

COPY

SHAWS CREEK FARM

DECLARATION OF COVENANTS & RESTRICTIONS

North Carolina, Henderson County The foregoing certificate(s) of

Marilyn W. Tatham

Notary Public (~~Notaries Public~~) is/are certified to be correct, this instrument presented for registration and recorded in this office this 16 day of September, 2003

at 9:30A. in book 1154, page 283

Hedra W. Miles
Register of Deeds

(~~Assistant Deputy~~)

DECLARATION OF
COVENANTS AND RESTRICTIONS
FOR
SHAWS CREEK FARM

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DECLARATION OF
COVENANTS AND RESTRICTIONS

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>SECTION</u>	
1.	DEFINITIONS	
	1.1 Definitions	1
2.	DECLARATION OF COVENANTS AND RESTRICTIONS	
	2.1 Submission to the Declaration	4
	2.2 Name and Location	4
	2.3 Governing Provisions	4
3.	DESCRIPTION OF THE DEVELOPMENT	
	3.1 Development	4
	3.2 Lots	5
	3.3 Common Areas and Facilities	5
	3.4 Increase of Size of Development	5
	3.5 Allocation of Interests in Common Areas and Facilities	5
4.	EASEMENTS	
	4.1 Use and Enjoyment	6
	4.2 Utilities	6
	4.3 Encroachments	6
	4.4 Maintenance and Repair; overhangs	6
6	4.5 Rights of Association	7
	4.6 Rights of Declarant	7
	4.7 Expansion	8
5.	MAINTENANCE AND REPAIR	
	5.1 Association	8
	5.2 Lot Owner	8

6.	ASSESSMENTS	
	6.1	Lien 8
	6.2	General Annual Assessment 9
	6.3	Special Allocation of Assessments 10
	6.4	Special Assessments for Capital Improvements 10
	6.5	Non-Payment of Assessments; Remedies of Association 11
	6.6	Priority of Lien 12
	6.7	Deed in Lieu of Foreclosure 12
7.	ADMINISTRATION	
	7.1	Administration by the Association 12
	7.2	Control by Declarant 12
	7.3	Duties and Powers 12
	7.4	Property 13
	7.5	Rules and Regulations 13
	7.6	Professional Management 13
	7.7	Enforcement of Director's Duties 13
8.	INSURANCE	
	8.1	General Obligation and Authority 14
9.	RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE	
	9.1	Reconstruction or Repair 14
	9.2	Damage and Destruction 15
	9.3	Insurance 15
10.	ARCHITECTURAL CONTROL, USE RESTRICTIONS AND SALE OR LEASING OF UNITS	
	10.1	Approval Required for Changes 16
	10.2	Lighting 16
	10.3	Residential Purposes 16
	10.4	Signs 16
	10.5	Pets 17
	10.6	Use of Common Areas and Facilities 17
	10.7	Antennas 17
	10.8	Motor Vehicles, Trailers, Boats, etc. 17
	10.9	Nuisances 18

31154

10.10	Prohibited Activities	18
10.11	Governmental Regulations	18
10.12	Exterior Appearance	18
10.13	Sale Period	18
10.14	Sale, Leasing, Timesharing	19

GENERAL PROVISIONS

11.

11.1	Amendment	19
11.2	Eminent Domain	20
11.3	Rights of Third Parties	20
11.4	Termination	20
11.5	Enforcement	20
11.6	Exhibits	21
11.7	Duration	21
11.8	Interpretation	21
11.9	Gender and Grammar	21
11.10	Rights of Mortgagees and Owners	22
11.11	Responsibility for Maintenance of Private Streets and Parking Areas	22
11.12	Contract for Installation of Electric Service	22
11.13	Severability	22
11.14	Captions	23
11.15	Person to Receive Service of Process	23

DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
SHAWS CREEK FARM

THIS DECLARATION, is made as of the 19th day of August, 2003, by P.T. GREEN FAMILY LIMITED PARTNERSHIP, a North Carolina Limited Partnership, 106 Chadwick Avenue, Hendersonville, North Carolina, 28792 (the "Declarant"), as hereinafter defined.

WITNESSETH:

WHEREAS, Declarant is the Owner of the Development, as hereinafter set forth, and desires to make, execute and declare this Declaration Of Covenants And Restrictions For Shaws Creek Farm.

NOW, THEREFORE, the undersigned hereby makes this Declaration for the purposes and subject to all the terms and provisions hereinafter set forth, by the execution hereof.

ARTICLE I

DEFINITIONS

1.1 Definitions. The terms defined below shall be deemed to have the meanings specified whenever they appear in this Declaration, unless the context otherwise requires. These definitions shall apply whether or not the defined terms are capitalized. All terms defined in the Act, as herein below defined shall have the same meaning as contained in the Act and similar terms contained herein, as contained in the Act, shall have the same meaning as contained in the Act, when the context so requires.

"Act" shall mean the North Carolina Planned Community Act, which is Chapter 47F of the North Carolina General Statutes, as amended.

"Additional Property" means such additional tracts or parcels of land which are submitted to this Declaration by the Declarant pursuant to an Instrument recorded in the Office of the Register Of Deeds of Henderson County, North Carolina containing provisions indicating the intention of Declarant to subject such Additional Property to the provisions of this Declaration.

"Articles of Incorporation" means the articles of incorporation of the Association, as amended from time to time, a copy of the initial Articles of Incorporation being attached to this Declaration.

"Assessment" means the share of the Common Expenses from time to time assessed against a Lot and its Owner by the Association in the manner herein provided.

"Association" means the Shaws Creek Farm Homeowner's Association, Inc., a North Carolina Non-Profit Corporation formed for the purpose of exercising the powers of the Association under the Instruments and the Act. The Association shall possess all the powers and have all the responsibilities as provided in Article 3 of the Act, in addition to those provided herein.

"Board of Directors" or "Board" means the executive board of directors of the Association, which is the governing body of the Association, which shall have the authority to act on behalf of the Association.

"Bylaws" means the bylaws of the Association, as amended from time to time, a copy of the initial Bylaws being attached to the Instruments.

"Common Areas and Facilities" means all portions of the Development other than the Lots and shall have the same meaning as the term "common elements" as that term is defined in the Act.

"Common Expenses" means all sums lawfully assessed against the Owners by the Association; ad valorem taxes, public assessments or governmental liens, if any, levied on Common Areas and Facilities; expenses of administration, maintenance, repair or replacement of the Common Areas and Facilities; expenses agreed upon as Common Expenses by the Association; expenses declared Common Expenses by, this Declaration or the Bylaws together with any such expenditures as may be permitted or required by the Act; and, insurance premiums.

"Declarant" means initially P.T. Green Family Limited Partnership, a North Carolina Limited Partnership the fee simple owner of the Development, which has executed this Declaration.

"Declaration" means this Declaration, as amended from time to time.

"Development" means the property described on Exhibit A and being all of the property, which is currently subject to the Declaration.

"Director" means a member of the Board of Directors.

"First Mortgagee" means the holder of a first-in-priority Mortgage.

"Foreclosure" includes, without limitation, the judicial foreclosure of a Mortgage or the exercise of a power of sale contained in any Mortgage.

"Institutional Mortgagee" means one or more commercial or savings banks, savings and loan associations, trust companies, credit unions, industrial loan associations, insurance companies, pension funds, or business trusts, including, but not limited to, real estate investment trusts, any other lender regularly engaged in financing the purchase, construction, or improvement of real estate, or any assignee of loans made by such a lender, or any combination of any of the foregoing entities.

"Instruments" means this Declaration, the Articles of Incorporation, the Bylaws and the Plat, including any and all exhibits, schedules, certifications, and amendments thereof, as they may exist from time to time, made and recorded with respect to the Development.

"Lease" means any lease, usufruct, tenancy, sublease, rental contract, or other occupancy agreement whether oral or written.

"Lot" means a physical portion of the Development designed for separate ownership or occupancy, whether there is located a Town Home or a single family residence on such lot by a Lot Owner and shall initially include the Lots as described in Article 3.

"Lot Designation" means one or more numbers and/or letters that identify each Lot, as set forth in the Schedule Of Lot Information, and as shown on the Plat and the Plan.

"Lot Owner" has the same meaning as Owner, when the context so requires, and means one or more persons, including Declarant, who owns a Lot. This term does not include a Mortgagee in his capacity as such.

"Majority" means more than fifty percent (50%) in any context, unless a different percentage is expressly required.

"Mortgagee" means the holder, guarantor or insurer of a Mortgage or a beneficiary under a Deed of Trust.

"Occupant" means any person, including, without limitation, any guest, customer, invitee, tenant, lessee or licensee of an Owner, occupying or otherwise using or visiting in a Unit or in a dwelling located on a Lot.

"Officer" means an officer of the Association.

"Owner" has the same meaning as Lot Owner and includes all of such owners when the context requires.

"Person" means a natural person, corporation, business trust, estate, joint venture, partnership, association, trust or other legal entity, or any combination thereof.

"Plats" means the plats of survey for the Development or portions thereof which is certified and recorded, as amended and certified from time to time, in the Henderson County Registry. "Plats" shall include Plats of survey showing any or all portions of the Development as recorded from time to time.

"Record" or "file for record" means filing for record in the Office of the Register of Deeds, Henderson County, North Carolina.

“Schedule of Lot Information” means the schedule attached hereto as Exhibit B, which schedule shows for each Lot, its Identifying Number and Allocated Interests in the Common Areas and Facilities, number of Votes in the Association, and share of liability (Allocated Interest in the) for Common Expenses.

“Size” means the square footage or acreage of a Lot as computed by reference to the Plat rounded off to the nearest one-hundredth (1/100th) of an acre or one-thousandth (1,000th) of a square foot.

“Vote” means the weight of the vote for each Lot in the Association as set forth in Section 3.5.

ARTICLE 2

DECLARATION OF COVENANTS AND RESTRICTIONS

2.1 Submission to the Declaration. Declarant hereby submits the Development to this Declaration. The Development and every interest therein shall, after the recording of this Declaration, be owned, held, transferred, sold, conveyed, used, leased, occupied, mortgaged, and deeded in trust subject to this Declaration. Every person acquiring or having an interest in the Development, by acceptance of a deed or other instrument of any kind, whether or not such deed or other instrument is signed by such person or otherwise agreed in writing, shall take such interest subject to the Instruments and shall be deemed to have agreed to the same. Further, Declarant hereby submits and subjects all of the Development to the provisions of this Declaration and the covenants and restrictions contained herein, to the extent applicable by the terms and provisions contained herein.

2.2 Name and Location. The name of the Development is “Shaws Creek Farm”. The Development is located in Henderson County, North Carolina.

2.3 Governing Provisions. The Development, the Association, and each Owner shall be governed by the Instruments and any rules and regulations adopted by the Association pursuant to the Instruments.

ARTICLE 3

DESCRIPTION OF THE DEVELOPMENT

3.1 Development.

The Development is described on Exhibit A and shown on the Plats, and includes all improvements thereon and all rights and easements appurtenant thereto. The Development is expected to consist of nine (9) single family homes and seventy-six (76) Town Home Lots all as more particularly shown on the Plats. Notwithstanding the foregoing, Declarant reserves the right to change the number of each type of each such Lot, alter the boundary lines of each Lot still owned by Declarant and otherwise change and alter the location of the Common Areas And Facilities. In such event, Declarant may alter the undivided interests as provided in the Schedule of Lot Information in accordance with the provisions hereof. In such event,

Declarant reserves the right at anytime, and regardless of whether Declarant owns a sufficient number of lots to allow or permit Declarant under the provisions of Article 11 of this Declaration or under Section 47F-2-117 of the Act, to record an appropriate amendment to this Declaration, reflecting such change or alteration.

3.2 Lots.

The Lots shall consist of single family lots as shown on the Plat or Plats consisting of Lot Numbers 1 through 9 and shall be intended for the construction thereon of one (1) single family residence in accordance with the provisions hereof and town home lots numbered 10 through 85. Nothing contained herein shall require Declarant to construct a residence on any such Lot and Declarant may elect, at its sole discretion, to convey all or a portion of any such Lot to the Association, in which event such Lot, or portion thereof, shall become a portion of the Common Areas And Facilities. The Schedule of Lot Information contains the Identifying Numbers of each Lot and its undivided interest in Common Areas And Facilities.

3.3 Common Areas and Facilities. The Common Areas and Facilities consist of all portions of the Development other than Lots.

3.4 Increase of Size of Development. As of the recordation of this Declaration it is contemplated that the Development will contain eighty-five (85) Lots being those set forth on Exhibit B attached hereto as Lots 1-85. In addition to the right, as reserved in Section 3.1 to change the number and type of Lots as contained in the Development, and to alter the size, location and improvements located on the Common Areas And Facilities, the Declarant further reserves the right to add Additional Property to the Development by filing an appropriate instrument in the Office of the Register Of Deeds of Henderson County, North Carolina subjecting such Additional Property to the terms and provisions of this Declaration, regardless of whether at such time Declarant shall own a sufficient number of Lots to permit it to amend this Declaration pursuant to the provisions of Article 11 of this Declaration or Section 47F-2-117 of the Act, reflecting such change or alteration. In the event that the Declarant shall exercise any of the rights contained herein, either to alter the size and location of the Lots or to add Additional Property, then the undivided interests in the Common Areas And Facilities shall be altered either in the Development or the Additional Property, as the case may be, and Declarant shall record an appropriate instrument adjusting such Allocated Interests as are described on Exhibit B attached hereto. Further, Declarant shall be absolutely and completely absolved and relieved from any liability or responsibility with respect to any determination of the appropriate Allocated Interests, Votes in the Association, and liability for (Allocated Interests in) Common Expenses in conjunction therewith, so long as Declarant exercises such discretion in good faith.

3.5 Allocation of Interests in Common Areas and Facilities. The Allocated Interests in the Common Areas and Facilities, Votes in the Association, and liability for (Allocated Interests in) Common Expenses are allocated among the Lots located within the Development as follows: the undivided interests in the Common Areas and Facilities, Votes in the Association and liability for Common Expenses, shall be allocated among the Lots located within the Development in equal shares for each type unit or lot ie: single family or town homes all as shown on Exhibit B attached hereto. In the event that Declarant shall exercise the right to subject Additional Property to the terms and provisions of this Declaration as described in

Section 3.4 hereinabove, Declarant shall allocate the Allocated Interest in the Common Areas and Facilities, as described in the immediate preceding sentence. Votes in the Association and liability for (Allocated Interests in) Common Expenses in accordance with such proportion as adjusted for lawn maintenance and structural and exterior repair as provided on Exhibit B.

ARTICLE 4

EASEMENTS

In addition to the easements created and shown by the Plat, the easements described in this Article 4 from each Owner to each Owner, to the Association and to the Declarant are hereby granted, reserved and established, subject to and in accordance with the following terms and conditions:

4.1 Use and Enjoyment. Every Owner and Occupant shall have a right and easement of use and enjoyment in and to the Common Areas and Facilities located throughout the Development (including the right to access, ingress, and egress to and from his Lot over those portions of the Common Areas and Facilities designated for such purpose), and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions and limitations:

4.1.1 The right of the Association to control the use and enjoyment thereof as provided by the terms of this Declaration, which shall include, but not be limited to, the right of the Association to limit the use and enjoyment thereof to the Owners and their respective Occupants, as well as to provide for the exclusive use and enjoyment of specific portions thereof at certain designated times by an Owner and his Occupants.

4.1.2 The right of the Association to suspend the Vote of an Owner for any period of time during which an Assessment against his Lot remains unpaid or for a reasonable time for infraction of any provision of the Instruments or rules and regulations.

4.2 Utilities. To the extent that any utility line, pipe, wire, or conduit serving any Lot, Lots, or the Common Areas and Facilities shall lie wholly or partially within the boundaries of another Lot or the Common Areas and Facilities, such other Lot, Lots, or the Common Areas and Facilities shall be burdened with an easement for the use, maintenance, repair and replacement of such utility line, pipe, wire or conduit, such easement to be in favor of the Lot, Lots or Common Areas and Facilities served by the same and the Association. Declarant, the Association and each such Owner may assign to any public or quasi-public utility some or all of the rights granted herein.

4.3 Encroachments. If any portion of the Common Areas and Facilities encroaches upon any Lot, or if any Lot encroaches upon any other Lot or upon any portion of the Common Areas and Facilities, as a result of the construction, reconstruction, repair, renovation or restoration of any portion of the Development by Declarant, an easement for the encroachment and for the maintenance, repair, and replacement thereof shall exist so long as the encroachment exists.

4.4 Maintenance and Repair; Overhangs. There shall be an easement in favor of the Declarant, the Association and the Owners through, under and across the Lots, and the Common Areas and Facilities as may be reasonably necessary for the installation, maintenance, repair and replacement of Common Areas and Facilities. Declarant, the Association and each such Owner may assign to any public or quasi public utility some or all of the rights as granted herein. Use of this easement shall be only upon prior notice during normal business hours, except that access may be had at any time in case of emergency. There is also reserved unto the Owner of each Lot an easement over and across a strip or tract of land five (5') feet in width and immediately adjacent to the Lot line of any Lot in which a dwelling is immediately abutting (zero lot line) for the purpose allowing overhangs to encroach, and for purposes of drainage and maintenance and repair of any dwellings, together with the right of ingress, egress and regress for such purpose.

4.5 Rights of Association. There shall be a general easement to the Association, its Directors, Officers, contractors, agents, and employees (including, but not limited to, any manager employed by the Association) to enter upon the Development, or any portion thereof and to enter or take access through the Lots, and the Common Areas and Facilities as may be reasonably necessary for the installation, maintenance, repair and replacement thereof, for making emergency repairs and for other work for the proper maintenance and operation of the Development and for the performance of their respective duties. Each Owner shall afford to other Owners and to the Association, their respective contractors, agents, representatives, and employees, such access through such Lot as may be reasonably necessary to enable them to perform such work and to exercise and discharge their respective powers and responsibilities. Except in the event of emergencies, however, such easements are to be exercised only during normal business hours and upon advance notice to and with the permission of the Owner or Occupant of a Lot directly affected thereby. The Association shall have the power to grant and accept permits, licenses and easements on, over, across and through the Common Areas and Facilities for the installation, maintenance or operation of the Development. An easement is hereby established for the benefit of the County of Henderson, City of Hendersonville, Town of Laurel Park, Duke Power, BellSouth, Mediacom, Public Service Company and any agency or utility performing any of the following services over, across and through all Common Areas and Facilities for the setting, removal, and reading of water and electricity meters, the maintenance and replacement of water, electricity, sewer, cable service, telephone, natural gas and drainage facilities. In addition thereto, an easement is hereby established over all of the Development for the benefit of the County of Henderson, City of Hendersonville, Town Of Laurel Park and all other agencies and personnel performing any of the following duties and services for the fighting of fire, mail delivery, private parcel delivery, collection of garbage, ambulance services, and police protection.

4.6 Rights of Declarant. So long as Declarant owns any Lot primarily for the purpose of sale, Declarant and its duly authorized contractors, representatives, agents and employees shall have a transferable easement for the maintenance of signs, a sales office, a business office, promotional facilities and models for the Development, together with such other facilities as in the opinion of the Declarant may be reasonably required, convenient, or incidental to the completion, renovation, improvement, development or sale of Lots or dwellings on Lots within the Development. The Declarant may use any Lots for models and/or sales offices, or dwellings on Lots within the Development, which Lots may be changed from time to time. During the period that Declarant owns any Lot, Declarant, its duly authorized contractors, representatives, agents and employees, shall have a transferable easement on, over, through, under and

across the Common Areas and Facilities for the purpose of making improvements on the Development and the Additional Property, and for the purpose of doing all things reasonably necessary and proper in connection therewith. In exercising the easements reserved by Declarant in this Section 4.6, Declarant shall cause as little interruption and inconvenience as possible under the circumstances and further, Declarant shall remove any construction debris and repair any damage or unsightly conditions within a reasonable time.

4.7 Expansion. In the event Declarant exercises the option to expand set forth in Section 3.4, Declarant, its contractors, agents and employees, shall have an easement over and through the Lots, and the Common Areas and Facilities as may be reasonably necessary for the purpose of exercising such options to expand and for constructing the improvements thereon.

ARTICLE 5

MAINTENANCE AND REPAIR

5.1 Association. The Association shall maintain, repair and replace all portions of the Common Areas and Facilities, except as may be herein otherwise specifically provided herein. Further, the Association shall maintain the lawn and landscaping on the Single Family and Town Home Lots installed by Declarant, or by the Owner, with approval of Declarant, or after the expiration of the Declarant Control Period, with approval of the Association. Further, the Association shall maintain, repair and replace the structural exterior of any wall surface or exterior framing components or roof, porch, deck, patio and exterior portion of the dwelling units located on the Single Family and Town Home Lots. No diminution or abatement of Assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of repairs or improvements which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, order or directive of any municipal or other governmental authority. The Association shall have all of the responsibilities as provided in G.S. §47F-3-107 of the Act with respect to maintenance, repair or replacement.

5.2 Lot Owner. Except as provided in Section 5.1 above, each Lot Owner shall maintain, repair and replace all portions of his Lot, including the dwelling unit located thereon, except those portions, if any, as have been subjected to use by the Association for the benefit of exercising one or more of the Easements contained hereinabove. In no event shall the Association have any responsibility for maintaining any portion of the Lot except as specifically provided herein, except, that in the event that any Lot Owner shall fail to maintain any portion of his Lot so as to render same in substantial disrepair, the Association shall have the right, after reasonable notice to such Lot Owner, to go upon such property and maintain same.

ARTICLE 6

ASSESSMENTS

6.1 Lien. Each Owner covenants and agrees to pay to the Association all Assessments (general and special) provided by this Declaration which shall be fixed, established, and collected from time to time as hereinafter provided. The proportionate liability of each Lot and its Owner for Assessments shall be as set out in the Schedule of Lot Information, as amended in accordance with Article 3. All Assessments and other charges provided by this Declaration, together with interest thereon and cost of collection thereof as hereinafter provided, shall be a charge against and a continuing lien upon the Lot against which each such Assessment or charge is made. Each Owner shall be personally liable for Assessments coming due on his Lot while he is the Owner. Any Lot shall be conveyed subject to a lien for any unpaid Assessments subject to the provisions of Section 6.7 hereof. No Owner may waive or otherwise escape liability for Assessments by non-use of the Common Areas and Facilities or abandonment of his Lot.

6.2 General Annual Assessment. The amount of all Common Expenses not specially assessed against one or more but less than all of the Lots pursuant to the provisions of this Declaration, less the amount of all undistributed and unreserved Common Profits, shall be assessed against the Lots in accordance with the Schedule of Lot Information attached as Exhibit B. The general annual Assessment shall be established by the Board of Directors in the manner set forth in this Section. During that portion of the Association's fiscal year from the recording of this Declaration to the end of such fiscal year, the annual Assessment applicable to each Lot shall be as set forth in the estimated budget for the Development delivered to each purchaser of a Lot. At least thirty (30) days prior to the annual meeting of the Association, the Association shall prepare and submit in writing to the Owners an estimated budget of the Common Expenses for the next succeeding fiscal year to be paid by Assessments collected from the Owners, together with the amount of the annual Assessment payable by each Owner during such fiscal year. If the estimated budget proves inadequate for any reason at any time during the year, then upon the affirmative Vote of Owners or Directors having at least two-thirds (2/3rds) of the total Vote, the Board of Directors may levy at any time a further Assessment against the Owners and notify the Owners accordingly. If for any reason an annual budget is not approved by the Board, a payment in the amount required by the last prior Assessment shall be due upon each Assessment due date until changed by a new Assessment. Common Expenses of the Association to be paid through annual Assessments shall include, but shall not necessarily be limited to, the following:

6.2.1 Management fees and expenses of administration, including management, legal and accounting fees.

6.2.2 Utility charges for utilities serving the Common Areas and Facilities and charges for other common services.

6.2.3 The cost of any master or blanket policies of insurance purchased for the benefit of all Owners and the Association as required by this Declaration, including fire and other hazard coverage, on Common Areas and Facilities, public liability coverage, and such other insurance coverage as the Board of Directors determines to be in the interest of the Association and the Owners.

6.2.4 The expense of maintenance, operation and repair of the Common Areas and Facilities as well as any maintenance upon the Lots which is the responsibility of the Association under the provisions of Article 5, if such expense is not covered by a Special Assessment.

6.2.5 Charges for any utilities provided to the Lots and not separately metered to a Lot, which shall be a Common Expense of the Association.

6.2.6 Such other expenses as may be determined from time to time by the Board of Directors to be Common Expenses, including, without limitation, taxes and governmental charges not separately assessed against each Lot, other than ad valorem real property taxes.

6.2.7 The establishment and maintenance of an adequate reserve fund or funds, including any initial capital assessment assessed against the Owner upon purchase of a Lot, for the periodic maintenance, repair and replacement of those Common Areas and Facilities (including Limited Common Areas and Facilities including building exteriors ie, roofs, porches, decks and patios) which the Association may be obligated to maintain and of a reserve to cover operating contingencies or deficiencies arising from unpaid Assessments or liens, emergency expenditures, and other matters, as may be authorized from time to time by the Board of Directors.

6.2.8 Any and all other Common Expenses as are permitted by the Act.

The general annual Assessment for Common Expenses described above shall be paid by and collected from the Owners in accordance with their respective proportionate liabilities for Assessment. Each Owner shall be obligated to pay such Assessments to the Association in equal installments paid no less frequently than monthly, but as specifically established by the Board of Directors. In any year in which there is an excess of Assessments and other income over expenditures, the Board of Directors, by resolution and without the necessity of a Vote of the Owners, shall determine either to apply such excess or any portion thereof against and reduce the subsequent year's Assessments or allocate the same to one or more reserve accounts of the Association described above. Any of the foregoing provisions of this paragraph which may be construed to the contrary notwithstanding, no Assessment shall be payable under this paragraph by any Owner until this Declaration is filed of record. Therefore, the first annual Assessment payable under this Paragraph shall be prorated according to the number of days remaining in the Association's fiscal year after the date on which this Declaration is filed of record.

6.3 Special Allocation of Assessments. Any Common Expenses occasioned by the conduct of less than all the Owners or their Occupants may be specially assessed by the Board of Directors against the Lot or Lots, the conduct of any Owner or Occupant of which occasioned any such Common Expenses. Any Common Expenses benefiting less than all of the Lots may be assessed by the Board equitably among the Lots so benefited. Except or otherwise specifically provided in this Declaration there shall be no special Assessments against any particular Lots for any Common Expenses associated with the maintenance, repair, restoration, renovation or replacement of any Limited Common Area and Facilities; rather, such expenses shall be Common Expenses. The special allocation of assessments provided for in this paragraph shall be levied by the Board of Directors in its reasonable judgment, and the amount and due date(s) of such Assessments so specially allocated by the Board shall be as specified by the Board. In no event shall the Association or any member of the Board have any liability for any judgment or decision made reasonably and in good faith under this paragraph.

6.4 Special Assessments for Capital Improvements. In addition to the special and general Assessments authorized above, and in addition to the Special Assessments for reconstruction or repair of casualty damage, the Board of Directors may levy Special Assessments for the purpose of defraying, in whole or in part, the cost of any capital addition to or capital improvement of the Common Areas and Facilities (including the necessary fixtures and personal property related thereto), or for the cost of repair or replacement of a portion of the Common Areas and Facilities (including the necessary fixtures and personal property related thereto), which is for the benefit of all Owners; provided, however, any special Assessment levied by the Board of Directors under and pursuant to the provisions of this Section must first have the affirmative Vote of Owners having at least two thirds (2/3rds) of the total Vote in a meeting duly called and held for such purpose. Owners shall be assessed for Assessments against their respective Lots, and the due date(s) of any such special Assessments shall be specified by the Board of Directors or committee assessing same.

6.5 Non-Payment of Assessments; Remedies of Association. Any Assessment, or portion thereof, not paid when due shall be delinquent, and the Board of Directors shall have the duty to enforce the collection of all delinquent Assessments. Nothing contained herein shall be intended to create any personal liability on the part of any such Director for failure to collect such Assessments. Any Assessment, or portion thereof, not paid within thirty (30) days after the due date shall constitute a lien on such Owner's Lot when filed of record in the office of the Clerk of Superior Court, Henderson County, in the manner provided for filing statutory liens against real property. If the same is not paid within thirty (30) days after the due date, then a late charge of ten percent (10%) of the amount of each Assessment or installment thereof not paid when due, shall also be due and payable to the Association. If any Assessment or portion thereof is delinquent for a period of more than thirty (30) days, and then is not paid within ten (10) days after written notice is given to Owner to make such payment, the entire unpaid balance of the Assessment for the year in question may be accelerated at the option of the Board of Directors and be declared due and payable in full, and proceedings may be instituted to enforce such obligation and/or lien. Such notice shall be sent by certified mail, return receipt requested, to the Owner, both at the address of the Lot and at any other address or addresses the Owner may have designated to the Association in writing, specifying the amount of the Assessments then due and payable, together with authorized late charges. The Board of Directors may suspend the Vote of the Owner, as well as the right of such Owner the use of the Common Areas And Facilities, during the period in which any Assessment or portion thereof remains unpaid and after at least ten (10) days written notice is given to the Owner as aforesaid, and the Association may bring an action at law against the Owner obligated to pay the same or foreclose its lien against such Owner's Lot in accordance with the provisions of G.S. §47F-3-116, as amended, in which event late charges and costs of collection shall be added to and included in such lien, with such costs of collection to include court costs, the expenses of sale, any expenses required for the protection and preservation of the Lot and reasonable attorneys' fees. For the purposes of this Article, the amount of delinquent Assessments, if any, shall be considered a indebtedness and shall be evidenced by this Section 6.5 and therefore evidence of indebtedness shall exist hereby. All payments on account shall be applied first to the aforesaid costs of collection, then to late charges and then to the Assessment lien first due. All late charges collected shall be part of the Common Profits. Each Owners vests in the Board of Directors the right and power to bring all actions against him personally for the collection of said Assessments as a debt and to foreclose the aforesaid lien in the same manner as other liens for the improvement of real property. The lien provided for in this Article shall be in favor of the Association and shall be for the benefit of all Owners. The

Association, acting through the Board, shall have the power to bid in the Lot at any Foreclosure sale and to acquire, hold, lease, encumber and convey the same. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Areas and Facilities or abandonment of his Lot.

6.6 Priority of Lien. The lien for Assessments, once perfected, shall be prior to all other liens and encumbrances except only (a) the lien for real estate taxes on that Lot and (b) the lien of a Mortgage securing sums unpaid to Mortgagee or other lien or encumbrance recorded prior to the perfection of said lien for Assessment. The sale or transfer of any Lot shall not affect the Assessment lien.

6.7 Deed in Lieu of Foreclosure. Notwithstanding anything contained in this Declaration or the Act which may be construed to the contrary, in the event any First Mortgagee that is an Institutional Mortgagee shall acquire title to any Lot by virtue of any deed in lieu of foreclosure of a First Mortgage, such First Mortgagee shall not be liable for, nor shall such Lot be subject to a lien for any Assessment chargeable to such Lot on account of any period prior to the time such First Mortgagee shall so acquire title to such Lot; provided, however, that Common Expenses collectible thereafter from all Owners, including such First Mortgagee, shall be paid as set forth in this Declaration and this provision shall not relieve the Owner from personal liability for such Assessment

ARTICLE 7

ADMINISTRATION

7.1 Administration by the Association. The Association shall administer the Development, and have the rights and duties with respect thereto, as set out in and subject to the Instruments and the Act.

7.2 Control by Declarant. The Declarant shall have the right to appoint or remove all Directors and Officers or to exercise powers and responsibilities otherwise assigned to the Association, Board or Officers by the Instruments until the first to occur of: (i) the expiration of ten (10) years after the date of the recording of this Declaration; (ii) one hundred twenty (120) days after the date as of which Lots to which eighty-five percent (85%) of the undivided interests in the Common Areas and Facilities appertain shall have been conveyed by Declarant to Owners; (iii) two (2) years after Declarant has ceased to offer Lots for sale in the ordinary course of business; or (iv) the surrender by Declarant of such rights by an express amendment to this Declaration executed and recorded by Declarant, without the need for consent or joinder by any person. (the "Declarant Control Period"). Upon the expiration of the Declarant Control Period such rights shall automatically pass to the Owners (including Declarant if Declarant then owns one or more Lots) and a special meeting of the Association shall be called as set forth in the Bylaws. At such time, Declarant shall convey marketable fee simple title to the Common Areas And Facilities to the Association. The Association shall have no right or authority to consent or refuse to consent to such transfer. At such meeting, the Owners shall elect a Board of Directors, subject to the provisions of Article VII of the Articles of Incorporation attached hereto. Further, any management or other agreement or any lease entered into during the period of Declarant Control shall be subject to cancellation without cause and without penalty or termination fee upon not more than ninety (90) days prior written notice.

7.3 Duties and Powers. The duties and powers of the Association shall be those set forth in the North Carolina Nonprofit Corporation Act, this Declaration, the Act and the other Instruments, together with those reasonably implied to affect the purposes of the Association. Except to the extent otherwise required, the North Carolina Nonprofit Corporation Act, this Declaration, the Act, or the other Instruments, the powers herein or otherwise granted to the Association may be exercised by the Board of Directors, acting through the Officers, without any further consent or action on the part of the Owners. Subject to and in accordance with the provisions or limitations set forth in the Bylaws, each Director and each Officer shall be entitled to be indemnified by the Association in connection with any threatened, pending or completed action, suit or proceeding with respect to which such person was or is a party by reason of the fact that such person is or was a Director or Officer.

7.4 Property. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring the same, shall be held for the benefit of the Owners as herein provided and for the purposes herein stated. The shares of the Owners in the funds and assets of the Association cannot be individually assigned, hypothecated or transferred in any manner except as an appurtenance to a Lot. In any year in which there is an excess of Assessments over expenditures, such surplus shall be applied in accordance with the provisions of Article 6.

7.5 Rules and Regulations. Without limiting the generality of this Article, the Board of Directors shall have the power and authority to make, amend, and revoke reasonable rules and regulations concerning the use of the Lots and the Common Areas and Facilities as set forth in the Bylaws.

7.6 Professional Management. The Board of Directors may employ a professional management firm to manage the operation and affairs of the Development and the Association. Any management firm employed shall be employed pursuant to a written agreement executed on behalf of the Association by a Majority of the Board of Directors. All such management agreements shall be terminable by the Association with cause upon thirty (30) days written notice and without termination fee and upon ninety (90) days prior written notice and without termination fee without cause, and the term thereof may not exceed one (1) year. The management firm shall be the agent of the Board of Directors and the Association. To the extent permitted by law, the Board of Directors shall be authorized to delegate to such management firm such of the duties and powers of the Association and of its Board of Directors and Officers as the Board of Directors shall determine. The Declarant or any person affiliated with Declarant may be employed as the professional management firm pursuant to this Section; provided, however, that notwithstanding the foregoing, any contract or agreement of any kind with the Declarant or any person affiliated with the Declarant whether for professional management or for another purpose shall be terminable by either party thereto without cause and without payment of a termination fee upon no more than ninety (90) days prior written notice.

7.7 Enforcement of Director's Duties. In the event that the Board of Directors shall fail to perform any duty or duties which, under the terms and provisions of this Declaration or the other Instruments, are to be performed by it, any Owner or First Mortgagee who is aggrieved by such failure shall have the right to proceed in equity to compel the Board of Directors to perform such duty or duties. In no event, however, shall any Director have any liability to any Owner or First Mortgagee for any failure

by the Board of Directors to perform any such duty or duties, except to the extent specifically provided in the North Carolina Nonprofit Corporation Act.

ARTICLE 8

INSURANCE

8.1 General Obligation and Authority. The Association shall obtain not later than the first conveyance of a Lot and maintain at all times (a) insurance for all of the insurable improvements on the Development (with the exception of improvements and betterments made and/or owned exclusively by the respective Owners or Occupants) against loss or damage by fire or other hazards, including extended coverage, vandalism, malicious mischief, debris removal, cost of demolition, windstorm, and water damage, in an amount consistent with full replacement value of such insurable improvements, (b) fidelity coverage against dishonest acts on the part of its Directors, Officers, employees, agents and volunteers responsible for handling funds belonging to or administered by the Association in an amount at least equal to the sum of three (3) months Assessments plus reserves or in such greater amount as the Board may determine, (c) comprehensive public liability insurance, in amounts established by the Board of Directors from time to time, but in no event shall such amounts be less than One Million Dollars (\$1,000,000.00) for single limit coverage, and (d) such other types of insurance either required by applicable governmental authority or law or authorized by the Board of Directors from time to time. When any policy of insurance has been obtained by or on behalf of the Association, written notice of the obtainment thereof, and of any subsequent changes therein or termination thereof shall be promptly furnished to each Owner by the Officer required to send notices of meetings of the Association. In the event activities are conducted within a Lot such as to materially increase the premium or cost of insurance obtained pursuant to the provisions hereof, then in that event, the increased amount of such premium shall be assessed against such Lots in accordance with Section 6.3.

ARTICLE 9

RECONSTRUCTION OR REPAIR OF CASUALTY DAMAGE

9.1 Reconstruction or Repair. In the event of damage by fire or other casualty to the Common Areas And Facilities or any part thereof, the provisions of this Article shall govern the repair and reconstruction. The terms "repair" or "reconstruction" as used herein shall mean repairing or restoring the Common Area And Facilities to substantially the same condition in which it existed prior to the fire or other casualty (excluding improvements and betterments made by an Owner or Occupant) with each Lot and the Common Areas And Facilities having the same boundaries as before. Any repair or reconstruction may reasonably take into account changes in construction and design techniques and materials and the cost or availability thereof. The portion of the Common Area And Facilities so damaged shall be repaired or replaced promptly by the Association unless (a) said portion of the Common Area And Facilities are terminated, ie, removed or deleted from inclusion within the Common Areas And Facilities (b) repair or replacement would be illegal under any State or local health or safety statute or ordinance, or (c) the Owners of Lots located within the Development decide not to rebuild by a Vote of at least eighty percent

(80%). The cost of any such repair or replacement in excess of insurance proceeds and reserves shall be a Common Expense with respect to the Development. If the entire Development is not repaired or replaced, (1) the insurance proceeds attributable to the damaged Common Areas And Facilities shall be used to restore the damaged area to a condition compatible with the remainder of the Development, (2) the remainder of the proceeds shall be distributed to all the Owners or lienholders within the Development, as their interest may appear, in proportion to their interest in the Common Areas And Facilities.

9.2 Damage and Destruction.

9.2.1 Claims, Adjustments and Repair Estimates. Immediately after any damage or destruction to all or any part of the Common Areas And Facilities covered by insurance purchased by 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 with respect to property losses of Owners and obtain reliable and detailed estimates of the cost of repair or reconstruction of such damaged or destroyed property.

9.2.2 Responsibility for Repair or Reconstruction. All of the work of repairing or reconstructing any portion of the Common Areas And Facilities, the damage to or destruction of which resulted in the payment of any insurance proceeds under any insurance policy maintained by the Association, shall be the responsibility of the Association and shall be performed under the supervision of the Board of Directors. In discharging such supervisory responsibility, the Board of Directors shall be authorized, but shall not be obligated, to reemploy as its agent or consultant such building supervisors or architects as the Board of Directors shall determine. Any fees which shall be payable to any such building supervisor or architect as shall be employed by the Board of Directors, shall be a Common Expense.

9.3 Insurance. Each Owner shall secure and maintain in full force and effect, at such Owner's expense, one or more insurance policies insuring Owner's Single Family Home or Townhouse and the improvements therein for the full replacement value thereof against loss or damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief.

Each Owner, at Owner's expense, shall secure and maintain in full force and effect comprehensive personal liability insurance for damage to person or property of others occurring in said Owner's Single Family Home or Townhouse, in an amount not less than the amount designated by the Association. Owner shall provide the Association with satisfactory evidence that such insurance as herein required is in full force and effect and the Association will be given thirty (30) days notice prior to the expiration or cancellation of any Owner's insurance coverage. In the event Owner fails or refuses to maintain such insurance coverage as herein required, the Association may, but shall not be obligated to, through its agent or representative, secure and maintain such insurance coverage for Owner's benefit, and the cost or expense thereof shall be deemed a special assessment levied by the Association against the Owner and Owner's Single Family Home or Townhouse in accordance with the other provisions of this Declaration, and the Owner covenants and agrees to pay the Association such special assessment upon demand.

This insurance provision may be modified or amended to substitute one comprehensive insurance policy covering all Single Family Homes or Townhouses provided the approval of a majority of the Owners is obtained and approval by 75% of the owners and holders of first deeds of trust on the Single Family Home or Townhouse is obtained. Such approvals shall be in writing but need not be acknowledged and shall be attached to an amendment to this Declaration, which amendment shall be executed only by the Association and recorded in the Henderson County Registry.

ARTICLE 10

ARCHITECTURAL CONTROL, USE RESTRICTIONS AND SALE OR LEASING OF UNITS

To assure a community of congenial Owners and thus protect the value of the developed Lots, the Development shall be subject to the restrictions set forth in this Article and in the rules and regulations of the Association.

10.1 Approval Required for Changes. To preserve the architectural appearance of the Development, no construction, painting or other changes of any nature whatsoever shall be commenced or maintained by any Owner, other than Declarant, with respect to the exterior of any dwelling on a Lot, or any other portion of the Development, including any Common Areas And Facilities appurtenant thereto, nor shall any exterior addition to or change or alteration therein be made, unless and until the plans and specifications showing the nature, kind, shape, color, height, materials, and location of the same shall have been submitted and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors or by an architectural committee of Owners appointed by the Board of Directors. This provision shall not be construed or intended to limit or restrict routine repainting in the same or substantially the same color as such structure was previously painted, routine landscaping and trimming and normal routine maintenance and repair with the same or similar materials. Any modifications, alterations or additions to the lawn or landscaping of the Single Family Home or Townhouse. Lots must be approved by the Association. An Owner may make improvements and alterations within or the dwelling on his Lot. No Owner shall impair any easement without first obtaining the written consent of the Association and of the Owner or Owners and their Mortgagees for whose benefit such easement exists.

10.2 Lighting. The design, type, location, size, intensity, and color of all exterior lights (including both those mounted as part of the original design or otherwise in place at the time of the conveyance of a Lot to an Owner and those mounted with the consent of the Board of Directors) shall be subject to the prior written approval of the Board of Directors.

10.3 Residential Purposes. Except for Declarant's rights as set forth herein, all Lots shall be, and the same hereby are, restricted exclusively to residential use, and the occupancy thereof shall be subject to such restrictions as the Board of Directors may establish pursuant to the rules and regulations of the Association. The Board of Directors is given full and complete judgment, whether a proposed use is in violation of the restrictions set forth herein. In no event shall the Association or any member of the Board have any liability for any judgment or decision made reasonably and in good faith under this paragraph.

10.4 Signs. Except as may be required by legal proceedings and except as permitted in accordance with Section 4.6 hereof, no "For Sale" or "For Rent" signs of any kind shall be maintained or permitted on any portion of the Development, without the express written permission of the Declarant, so long as Declarant retains the right to appoint the Board of Directors and, thereafter, without the express prior written permission of the Board of Directors. Notwithstanding the foregoing, the provisions of this Section shall not apply to any signs maintained by the Declarant, its agents, representatives, or assigns, during the period that the Declarant has a Lot for sale, or to any notice or other advertisement posted on any community bulletin board by an Owner or his licensed real estate broker or agent or to a "For Sale" sign posted by a Mortgagee who becomes the Owner as purchaser at a Foreclosure Sale conducted with respect to a Mortgage or as a transferee pursuant to any proceeding in lieu thereof, subject to reasonable rules and regulations established by the Board of Directors with respect to such "For Sale" sign. The foregoing shall not apply to the signs placed by Declarant upon, and becoming a portion of, the Common Areas and Facilities at each entrance to the Development which identifies the name of the Development and the street and directional signs placed by Declarant at various locations on the lots and on the Common Areas and Facilities which gives directions to each Single Family Home or Townhouse and identifies the Occupant. The maintenance responsibility for such signs shall rest with the Association.

10.5 Pets. No animals or birds, or any kind of pet, shall be kept or maintained on any portion of the Development, except that, notwithstanding the foregoing, Owners may keep and maintain no more than two (2) typical domestic pets, with dogs not exceeding forty (40) pounds. All such animals shall be further subject to such reasonable rules and regulations as the Association may impose.

10.6 Use of Common Areas and Facilities. The use and enjoyment of the Common Areas And Facilities by the Owner and their Occupants shall be subject to such reasonable rules and regulations as may be made and amended from time to time in accordance with Section 7.5 of this Declaration. This Section is for the mutual benefit of all Owners and is necessary for the protection of all Owners.

10.7 Antennas. No antenna or other device for the transmission or reception of television signals, radio signals, or any form of electromagnetic wave or radiation shall be erected, used or maintained outdoors on any portion of the Development, whether attached to a building or structure or otherwise, without the express written permission of the Declarant, so long as Declarant retains the right to appoint the Board of Directors and, thereafter without the express written permission of the Association; provided, however, that Declarant and the Association shall have the right to erect, construct and maintain such devices. Notwithstanding the foregoing, any such device which may not be prohibited by the Association or the Declaration pursuant to the Federal Communications Act, or other similar statutory provision, shall be deemed herewith approved and permitted.

10.8 Motor Vehicles, Trailers, Boats, etc.. Automobiles shall be operated and parked only upon those portions of the Common Areas And Facilities designated for such purpose on the Plat or by the Board of Directors. Other motor vehicles, including, without limitation, mobile homes, motor homes, truck campers, trailers of any kind, and boats, shall not be kept, placed, stored, or parked on any portion of the Development, with the exception of motor vehicles temporarily parked on the Development for purposes of repairs of portions of the Development or for deliveries. The provisions of this Section 10.8

shall not be applicable to any such motor vehicles, campers, boats, etc. which are parked at all times within a garage and operated or removed from within such garage solely to be moved from the Development for utilization of such motor vehicles, etc. or return from without such Development to such garage.

10.9 Nuisances. No rubbish or debris of any kind shall be dumped, placed or permitted to accumulate upon any portion of the Development, except in containers specifically designated for such purpose, nor shall any odors be permitted, so as to render any portion of the Development unsanitary, unsightly, offensive or detrimental to persons using or occupying other portions of the Development. No nuisance shall be permitted to exist or operate upon any portion of the Development so as to be offensive or detrimental to persons using or occupying other portions of the Development. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on the Development.

10.10 Prohibited Activities. Noxious or offensive activities shall not be carried on in any Lot, or in any part of the Common Areas And Facilities. Each Owner and Occupant shall refrain from any act or use of his Lot or the Common Areas And Facilities which could reasonably cause embarrassment, discomfort, annoyance or nuisance to the other Owners and Occupants, or which would result in the cancellation of insurance on any portion of the Common Areas And Facilities, or which would be in violation of any law or governmental code or regulation. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any portion of the Development.

10.11 Governmental Regulations. All governmental building codes, health regulations, zoning restrictions, and the like applicable to the Development shall be observed. In the event of any conflict between any provision of any such governmental codes, regulations, or restrictions and any provision of this Declaration, the more restrictive provision shall apply.

10.12 Exterior Appearance. To provide a neat, attractive and harmonious appearance throughout the Development, no awnings, shades, screens or other items shall be attached to, hung or used on the exterior of any window or door of any building without the prior written consent of the Board of Directors or an architectural committee appointed by the Board of Directors. Further, no foil or other reflective material shall be used on any windows or sun screen, blinds, shades or any other purpose so as to be visible from the exterior of the structure.

10.13 Sale Period. Notwithstanding any provisions contained in this Declaration to the contrary, during the period of the sale of the Lots it shall be expressly permissible for Declarant, its contractors, agents, employees, assigns, and representatives to maintain and carry on, upon such portion of the Development as Declarant may deem necessary, such facilities and activities as in the sole opinion of Declarant may be reasonably required, convenient or incidental to the completion and sale of the Lots, including, but without limitation, business offices, signs, model units, and sales offices. The right to maintain and carry on such facilities and activities on the Submitted Property for such purposes and to use any Lots on the Development for such purposes and to use any Lots owned by Declarant as model units

and as offices for the sale of the Lots and related activities, such units being located and described as provided herein and in the other Instruments. Furthermore, the provisions of Sections 10.1 through 10.12 and Section 10.14 shall not be applicable to Declarant during such period.

10.14 Sale, Leasing, Timesharing. The following provisions shall apply to sales, leases, or time sharing of Lots.

10.14.1 The right of any Owner, including Declarant, to sell, transfer, convey, mortgage, encumber, or pledge the Lot owned by such Owner shall not be subject to any right of first refusal or any similar restriction in favor of the Association or Declarant.

10.14.2 No Owner may lease his Lot for transient or hotel purposes. Any Lease shall be subject in all respects to the provisions of the Instruments and the rules and regulations of the Association; and any failure by the Lessee to comply with the terms of such Instruments shall be a default under the Lease, and any Lease shall so provide. In the event of non-compliance by any tenant or other occupant of a Lot with the terms of the Instruments, the Board of Directors shall have the right to require the Owner or lessee of such Lot to terminate such lease because of such default or cause the Owner to effect compliance and additionally, to levy a charge or fine against the Owner of such Lot for such non-compliance.

10.14.3 Time-sharing or timeshares as defined in the North Carolina Time Share Act (N. C. General Statute 93-A-39 et seq) is prohibited.

ARTICLE 11

GENERAL PROVISIONS

11.1 Amendment. This Declaration may be amended by the affirmative Vote of Owners having at least sixty-seven percent (67%) of the total Vote of the Association. Notwithstanding anything to the contrary, so long as the same shall not (a) adversely affect the title to any Lot, (b) change the percentage of undivided ownership interest in and to the Common Areas and Facilities appurtenant to any Lot, except as otherwise provided or (c) materially alter or change any Owner's right to the use and enjoyment of his Lot, Common Area And Facilities as set forth in this Declaration, each Owner and Mortgagee agrees that, if requested to do so by Declarant during the Declarant Control Period, such Owner and Mortgagee shall consent to the amendment of the Instruments, (i) if such amendment is necessary to bring any provision hereof or thereof into compliance or conformity with, or remove any conflict or inconsistency with, the provisions of any applicable governmental statute, rule, regulation, including without limitation, the provisions of a judicial determination which shall be in conflict therewith, (ii) if such amendment is required by the governmental statutes, laws, rules or regulations applicable to or promulgated by a governmental lender or purchaser of mortgage loans, or (iii) if such amendment is necessary to obtain permanent financing from a Mortgagee relative to any Lot. Amendments to this Declaration or the other Instruments may be proposed by Declarant, by the Board of Directors, or by petition signed by Owners having at least thirty percent (30%) of the total Votes of the Association. Agreement of the required majority of Owners to any amendment of the Instruments shall be evidenced by their execution of the

amendment. Any such amendment of the Instruments, including this Declaration, shall become effective only when recorded or at such later date as may be specified in the amendment itself. The written consent of any Mortgagee required with respect to such amendment shall also be recorded in such amendment but no such consent shall be required with respect to amendments made by Declarant during the Declarant Control Period.

11.2 Eminent Domain. In the event that all or part of the Development shall be taken by any authority having the power of eminent domain, the allocation of the award for such condemnation and all related matters, such as the reallocation of undivided interests in the Common Areas and Facilities, Liabilities for Assessments and Votes, shall be handled as follows:

11.2.1 If any Lot or portion thereof or the Common Areas and Facilities or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the holder of any First Mortgage on a Lot will be entitled to timely written notice of any such proceeding or proposed acquisition, and no provision of this Declaration will entitle the Owner or other person to priority over any Mortgagee with respect to the distribution of the proceeds of any award or settlement relating to such Lot.

11.2.2 In the event all or any part of the Common Areas And Facilities shall be taken in condemnation or by eminent domain, each Owner hereby grants an irrevocable power of attorney to the Association to represent such Owner in any and all condemnation proceedings, negotiations, settlements, and agreement with the condemning authority. The award for such taking shall be payable to the Association for the use and benefit of the Owners and their respective Mortgagees as their interest may appear and shall be distributed by the Board of Directors as hereinafter provided.

11.2.3 If part of the Common Areas and Facilities is acquired by condemnation or eminent domain, the award must be paid to the Association for the benefit of the Owners. Any portion of the award attributable to the acquisition of a portion of the Common Areas and Facilities must be apportioned among the Owners of the Lots, to which that portion of the Common Areas and Facilities was allocated at the time of acquisition.

11.2.4 The court decree relative to such condemnation or eminent domain shall be recorded in the Office of the Clerk of Superior Court, Henderson County, North Carolina.

11.3 Rights of Third Parties. This Declaration shall be recorded for the benefit of Declarant, the Owners and their Mortgagees as herein provided, and by such recording, no adjoining property owner or other person shall have any right, title or interest whatsoever in the Development or in the operation of continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights of Declarant and such Mortgagees as herein provided, the Owners shall have the right to cancel, extend, modify, amend or otherwise change the provisions of this Declaration without the consent, permission or approval of any adjoining owner or third person.

11.4 Termination. The Common Areas And Facilities shall remain undivided and no Owner nor any other person shall bring any action for partition or division of any part of the Common Areas And Facilities.

11.5 Enforcement. Each Owner shall comply strictly with the provisions of the Instruments and rules and regulations of the Association. In the event of a violation or breach, or threatened violation or breach, of any of the same, the Association or, in a proper case, any aggrieved Owner or Owners, jointly and severally, shall have the right to proceed at law or in equity to compel compliance therewith or to prevent a threatened violation or breach thereof. In addition to all other remedies, the Association, or a duly authorized agent thereof, shall have the right to enter upon any portion of the Common Areas And Facilities where a violation exists and, at the expense of the violating Owner, abate or remove any structure, thing or condition that may be or exist contrary to the intent and meaning of the Instruments or rules and regulations, if after notice and hearing as set forth in the Bylaws, it shall not have been corrected by such Owner. Neither the Association, nor its agents, shall be deemed guilty or liable for any manner of trespass for such entry, abatement or removal. Should the Association employ legal counsel to enforce any of the foregoing or any other rights or remedies of the Association, all costs incurred in such enforcement, including a reasonable fee for counsel shall be paid by the violating Owner. Inasmuch as the enforcement of the provisions of the Instruments and rules and regulations is essential for the protection of present and future Owners, it is hereby declared that any breach thereof cannot be adequately compensated by recovery of damages, and that the Association or, in any proper case, any aggrieved Owner or Owners, in addition to all other remedies may require and shall be entitled to the remedy by injunction to restrain any such violation or breach or threatened violation or breach. No delay, failure or omission on the part of the Association, or any aggrieved Owner or Owners in exercising any right, power or remedy herein provided shall be construed as an acquiescence thereto or shall be deemed a waiver of the right to do so thereafter, as to the same violation or breach, or as to a violation or breach occurring prior or subsequent thereto, and shall not bar or affect its enforcement. No right of action shall accrue nor shall any action be brought or maintained by anyone whatsoever against the Association or its Officers or Directors for or on account of any failure to bring any action on account of any violation or breach, or threatened violation or breach, of the provisions and regulations, however long continued, or for the imposing of provisions which may be unenforceable.

11.6 Exhibits. All exhibits referred to in and attached to this Declaration or any other Instruments are hereby incorporated in this Declaration or such other Instruments in full by this reference.

11.7 Duration. The provisions of this Declaration shall run with and bind the land, shall be binding upon and inure to the benefit of all Owners and Mortgagees, their heirs, executors, legal representatives, successors, and assigns, and shall be and remain in effect for a period of twenty (20) years, from the date this Declaration is recorded, after which time this Declaration shall be automatically extended perpetually for successive periods of ten (10) years, to the extent permitted by North Carolina law.

11.8 Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the opinion of the Declarant or the Board of Directors, will best effect the intent of the general plan of the Development. The provisions hereof shall be liberally interpreted, and if necessary, they shall be so extended or enlarged by implications

as to make them fully effective. The effective date of this Declaration shall be the date it is filed of record. In the event of any conflicts or inconsistencies between the Act, this Declaration or the Bylaws, the terms and provisions of this Declaration, in that order, shall prevail.

11.9 Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities or to individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

11.10 Rights of Mortgagees and Owners. In addition to the rights of Mortgagees elsewhere provided, each Mortgagee and each Owner shall: (a) be entitled to written notice from the Association of any default by an Owner in the performance of his obligations under the Instruments which is delinquent for a period of more than thirty (30) days specifically including any delinquency in payment of an Assessment; (b) be entitled to receive notice of and to designate a representative to attend and observe all meetings of Owners, but not meetings of the Board of Directors; (c) be entitled to receive written notice of any condemnation loss or any casualty loss which affects a material portion of the Submitted Property or any Lot on which a Mortgagee holds a Mortgage; (d) be entitled to receive thirty (30) days prior written notice of any lapse, cancellation, or material modification of any insurance policy or fidelity bond maintained by the Association; (e) be entitled to receive written notice of any proposed action which would require the consent of a specified percentage of the Mortgagees; and (f) be furnished copies of annual financial reports within one hundred twenty (120) days after the end of the Association's fiscal year; provided, however, that such Owner or Mortgagee shall first file with the Association a written request (setting forth the name of such Owner or Mortgagee and the Lot Designation of the Lot with respect to which such request is made) that notices of default, notices of meetings and copies of financial reports be sent to a named agent or representative of the Mortgagee or Owner at an address stated in such notice. Further, each Mortgagee and Owner shall, upon request, be entitled to inspect the books, records and financial statement of the Association (including the Instruments and other documents) during normal business hours. Any First Mortgagee shall, upon written request, be entitled to an audited, review or compilation financial statement of the Association for the immediately preceding fiscal year, whichever shall have been prepared, free of charge to the First Mortgagee so requesting it.

11.11 Responsibility for Maintenance of Private Streets and Parking Areas. The maintenance responsibility for the private streets and parking areas which comprise a portion of the Common Areas And Facilities shall rest with the Association.

11.12 Contract for Installation of Electric Service. Declarant reserves the right to subject the Development to a contract with Duke Power Company for the installation of underground electric cables and/or installation of street lighting, either or both of which may require a continuing monthly payment to Duke Power Company by the Association.

11.13 Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any portion of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect

any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

11.14 Captions. The captions of each Article and Section hereof as to its contents are inserted only for convenience and are in no way to be construed as defining, extending or otherwise modifying or adding to the particular Article or Section.

11.15 Person to Receive Service of Process. Philip T. Green, Jr. is designated as the registered agent of the Association in the Articles of Incorporation and, therefore, shall receive service of process in any action which may be brought against or in relation to the Development as agent therefor. His address for such purpose is: 106 Chadwick Avenue, Hendersonville, NC 28792. Such registered agent shall be changed from time to time by the filing of an appropriate designation in the Office of the Secretary of State of North Carolina.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed under seal as of the day and year first above written.

DECLARANT:

P.T. GREEN FAMILY LIMITED PARTNERSHIP,
a North Carolina Limited Partnership

By: 

PHILIP T. GREEN, JR.
General Partner

STATE OF NORTH CAROLINA

COUNTY OF HENDERSON

I, a Notary Public of the County and State aforesaid, do certify that PHILIP T. GREEN, JR., General Partner of P.T. GREEN FAMILY LIMITED PARTNERSHIP, a North Carolina Limited Partnership, personally appeared before me, this day and acknowledged the due execution of the forgoing instrument.

Witness my hand and official stamp or seal, this 19th day of August, 2003.

Marilyn W. Talkam
Notary

My commission expires: My Commission Expires August 9, 2007

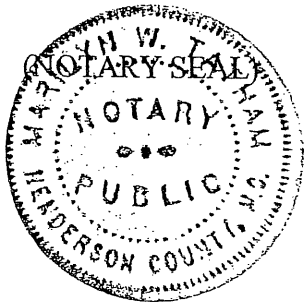


EXHIBIT A
TO
DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
SHAWS CREEK FARM
SUBMITTED PROPERTY

BEGINNING at an angle iron, said angle iron being located at the northernmost corner of the property of (now or formerly) John Henry Corhn as described in Deed Book 798, Page 217, said Beginning Point also being located North 75° 20' 40" West 1145.34 feet from N.C.G.S. Monument "Belding"; AND RUNNING THENCE FROM SAID POINT AND PLACE OF BEGINNING along and with the northwestern boundary of the property of (now or formerly) Phyllis M. Maxwell as described in Deed Book 767, Page 67, and along and with the northwestern boundary of (now or formerly) Carl R. Hedstrom as described in Deed Book 840, Page 54, and shown at Plat Slide 1660, South 22° 05' 20" West 627.84 feet, passing an existing iron pin at 231.74 feet, to a point located near a power pole; thence continuing along and with the western or northwestern boundary of the property of (now or formerly) Hedstrom and along and with the western or northwestern boundary of the property of (now or formerly) Jerry C. Efland as described in Deed Book 900, Page 352 and along and with the western or northwestern boundary of the property of (now or formerly) Barry Fitzpatrick as described in Deed Book 1072, Page 161, South 11° 55' 20" West passing a power pole near the corner of a chain link fence at 181.63 feet, a total distance of 545.00 feet to an existing iron pin, said existing iron pin being located in the boundary of the property of (now or formerly) Fitzpatrick; thence continuing along and with the western boundary of the property of (now or formerly) Fitzpatrick, and along and with the western or northwestern boundary of the property of (now or formerly) Steve Kaschyk described in Deed Book 754, Page 577. and along and with the western or northwestern boundary of the property of (now or formerly) Dorothy Kaschyk described in Deed Book 574, Page 427, South 08° 25' 06" West 319.00 feet to a new iron pin thence South 60° 14' 26" West 394.80 feet to a point in the center line of Davis Mountain Road; thence in a counterclockwise direction generally along and with the center line of the right of way of Davis Mountain Road, with the arc of a curve having a radius of 183.74 feet, and arc length of 93.67 feet, a chord length of 92.66 feet and a chord bearing of North 48° 21' 46" West to a point; thence continuing generally along and with the center line of Davis Mountain Road the following courses and distances: North 62° 58' 03" West 53.61 feet to a point, North 68° 04' 25" West 72.84 feet to a point, North 67° 04' 13" West 70.98 to a point and North 72° 06' 14" West 44.64 feet to a point; thence continuing generally along and with the center line of Davis Mountain Road in a clockwise direction along and with the arc of a curve having a radius of 415.20 feet, an arc length of 151.95 feet, a chord length of 151.10 feet and a chord bearing of North 61° 37' 10" West to a point; thence continuing generally along and with the center line of Davis Mountain Road, North 51° 08' 07" West 23.24 feet to a point; thence leaving the center line of Davis Mountain Road, along and with the southern or southeastern boundary of the property of (now or formerly) Gary B. Johnson described in Deed Book 1024, Page 354 and along and with the eastern or southeastern boundary of the property of (now or formerly) N. G. Tennis, Inc. as described in Deed Book 1091, Page 512, passing an angle at 116.65 feet, North 21° 54' 20" East 1017.36 feet to a an existing iron stake; thence continuing along and with the eastern or southeastern boundary of the property of (now or formerly) N.G. Tennis, Inc., North 22° 02' 04" East 150.05 feet to an existing iron pin control corner, said corner being the western or northwesternmost corner of the property

of (now or formerly) Robert D. Self as described in Deed Book 1037, Page 61, South $66^{\circ} 24' 06''$ East 398.33 feet to an existing iron pin control corner, said existing iron pin control corner being the southern or southwesternmost corner of the property of (now or formerly) Self; thence along and with the eastern boundary of the property of (now or formerly) Self, North $23^{\circ} 14' 43''$ East passing an existing iron pin at 422.98 feet, 445.16 feet to a point located in White Pine Drive (S.R. 1173); thence continuing generally along and with the center line of White Pine Drive, North $43^{\circ} 01' 07''$ West 122.13 feet to a point; thence continuing generally along and with the center line of White Pine Drive, in a counterclockwise direction with the arc of a curve having a radius of 281.81 feet, an arc length of 163.96 feet, a chord length of 161.66 feet, and a chord bearing of North $59^{\circ} 41' 10''$ West to a point; thence continuing generally along and with the center line of White Pine Drive, in a clockwise direction with the arc of a curve having a radius of 877.27 feet, an arc length of 137.34 feet, a chord length of 137.20 feet, and a chord bearing of North $71^{\circ} 52' 07''$ West to a P.K. nail; thence North $22^{\circ} 02' 04''$ East 18.33 feet to a point, said point being the southernmost corner of the property of (now or formerly) Rheta Jones as described in Deed Book 483, Page 492; thence continuing along and with the eastern boundary of the property of (now or formerly) Rheta Jones, North $27^{\circ} 22' 55''$ East 128.10 feet to a point located at or near the edge of the pavement of U.S. 64 (60' right of way); thence within the right of way of U.S. 64 and generally with the edge of the pavement along the southern margin of U.S. 64, South $62^{\circ} 07' 20''$ East 420.00 feet to a point, South $39^{\circ} 39' 40''$ East 57.00 feet to an existing iron pin and South $58^{\circ} 59' 40''$ East 99.00 feet to the point and place of BEGINNING and being a tract or parcel of land containing 21.17 acres more or less and being the greater portion of that property shown on plat recorded on Plat Slide 4334, Henderson County Registry.

EXHIBIT B
TO
DECLARATION OF COVENANTS AND RESTRICTIONS
FOR
SHAWS CREEK FARM
DEVELOPMENT

IDENTIFYING #	UNDIVIDED INTEREST IN COMMON AREAS	VOTES IN ASSOCIATION	SHARE OF LIABILITY FOR COMMON EXPENSES
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SCHEDULE OF LOT INFORMATION

1.	1.2813%	1.2813%	1.2813%
2.	1.2813%	1.2813%	1.2813%
3.	1.2813%	1.2813%	1.2813%
4.	1.2813%	1.2813%	1.2813%
5.	1.2813%	1.2813%	1.2813%
6.	1.2813%	1.2813%	1.2813%
7.	1.2813%	1.2813%	1.2813%
8.	1.2813%	1.2813%	1.2813%
9.	1.2813%	1.2813%	1.2813%
10.	1.1649%	1.1649%	1.1649%
11.	1.1649%	1.1649%	1.1649%
12.	1.1649%	1.1649%	1.1649%
13.	1.1649%	1.1649%	1.1649%
14.	1.1649%	1.1649%	1.1649%
15.	1.1649%	1.1649%	1.1649%
16.	1.1649%	1.1649%	1.1649%
17.	1.1649%	1.1649%	1.1649%
18.	1.1649%	1.1649%	1.1649%
19.	1.1649%	1.1649%	1.1649%
20.	1.1649%	1.1649%	1.1649%
21.	1.1649%	1.1649%	1.1649%
22.	1.1649%	1.1649%	1.1649%
23.	1.1649%	1.1649%	1.1649%
24.	1.1649%	1.1649%	1.1649%
25.	1.1649%	1.1649%	1.1649%
26.	1.1649%	1.1649%	1.1649%
27.	1.1649%	1.1649%	1.1649%
28.	1.1649%	1.1649%	1.1649%
29.	1.1649%	1.1649%	1.1649%
30.	1.1649%	1.1649%	1.1649%
31.	1.1649%	1.1649%	1.1649%
32.	1.1649%	1.1649%	1.1649%
33.	1.1649%	1.1649%	1.1649%

IDENTIFYING #	UNDIVIDED INTEREST IN COMMON AREAS	VOTES IN ASSOCIATION	SHARE OF LIABILITY FOR COMMON EXPENSES
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SCHEDULE OF LOT INFORMATION

34.	1.1649%	1.1649%	1.1649%
35.	1.1649%	1.1649%	1.1649%
36.	1.1649%	1.1649%	1.1649%
37.	1.1649%	1.1649%	1.1649%
38.	1.1649%	1.1649%	1.1649%
39.	1.1649%	1.1649%	1.1649%
40.	1.1649%	1.1649%	1.1649%
41.	1.1649%	1.1649%	1.1649%
42.	1.1649%	1.1649%	1.1649%
43.	1.1649%	1.1649%	1.1649%
44.	1.1649%	1.1649%	1.1649%
45.	1.1649%	1.1649%	1.1649%
46.	1.1649%	1.1649%	1.1649%
47.	1.1649%	1.1649%	1.1649%
48.	1.1649%	1.1649%	1.1649%
49.	1.1649%	1.1649%	1.1649%
50.	1.1649%	1.1649%	1.1649%
51.	1.1649%	1.1649%	1.1649%
52.	1.1649%	1.1649%	1.1649%
53.	1.1649%	1.1649%	1.1649%
54.	1.1649%	1.1649%	1.1649%
55.	1.1649%	1.1649%	1.1649%
56.	1.1649%	1.1649%	1.1649%
57.	1.1649%	1.1649%	1.1649%
58.	1.1649%	1.1649%	1.1649%
59.	1.1649%	1.1649%	1.1649%
60.	1.1649%	1.1649%	1.1649%
61.	1.1649%	1.1649%	1.1649%
62.	1.1649%	1.1649%	1.1649%
63.	1.1649%	1.1649%	1.1649%
64.	1.1649%	1.1649%	1.1649%
65.	1.1649%	1.1649%	1.1649%
66.	1.1649%	1.1649%	1.1649%
67.	1.1649%	1.1649%	1.1649%
68.	1.1649%	1.1649%	1.1649%
69.	1.1649%	1.1649%	1.1649%
70.	1.1649%	1.1649%	1.1649%

IDENTIFYING #	UNDIVIDED INTEREST IN COMMON AREAS	VOTES IN ASSOCIATION	SHARE OF LIABILITY FOR COMMON EXPENSES
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SCHEDULE OF LOT INFORMATION

71.	1.1649%	1.1649%	1.1649%
72.	1.1649%	1.1649%	1.1649%
73.	1.1649%	1.1649%	1.1649%
74.	1.1649%	1.1649%	1.1649%
75.	1.1649%	1.1649%	1.1649%
76.	1.1649%	1.1649%	1.1649%
77.	1.1649%	1.1649%	1.1649%
78.	1.1649%	1.1649%	1.1649%
79.	1.1649%	1.1649%	1.1649%
80.	1.1649%	1.1649%	1.1649%
81.	1.1649%	1.1649%	1.1649%
82.	1.1649%	1.1649%	1.1649%
83.	1.1649%	1.1649%	1.1649%
84.	1.1649%	1.1649%	1.1649%
85.	1.1649%	1.1649%	1.1649%