder may have an audited statement prepared at its own expense.

Section 7. Conflicts. The duties and powers of the Association shall be those set forth in the Act, the North Carolina Nonprofit Corporation Act, the Declaration, these Bylaws, and the Articles of Incorporation, together with those reasonably implied to affect the purposes of the Association; provided, however, that if there are conflicts or inconsistencies between the Act, the North Carolina Nonprofit Corporation Act, the Declaration, these Bylaws, or the Articles of Incorporation, then the provisions of the Act, the North Carolina Nonprofit Corporation Act, as may be applicable, the Declaration, the Articles of Incorporation and these Bylaws, in that order, shall prevail, and each Association Delegate covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies.

Section 8. Amendment. Except where a higher vote is required for action under a particular provision of the Declaration or Bylaws, in which case such higher vote shall be necessary to amend, these Bylaws may be amended by the affirmative vote, written consent, or any combination of Majority affirmative vote by the Association. As long as Declarant has the right to appoint the directors and officers of the Association as provided in Article III, Section 2 of these Bylaws, any amendment to the Bylaws shall require the written consent of Declarant. No amendment shall become effective until it is certified by the President and Secretary of the Association and recorded in the public records of Public Registry. Any amendment duly certified and recorded shall be conclusively presumed to have been duly adopted in accordance with the Declaration and Bylaws. Association Delegates whose voting rights have been suspended pursuant to the Declaration or these Bylaws shall not be counted as eligible votes toward the amendment requirement. Any action to challenge the validity of an amendment adopted under this Section must be brought within one (1) year of the amendment's effective date. No action to challenge any such amendment may be brought after such time.

Section 9. Books and Records.(a) All Association Delegates and any holder of a first Mortgage shall be entitled to inspect the following records at a reasonable time and location specified by the Association, upon written request at least five (5) days before the date on which the member or mortgagee wishes to inspect and copy:

- (i) its Articles or restated Articles of Incorporation and all amendments to them currently in effect;
- (ii) its Bylaws or restated Bylaws and all amendments to them currently in effect;
- (iii) resolutions adopted by either Association Delegates or Board of Directors increasing or decreasing the number of directors or the classification of directors, or relating to the characteristics, qualifications, rights, limitations, and obligations of Owners or Association Delegates;
- (iv) the minutes of all meetings of Association Delegates and records of all actions approved by the Association Delegates for the past three (3) years;
- (v) all written communications to members generally within the past three (3) years, including the financial statements furnished for the past three (3) years;
- (vi) a list of the names and business or home addresses of its current directors and officers; and
- (vii) its most recent annual report delivered to the Secretary of State.

(b) An Association Delegate may inspect and copy the following records upon written notice at least five (5) business days before the date on which the Association Delegate wishes to inspect and copy only if the Association Delegate's demand is made in good faith and for a proper purpose that is reasonably relevant to the Association Delegate's legitimate interest as an Association Delegate; the Association Delegate describes with reasonable particularity the purpose and the records the Association Delegate desires to inspect; the records are directly connected with this purpose; and the records are to be used only for the stated purpose:

- (i) excerpts from minutes of any Board meeting, records of any action of a committee of the Board while acting in place of the Board on behalf of the Association, minutes of any meeting of the Association Delegates, and records of action taken by the members or the Board without a meeting, to the extent not subject to inspection under subsection 9(a);
- (ii) accounting records of the Association; and
- (iii) the membership list only if for a purpose related to the Association Delegate's interest as an Association Delegate. Without the consent of the Board, a membership list or any part thereof may not be: used to solicit money or property unless such money or property will be used solely to solicit the votes of the Association Delegates in an election to be held by the Association; used for any commercial purpose; or sold to or purchased by any Person.

The Association may impose a reasonable charge, covering the cost of labor and material, for copies of any documents provided to the Association Delegate.

Notwithstanding anything to the contrary, the Board may limit or preclude Association Delegate inspection of confidential or privileged documents, including attorney/client privileged communications, executive session meeting minutes, and financial records or accounts of other Association Delegates.

Minutes for any Board or Association meetings do not become effective and an official Association record until approved by the Board or Association, as applicable, at a subsequent meeting.

EXHIBIT "D"

PROJECT PLAN

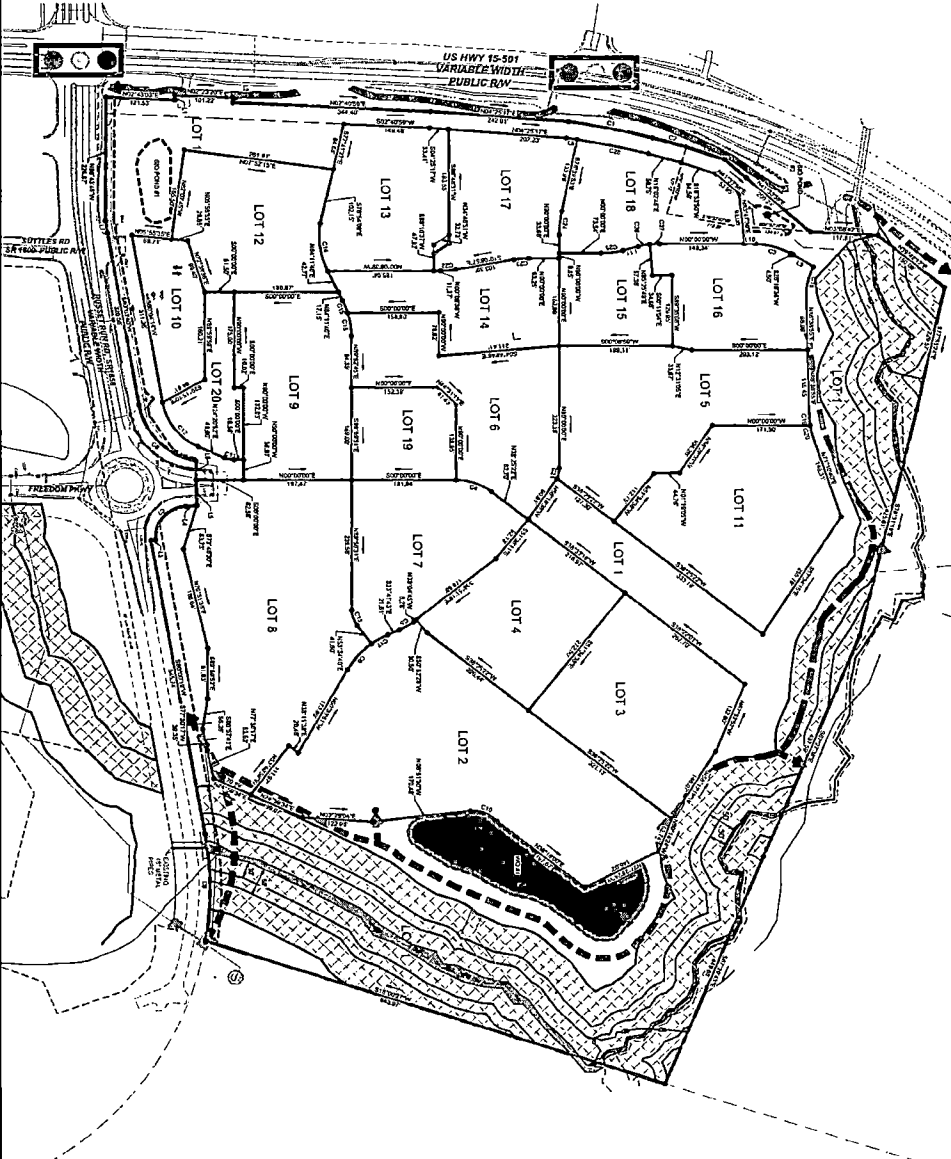
Attached on following page.

Cont #	Length	Width	Area	Cont #	Length	Width	Area
C1	150.00	120.00	18,000.00	C11	150.00	120.00	18,000.00
C2	150.00	120.00	18,000.00	C12	150.00	120.00	18,000.00
C3	150.00	120.00	18,000.00	C13	150.00	120.00	18,000.00
C4	150.00	120.00	18,000.00	C14	150.00	120.00	18,000.00
C5	150.00	120.00	18,000.00	C15	150.00	120.00	18,000.00
C6	150.00	120.00	18,000.00	C16	150.00	120.00	18,000.00
C7	150.00	120.00	18,000.00	C17	150.00	120.00	18,000.00
C8	150.00	120.00	18,000.00	C18	150.00	120.00	18,000.00
C9	150.00	120.00	18,000.00	C19	150.00	120.00	18,000.00
C10	150.00	120.00	18,000.00	C20	150.00	120.00	18,000.00

Cont #	Length	Width	Area	Cont #	Length	Width	Area
C21	150.00	120.00	18,000.00	C31	150.00	120.00	18,000.00
C22	150.00	120.00	18,000.00	C32	150.00	120.00	18,000.00
C23	150.00	120.00	18,000.00	C33	150.00	120.00	18,000.00
C24	150.00	120.00	18,000.00	C34	150.00	120.00	18,000.00
C25	150.00	120.00	18,000.00	C35	150.00	120.00	18,000.00
C26	150.00	120.00	18,000.00	C36	150.00	120.00	18,000.00
C27	150.00	120.00	18,000.00	C37	150.00	120.00	18,000.00
C28	150.00	120.00	18,000.00	C38	150.00	120.00	18,000.00
C29	150.00	120.00	18,000.00	C39	150.00	120.00	18,000.00
C30	150.00	120.00	18,000.00	C40	150.00	120.00	18,000.00

Lot #	Length	Width	Area
1	3.07	107.00	328.19
2	3.07	107.00	328.19
3	3.07	107.00	328.19
4	3.07	107.00	328.19
5	3.07	107.00	328.19
6	3.07	107.00	328.19
7	3.07	107.00	328.19
8	3.07	107.00	328.19
9	3.07	107.00	328.19
10	3.07	107.00	328.19
11	3.07	107.00	328.19
12	3.07	107.00	328.19
13	3.07	107.00	328.19
14	3.07	107.00	328.19
15	3.07	107.00	328.19
16	3.07	107.00	328.19
17	3.07	107.00	328.19
18	3.07	107.00	328.19
19	3.07	107.00	328.19
20	3.07	107.00	328.19

Lot #	Area
1	15.67 AC
2	3.71 AC
3	1.89 AC
4	2.48 AC
5	2.48 AC
6	1.63 AC
7	1.43 AC
8	3.05 AC
9	1.53 AC
10	0.62 AC
11	2.08 AC
12	1.31 AC
13	1.62 AC
14	1.78 AC
15	1.08 AC
16	1.08 AC
17	1.14 AC
18	1.15 AC
19	0.70 AC
20	0.51 AC



MOSAIC at CHATHAM PARK AREA "A"
PRELIMINARY
SUBDIVISION PLAN
 PITTSBORO, NC

ORIGINAL SUBMISSION JUNE 26, 2017, (REVISED JULY 31, 2017)
 (REVISED AUGUST 28, 2017), (REVISED OCTOBER 16, 2017),
 (REVISED DECEMBER 4, 2017), (REVISED APRIL 30, 2018),
 (REVISED MAY 21, 2018), (REVISED JUNE 18, 2018),
 (REVISED JULY 2, 2018)

CE GROUP
 201 GOLFWOOD DRIVE
 PITTSBORO, NC 27803
 (704) 438-1100

CHATHAM PARK
 NORTH CHAMBERLAIN DRIVE
 PITTSBORO, NC

OVERALL PROJECT AREA= **44.18 AC**

This map may not be a certified survey and has not been reviewed by a local government agency for compliance with any applicable land development regulations and has not been reviewed for compliance with recording requirements for plats.

