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**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
CHANDLER WOODS TOWNHOMES**

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

**THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL
SIGNS.**

Drawn by and upon recording, please return to:

Michael F. King, Esq.
K&L Gates LLP (Vault Box #123)
P.O. Box 17047, Raleigh, North Carolina 27619-7047



**DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS
FOR
CHANDLER WOODS TOWNHOMES**

This Declaration is made as of the date of its recordation in the office of the Register of Deeds for Orange County, North Carolina, by **CALATLANTIC GROUP, INC.**, a Delaware corporation (“Declarant”) with reference to the following facts:

W I T N E S S E T H:

WHEREAS, Declarant is the owner of certain real property commonly known as Chandler Woods Townhomes subdivision (“Chandler Woods Townhomes”), which real property, together with such portions of the Additional Land (as hereinafter defined), if any, as Declarant may elect to add to such property by filing of a Map thereof and supplemental filing pursuant to Article 15 hereof, shall be hereinafter referred to as **CHANDLER WOODS TOWNHOMES** located in Orange County, North Carolina and more particularly described in Article 2 below (“Property”). Declarant intends to improve the Property as a planned residential development by developing such real property into Lots appropriate for attached single-family dwellings and Common Area for the common use and enjoyment of the Owners; and

WHEREAS, Declarant owns or may hereafter own real property in Orange County, North Carolina located adjacent or proximate to the property hereinabove described (which, if applicable to this Declaration, is more particularly described on Exhibit B attached hereto and made a part hereof and referred to herein as the “Additional Land”). Declarant may, with the consent of the Master Declarant, but without the consent of any other Owner, by one or more supplemental filings pursuant to Article 15 hereof, make all or any portion of the Additional Land, if any, subject to this Declaration and a part of Chandler Woods Townhomes subdivision; and

WHEREAS, Chandler Woods Townhomes comprises a portion of the development known as Chandler Woods and the Property is subject to the Master Declaration of Covenants, Restrictions and Easements of Chandler Woods Subdivision recorded in Book 6561, Page 501 of the Orange County Registry (as amended and supplemented from time to time, the “Master Declaration”);

WHEREAS, the Master Declaration contemplates that separate easements, covenants, conditions and restrictions may be imposed with regard to the Property and that a sub-association may be established for the management and administration of the Property pursuant to a sub-association declaration; and

WHEREAS, Declarant intends to develop Chandler Woods Townhomes under a common scheme and general plan for its improvement and maintenance; and

WHEREAS, for this purpose Declarant intends to (and with respect to the Additional Land, if any, reserves the right to), subject the Property as described in Article 2 below, and so



much of the Additional Land, if any, as shall, from time to time, be annexed in accordance with the provisions of this Declaration, to the covenants, conditions, restrictions, easements, liens, charges, assessments and equitable servitudes set forth in this Declaration, for the benefit of Chandler Woods Townhomes and the future owners of Lots therein; and

WHEREAS, Declarant deems it desirable for the management and administration of the planned development and for the preservation of the values and amenities of the planned development to incorporate Chandler Woods Townhomes Owners Association, Inc. as a nonprofit corporation under the laws of the State of North Carolina for the purposes of administering the limitations, covenants, conditions, restrictions, easements, liens and equitable servitudes created by or imposed in accordance with the provisions hereof, collecting and disbursing the assessments and charges imposed in accordance with the provisions hereof, and for providing exterior maintenance to the Lots as provided herein and for exercising such other powers as may be authorized by this Declaration, by law, or by its Articles of Incorporation and Bylaws; and

WHEREAS, the Association has concurrent jurisdiction over the Property, but this Declaration and the rights and powers of the Association are subordinate to the Master Declaration and the rights and powers of the Master Association. The assessments levied against the Lots by the Association shall include assessments levied against the Property pursuant to the Master Declaration; and

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

NOW, THEREFORE, subject to the rights of Declarant established herein, Declarant hereby declares that the Property and every Lot and Common Area (as hereinafter defined) which is a part of the Property shall be held, occupied, improved, used, mortgaged, transferred, sold, leased, rented, and conveyed subject to the following easements, liens, charges, assessments, equitable servitudes, restrictions, covenants and conditions, which are for the purpose of protecting the value, use, enjoyment and desirability of the Property, and which shall run with such real property and shall be binding on all parties having any right, title or interest in the Property or any part thereof, their heirs, successors and assigns, and shall inure to the use, benefit and enjoyment of each Owner (as hereinafter defined).

ARTICLE 1 DEFINITIONS

The following terms shall have the following meanings when used in this Declaration:

Act. “Act” means and refers to the North Carolina Planned Community Act, Chapter 47F, North Carolina General Statutes as same may be amended from time to time.

Additional Land. “Additional Land” means the real property described on Exhibit B, if any shall be attached hereto, all or any portion of which may from time to time be made subject



to this Declaration pursuant to the provisions of Article 15 hereof and which, when so subjected, shall become a part of the Property.

Annual Assessment. “Annual Assessments” or “annual assessments” shall refer to assessments levied on all Lots subject to assessment under Article 9 to fund Common Expenses for the general benefit of all Lots, as more particularly described in Article 9.

Architectural Control Committee. “Architectural Control Committee” or “ACC”, and sometimes referred to as “Architectural Review Committee” or “ARC”, shall mean the committee of the Master Association created pursuant to Article 13 of the Master Declaration with authorization over new construction, modifications and alterations in the Property.

Articles. “Articles” means the Articles of Incorporation of the Association, including any amendments thereto.

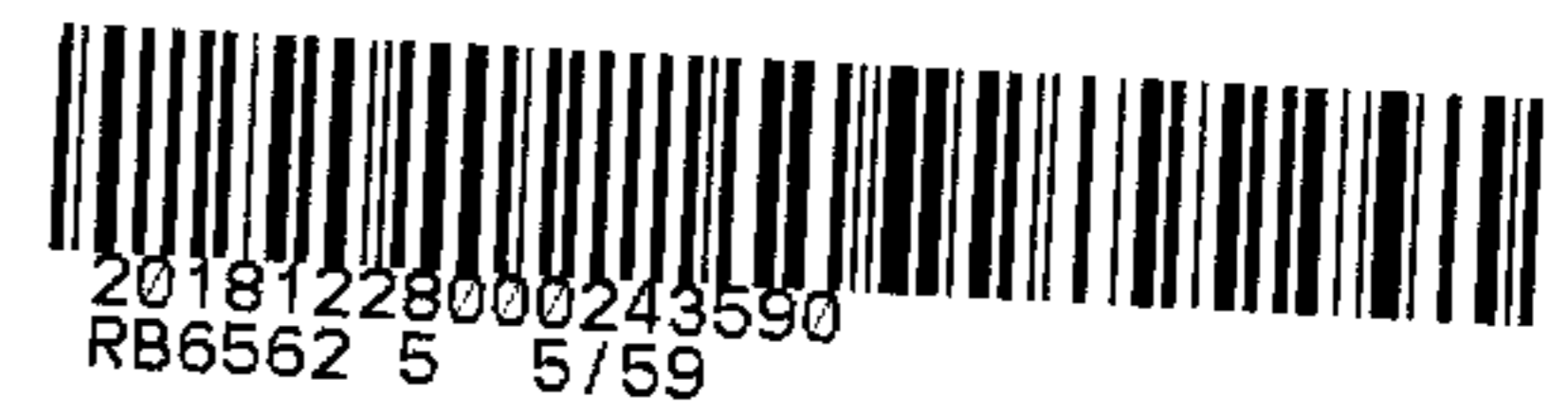
Association. “Association” means Chandler Woods Townhomes Owners Association, Inc., a North Carolina nonprofit corporation, its successors and assigns. The Association is referred to as the Townhome Association under the Master Declaration.

Board. “Board” means the Board of Directors of the Association.

Bylaws. “Bylaws” means the Bylaws of the Association, including any amendments thereto.

Common Area. “Common Area” or “Common Areas” means all real property owned by or held in trust for the benefit of the Association for the common use and enjoyment of its Members, or owned by Declarant and designated for the common use and enjoyment of the Association and its Members, and all improvements and facilities constructed thereon for such purposes, including, but not limited, to any parking area, private streets and curb and guttering related to same, streetlights, constructed on portions of the Property designated “Common Open Space”, “COS,” “Common Area,” “Private Open Space,” or other similar designation on Map(s) of the Property recorded in the public registry of the County. The Common Area is referred to as the Townhome Common Area under the Master Declaration.

Common Expenses. “Common Expenses” shall mean the actual and estimated expenses incurred or anticipated to be incurred by the Association, including any reasonable reserve, all as may be found to be necessary and appropriate by the Board pursuant to the Governing Documents, but shall not include any expenses for initial development, original construction, installation of infrastructure, original capital improvements, or other original construction costs for improvements constructed by Declarant unless approved by a majority of the Voting Power of the Association; provided, however, the repair, maintenance and replacement of such infrastructure or other original capital improvements shall be a Common Expense. Common Expenses shall include (i) all sums lawfully assessed by the Association against its Members; (ii) the actual and estimated expenses incurred or anticipated to be incurred by the Association for administration, maintenance, repair, or replacement of the Common Area; (iii) the actual and estimated expenses incurred or anticipated to be incurred by the Association declared to be Common Expenses by the provisions of the Act, or any Governing Document; (iv) premiums for



hazard, liability, casualty and such other insurance as the Declaration or the Bylaws may require or authorize the Association to purchase or which the Association is required by law to purchase; (v) the actual and estimated expenses incurred or anticipated to be incurred by the Association as agreed by the Members to be Common Expenses of the Association; (vi) fees for services of accountants, attorneys, engineers, managers and other professionals engaged by the Association; (vii) the costs and expenses associated the maintenance, preservation, enhancement, repair and improvement of the exterior of the dwellings and Lot improvements which the Association is required to maintain under Article 6; (viii) unpaid assessments following a foreclosure; (ix) expenses incurred for trash removal providers engaged by the Association to serve the Property; (x) ad valorem taxes and assessment charges lawfully levied against the Common Area owned in fee simple by the Association; (xi) fees for utilities used in connection with the Common Area; and (xi) all expenses classified as Common Expenses pursuant to the Act.

Completion of Sales. “Completion of Sales” means the earlier of (a) the conveyance of all Lots in the Property to purchasers other than a builder or a successor Declarant hereunder, or (b) at such time as Declarant records a Notice of Termination of Sales in the public records of the County.

County. “County” means Orange County in the State of North Carolina.

Declarant. “Declarant” means CalAtlantic Group, Inc., a Delaware corporation, and any successor or assign to whom Declarant assigns its interest as Declarant hereunder in whole or in part by instrument recorded in the official records of the County.

Declaration. “Declaration” means this Declaration and all amendments or supplements hereto. The Declaration is referred to as the Townhome Declaration under the Master Declaration.

Governing Documents. “Governing Documents” is defined as all of the following, as the same may be amended, restated, or supplemented from time to time: Agreements with Governmental Authorities; the Master Declaration; the articles of incorporation and bylaws for the Master Association and any rules or regulations adopted by the Master Association; the Declaration; the Articles of Incorporation and Bylaws of the Association; plats (or maps, those terms being used interchangeably herein) of the Property or any portions thereof recorded in the Registry; declarations of restrictive or protective covenants applicable to the Property or any portion thereof; and documents withdrawing portions of the Property from the Declaration. In addition to the foregoing, Governing Documents includes Rules and Regulations of the Association, Board resolutions, architectural guidelines, all applicable Supplemental Declarations, and all duly adopted amendments and revisions to any of the foregoing documents.

Governmental Authority. “Governmental Authority” (or “Governmental Authorities”) is defined as the Town, the County of Orange, 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 Property or any part thereof, and all applicable departments, divisions, sections, branches, and agencies of any of them, whichever Governmental Authority or entities is/are applicable.



Insurance Trustee. “Insurance Trustee” means a national banking association or title company licensed to do business in North Carolina as may be designated by the Association to hold and disburse funds as trustee for the Association and the Owners, as provided in this Declaration.

Legal Requirement. “Legal Requirement” is defined as and includes any duly adopted and applicable law, ordinance, regulation or requirement of the United States of America, the State of North Carolina, Town, the County, or any other governmental entity or quasi-governmental entity or agency having jurisdiction over the Property or any portion thereof, including any branch, department or division of any of the foregoing governmental and quasi-governmental entities.

Lot. “Lot” and sometimes referred to as “Homesite,” means any numbered lot or plot of land, together with any improvements thereon, which is shown upon any Map covering the Property, or a part thereof, which is not dedicated right-of-way or Common Area (provided, certain Common Area easements may encroach upon a Lot). Each Lot is referred to as a Townhome Lot under the Master Declaration.

Map. “Map” means a recorded boundary, recombination or subdivision plat of all or a portion of the Property recorded in the Orange County Public Registry.

Master Association. “Master Association” means the Chandler Woods Master Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

Master Declarant. “Master Declarant” means CalAtlantic Group, Inc., a Delaware corporation, and any successor or assign to whom Master Declarant assigns its interest as Master Declarant under the Master Declaration in whole or in part by instrument recorded in the official records of the County.

Master Declaration. “Master Declaration” means the Declaration of Covenants and Restrictions of Chandler Woods Subdivision, recorded in Book _____, Page _____, Orange County Registry, as amended and supplemented from time to time.

Member. “Member” means a member of the Association.

Mortgage. “Mortgage” means a mortgage or deed of trust which constitutes a first lien upon a Lot given to a bank, savings and loan association or other institutional lender for the purpose of securing indebtedness incurred to purchase or improve a Lot.

Mortgagee. “Mortgagee” means the holder of the beneficial interest in any Mortgage.

Notice and Opportunity for Hearing. “Notice and Opportunity for Hearing” means giving at least fifteen (15) days’ prior notice of a proposed action and the reasons therefor, and an opportunity to be heard by the Board, orally or in writing, not less than five (5) days before the effective date of the proposed action.



Owner. “Owner” means the record owner, whether one or more persons or entities, of fee simple title to any Lot, and shall include Declarant as to any Lot owned by Declarant. “Owner” shall not include any person or entity who holds an interest in a Lot merely as security for the performance of an obligation or as a tenant. Each Owner is referred to as a Townhome Lot Owner under the Master Declaration.

Person. “Person” means an individual, corporation, partnership, limited liability company, trustee or other legal entity capable of holding title to real property.

Phase. “Phase” means the real estate shown on each Map of the Property, including the portion of Chandler Woods Townhomes described in Article 2 below, as recorded in the Orange County Public Registry.

Property. “Property” means the portion of Chandler Woods Townhomes described in Article 2 below and, when and if subjected to the terms and provisions of this Declaration by Declarant acting in its sole discretion, all or any portion of the Additional Land, if any, and any other real property subjected to this Declaration by Supplemental Declaration recorded pursuant to Article 15 hereof. The Property is referred to as the Townhome Property under the Master Declaration.

Registry. “Registry” shall mean and refer to the Office of the Register of Deeds of Orange County, North Carolina.

Rules and Regulations. “Rules and Regulations” means reasonable and nondiscriminatory rules and regulations as may be adopted from time to time by the Association, provided notice of such rules and regulations has been given to Owners in accordance with the requirements of this Declaration.

Special Assessment. “Special Assessment” or “special assessment” shall mean and refer to assessments levied in accordance with Article 9, Sections 9.06 and 9.07 of this Declaration.

Special Declarant Rights. “Special Declarant Rights” means, without limitation, the rights as defined in Section 47F-1-103(28) of the Act for the benefit of Declarant and its appointees which are hereby reserved in favor of Declarant, including, but not limited to the following: the right to complete, repair, maintain, replace and operate improvements indicated on Maps of the Property, including, without limitation, utility infrastructure, dwellings and Common Area improvements; the right to exercise any development right; the right to maintain sales offices, management offices, construction trailers, models and signs advertising the Property; the right to use easements through the Common Area and through any Lot or Lots for the purpose of making improvements within the Property and repairing, maintaining, replacing and operating improvements within the Property, provided that following the exercise of such rights the Property will be restored, and the right to elect, appoint or remove any officer or Board member of the Association during the period of Declarant control described in Section 8.06.

Supplemental Declaration. “Supplemental Declaration” means a supplemental declaration of covenants, conditions and restrictions which shall be recorded for the purposes of annexing additional property, including all or any portion of the Additional Land, if any, to the



Property and causing such property to be subject to the scheme of covenants, conditions and restrictions contained in this Declaration, and any additional covenants, conditions and restrictions contained in the supplemental declaration of covenants, conditions and restrictions.

Town. “Town” means the Town of Chapel Hill, Orange County in the State of North Carolina.

Town Code. “Town Code” means the Code of Ordinances of Chapel Hill.

Voting Power. “Voting Power” means the total number of votes allocated to Members whose membership at the time the determination of Voting Power is made has not been suspended in accordance with the provisions of this Declaration or the Rules and Regulations. Voting Power shall be computed by including all such Members whether or not such Members are present in person or by proxy at a meeting. All voting specifications and requirements shall apply to the entire Property.

ARTICLE 2 PROPERTY, SUBMISSION AND TERM

2.01. Property. The property subject to this Declaration and within the jurisdiction of the Association is located in Orange County, North Carolina, and is described more particularly on Exhibit A attached hereto and incorporated herein by reference. And when and if subjected to the terms and provisions of this Declaration by Declarant acting in its sole discretion, all or any portion of the Additional Land, if any, and any other real property subjected to this Declaration by Supplemental Declaration recorded pursuant to Article 15 hereof.

2.02. Submission. The Property shall be held, conveyed, hypothecated, encumbered, sold, transferred, leased, rented, used, occupied and improved subject to each and all of the limitations, covenants, conditions, restrictions, easements, liens, charges, assessments and equitable servitudes set forth herein, all of which are declared to be (a) in furtherance of a common scheme and general plan for the development, improvement and maintenance of the Property and (b) for the purpose of enhancing, maintaining and protecting the value, desirability and attractiveness of the Property. All of the limitations, covenants, conditions, restrictions, easements, liens, charges, assessments and equitable servitudes set forth herein shall run with, be binding upon and inure to the benefit of the Property, shall be binding on and inure to the benefit of each and every Person having or acquiring any right, title or interest in the Property, shall be binding upon and inure to the benefit of the successors in interest of such Persons, and shall inure to the benefit of the Association, its successors and assigns.

2.03. Incorporation of Declaration Into Instruments. Any deed or other instrument by which a Lot is conveyed shall be subject to the provisions of this Declaration and shall be deemed to incorporate the provisions of this Declaration, as amended from time to time, whether or not the deed makes reference hereto.



2.04. Term. This Declaration shall remain in force until terminated by the affirmative vote of ninety percent (90%) of the Voting Power of the Association.

ARTICLE 3 COMPLIANCE WITH MANAGEMENT DOCUMENTS

3.01. Compliance with Governing Documents. Each Owner, resident, tenant or guest of a Lot shall strictly comply with the provisions, terms, and conditions of the Governing Documents and decisions and resolutions of the Association and its duly authorized representatives, all as may be amended from time to time, and failure to comply with any such provisions, decisions or resolutions, shall be grounds for an action to recover sums due for damages or for injunctive relief.

3.02. Resolution of Conflicts Between Documents. Each Owner covenants and agrees that the administration of the Property shall be in accordance with the provisions of this Declaration, the Articles, the Bylaws and Rules and Regulations duly adopted by the Association. If there are any matters of conflict or inconsistencies in the Bylaws, Articles and this Declaration, then the provisions of this Declaration shall prevail. In the event that anything shown on a Map for all or any portion of the Property is in any way inconsistent with provisions of this Declaration, then the provisions of this Declaration shall prevail unless otherwise required by law. If a dispute arises among Owners in regard to the administration of the Property, then the provisions of this Declaration shall prevail.

ARTICLE 4 PROPERTY RIGHTS

4.01. Title to the Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey fee simple title to the Common Area depicted on the Maps of the Property to the Association in accordance with applicable Legal Requirements (to the extent such Common Areas can be conveyed in fee simple), free and clear of all encumbrances and liens, except those set forth in this Declaration and utility, greenway and storm drainage easements and other matters of public record in the Registry. In the event a conveyance of the Common Area in fee simple would result in an illegal subdivision, then such Common Area as shown on a Map shall be deemed dedicated to the Association for the benefit of the Association and for the common use and enjoyment of its Members. The Common Area shall be conveyed without any express or implied warranties, which warranties are hereby expressly disclaimed by Declarant. Upon dedication by map or conveyance in fee, maintenance of the Common Area shall be the responsibility of the Association. Title to the Common Areas, including, without limitation, all private streets shall be for the perpetual benefit of the Members, and private or public ownership for any purpose other than for the benefit of the Members is prohibited.

4.02. Common Area Easements. Each Owner shall have a non exclusive perpetual right and easement of use and enjoyment in and to the Common Area and of access to and from such Owner's Lot over any streets, parking areas and walkways comprising a portion of the



Common Area (if any), which rights and easements shall be appurtenant to and shall pass with the title to such Owner's Lot and subject to the following rights and restrictions:

(a) The right of the Association, after Notice and Opportunity for Hearing, to limit the number of guests of an Owner, to charge reasonable fees with respect to the use of Common Area facilities, if any, and to limit the use of said facilities to Owners who occupy a residence in the Property. Common Area facilities may include private streets and no fees, other than assessments, shall be charged for those facilities

(b) The right of the Association to suspend the right of an Owner or any Person to use any Common Area facilities (except drainage rights and rights of access to Lots) (i) for any period during which any fine against a Member or any assessment against such Owner's Lot remains unpaid; and (ii) after Notice and Opportunity for Hearing, for a period not to exceed thirty (30) days for any infraction of the Rules and Regulations;

(c) The right of the Association, subject to the provisions of the Act (Section 3-112), to encumber or convey all or any part of the Common Area.

(d) The right of the Association by action of the Board to grant easements, leases, licenses and concessions through or over the Common Areas.

(e) The right of the Association, subject to the provisions of the Act (Section 3-112), to borrow money to improve, repair, restore and reconstruct the Common Area and to place liens on the Common Area and otherwise encumber the Common Area for such purposes.

(f) The right of the Association by action of the Board to adopt Rules and Regulations governing use and enjoyment of the Common Area and the Property.

(g) The rights of the Association and of Declarant to the use of easements for ingress and egress over, in, to and throughout the Common Area.

(h) The rights of the Association and Declarant to establish public storm drainage easements, sanitary sewer easements, and any and all other easements over the Common Areas as shown on the Maps.

(i) The right of the Association or its representative to enter any Lot in the case of any emergency threatening such Lot or any other Lot for the purpose of remedying or abating the cause of such emergency. Such right of entry shall be immediate.

(j) The right of Declarant, its successors and assigns to make any improvements for any reason they deem proper upon the Common Areas, even after their conveyance to the Association. Declarant hereby reserves an easement over the Common Areas for the purpose of developing the remainder of the adjacent property owned by Declarant. Although not limiting the scope of this easement, this easement shall include the right of access at all times for its employees, agent, subcontractors, invitees, etc., over



the Common Areas and shall include the right to construct, maintain and dedicate any additional drainage easements, general utility easements and any additional sanitary sewer or water line easements across any of the Common Areas. This easement shall terminate upon the completion of the development of the adjacent property owned by Declarant or ten (10) years from the date hereof, whichever first occurs. Provided that following construction, the Common Areas shall be restored to their former condition as is practicable and in no event shall any security interest, including without limitation, mechanics and materialmen liens, encumber the Common Areas because of the work authorized herein.

(k) The right of the Association to enter any Lot in order to perform any maintenance, alteration, or repair required herein to be performed by the Association, and the Owner of such Lot shall permit the Association or its representatives to enter for such purpose at reasonable times and with reasonable advance notice (except with respect to grass and landscaping maintenance, if any, which shall be performed, without notice, at reasonable times as determined by the Association).

(l) The Association shall accept from Declarant any and all assignments of Declarant rights and obligations under any part or all of the Declaration, any Supplemental Declaration, any easements, any encroachment agreement with a governmental authority, or any other agreement with or permit issued by a governmental authority, a utility provider, or any other Person, and any document required to be executed with respect to the Property by a governmental authority, including assumption of all Declarant or Association obligations which are contained in such documents and agreements or which are incident to such assignments, as they relate to any Common Area, architectural approvals or other functions or services performed or provided by the Association.

4.03. Delegation. Any Owner may delegate his or her rights of use and enjoyment of the Common Area and any facilities thereon to the members of his or her family or household residing on his or her Lot and to his or her guests and invitees while in possession of his or her Lot, subject, however, to reasonable restrictions imposed by the provisions of this Declaration, the Bylaws and the Rules and Regulations. Subject to the provisions of Section 4.02 of this Declaration, a tenant of an Owner, while residing on such Owner's Lot, shall be entitled to use and enjoy the Common Area and any facilities thereon and to delegate rights of use and enjoyment in the same manner as if such tenant were the Owner of such Lot. No such delegation shall release an Owner from his or her obligations hereunder, including, without limitation, the obligation to pay Annual Assessments and Special Assessments. Upon request, each Owner or tenant shall notify the Secretary of the Association of the names of all Persons to whom such Owner or tenant has delegated any rights of use and enjoyment of the Common Area and the relationship that each such Person bears to such Owner or tenant. Any delegated rights of use and enjoyment are subject to suspension to the same extent as the rights of Owners.

4.04. Reciprocal Easements. There shall be reciprocal appurtenant easements between each Lot and such portion or portions of the Common Area as may be adjacent thereto and between adjacent Lots for the flow of rainwater from gutters and downspouts, including, without limitation, the conveyance of stormwater through pipes and related stormwater facilities



constructed by Declarant on the exterior of the units on the Lots, or the natural sheetflow of rainwater, the repair of fences and similar improvements, lawn maintenance and trash removal (including the transport of sanitary containers for pick up by the applicable disposal service); provided, however, that no such easement shall unreasonably interfere with the use and enjoyment of the Common Area or any adjacent Lot. If any Common Area or Lot improvement encroaches upon a Lot because of the placement, construction, reconstruction, repair, movement, settling or shifting of the improvements constructed by Declarant, or reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist. In addition, Declarant hereby reserves unto itself, its successors and assigns, and hereby grants to the Association and establishes a perpetual alienable easement and right on, over and through the reciprocal easements herein described for the purpose of providing services, at this time known or unknown, to the Lots, including any areas of responsibility (e.g. exteriors of the units on the Lots) that are required by the terms of this Declaration to be completed by Declarant or Association. If any Lot encroaches upon the Common Area as a result of construction, reconstruction, repair, shifting, settlement or movement of any portion of the Property, an easement for the encroachment and for its maintenance shall exist so long as it remains.

4.05. Utility Easements. Any easements for installation, maintenance, use or repair of public utilities or drainage or detention facilities which are dedicated on any Map of the Property, reserved under any deed of any Lot, or created by Declarant in some other way shall be kept free of buildings, and within such easements no structure, fence, planting or other improvement shall be placed or permitted to remain which may damage or interfere with the installation, maintenance, use or repair of such public utilities or drainage or detention facilities, or which may damage, interfere, or change the direction or flow of drainage in the easements. Notwithstanding anything contained herein to the contrary, any such easement dedicated on any Map of the Property, reserved under any deed of any Lot, or created by Declarant in some other way shall be maintained by the Owner(s) of any affected Lot(s) to the extent so encumbered by said easement, including all storm drainage facilities located within any "P. S. D. E." (public storm drainage easement) or "PDE" or "Private Drainage Easement" shown on the Map, except as otherwise indicated by such Map or unless maintenance has been assumed by the Association or any public utility or governmental entity having jurisdiction thereover. All such easements described in this Section 4.05 at all times shall be accessible to Declarant until the Property is completed and at all times shall be accessible to all Persons installing, repairing, using or maintaining such utilities and drainage facilities.

All utility lines of every type, including but not limited to water, electricity, gas, telephone, sewage and television cables, running from the main trunk line or service location to any Lot must be underground. Until the date that is one (1) year after the Completion of Sales, the Declarant reserves unto itself, its successors and assigns, a perpetual alienable easement and right on, over and under the ground to erect, maintain and use water, irrigation, electric, gas, telephone, sewage and television cables, and any other utility lines and conduits for the purpose of bringing public or other services, at this time known or unknown, to the Property on, in, under and over the private streets or roads and over any Lot, and over such areas as are so identified on any Map of the Property or shown on any site plan or construction drawings for the Property on file with and approved by the Town. In addition, the Association may cut, in the above

described easements, as well as any where else as required, at its own expense, drainways for surface water and/or to install underground storm drainage wherever and whenever such action is required by applicable health, sanitation or other state or local authorities, or in order to maintain reasonable standards of health, safety and appearance. In addition, along streets fronting property lines, Declarant reserves the right to install, maintain and repair pedestrian paths, street lights and/or street-side landscaping, which right shall automatically transfer to the Association upon the Completion of Sales. Any easements first established on property not owned by the Declarant must be consented to by the Owner of such property and evidenced on the Map or in recorded instrument creating the easement.

The Declarant may, but shall not be required to, release any of the easements reserved herein as to any Lot for which it deems such easement is unnecessary for the efficient development and operation of the Property.

4.06. No Subdivision of Lots; No Time-Sharing. Other than that effected by Declarant in preparing and recording Maps, or in revising recorded Maps, there shall be no further subdivision or partition of any Lot nor shall any Owner other than Declarant, or any other Person acquiring any interest in a Lot seek any partition or subdivision thereof unless the Association consents to such subdivision or partition as evidenced on a Map. There shall be no time-sharing or other co-ownership which allows multiple Owners sequential possessory interests in a Lot.

4.07. Sale of Common Area. Except as otherwise provided in this Declaration and except as provided in the Act, no sale, transfer, dedication, hypothecation, partition, subdivision, abandonment, release or alienation of the Common Area shall, or may be, effected.

4.08. Declarant's Right to Change Development Plans. With the approval of the Town, Declarant shall have the right, without consent or approval of the Owners, to create Lots and dwelling units, add Common Area, change unit types and reallocate units within the Property, and release or withdraw real property from the development. In addition, Declarant shall have the right to change Common Area and Lot designations, the boundary lines of Common Area and Lots and the location of easements shown on any Map by recording a new Map showing such changes, which Map shall be executed by the Declarant and the Owner of the Common Area or Lot so modified. To the fullest extent permitted by North Carolina law, each Owner covenants by acceptance of the deed or instrument by which its Lot is conveyed not to protest, challenge or otherwise object to (i) changes in uses or density of the Property or Additional Land, or (ii) modifications to the boundary lines of the Common Area and Lots and/or the location of easements shown on any Maps, or (iii) changes in the site plan and other development documents filed with the Town in connection with the Property or Additional Land.

4.09. Rules and Regulations. The Association by Board action shall have the right to adopt, publish and enforce Rules and Regulations governing the Property, the use and enjoyment of the Common Area, and any facilities thereon, and the personal conduct of the Owners or other Persons, their guests, invitees, members of their families or households and tenants. Such Rules and Regulations shall be reasonable, shall not discriminate against Declarant (or have an adverse impact on Declarant or upon the sale of Lots or the construction of improvements thereon), and must be consistent with this Declaration, the Articles and the Bylaws. Rules and Regulations



and any changes thereto shall be effective upon Board approval and shall be mailed or emailed to each Owner addressed to the Owner's address last appearing in the books of the Association, postage prepaid, within thirty (30) days of Board approval.

4.10. Tie In Easements. In connection with its development of the Property, Declarant intends to install public road and public utility infrastructure and private stormwater infrastructure to serve the Property on a Phase by Phase basis in accordance with the construction plans for such public and private infrastructure approved by the requisite governmental authorities ("approved plans"). At such time as Declarant has completed the installation of the public and private infrastructure for each such Phase, to the extent required by the approved plans, Declarant shall have extended certain of such public and private infrastructure to the edge of the property line between such Phase and the adjoining property and shall have created tie in stubs allowing the owner of the adjoining property to tie in and connect to the public and private infrastructure installed by Declarant. Such adjoining property owner(s) shall have the right to tie in to such stubs and use the public and private infrastructure installed by Declarant on the Property in accordance with the approved plans.

4.11. Enforcement. Unless otherwise limited by the terms and provisions of the Act, the Association shall be authorized to impose sanctions for violations of the Governing Documents. Sanctions may include reasonable monetary fines not to exceed \$100.00 per day for each day more than five days after decision that the violation occurs and suspension of the right to vote and to use any facilities within the Common Area after Notice and Opportunity for Hearing (excepting drainage rights and rights of access to Lots). In addition, the Association, through the Board, after Notice and Opportunity for Hearing, shall have the right to exercise self-help to cure violations, and shall be entitled to suspend any services provided by the Association to any Owner or Lot 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 of the Governing Documents or to abate nuisances.

4.12. Party Walls.

(a) General Rules of Law to Apply. Each wall which is built as part of the original construction of the homes upon the Lots and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

(b) Sharing of Repair and Maintenance. The cost of replacement, repair and maintenance of a party wall shall be shared equally by the Lot Owners of the homes which share the wall, in proportion to such use.

(c) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Lot Owner who has used the wall may restore it, and if the other Lot Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the



right of any such Lot Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omission.

(d) Easement and Right of Entry for Repair, Maintenance, and Reconstruction. Every Lot Owner shall have an easement and right of entry upon the Lot of any other Lot Owner to the extent reasonably necessary to perform repair, maintenance, or reconstruction of a party wall and those improvements belonging to his Lot which encroach on an adjoining Lot. Such repair, maintenance, or reconstruction shall be done expeditiously, and upon completion of the work, the Lot Owner shall restore the adjoining Lot or Lots to as near the same condition as that which prevailed prior to commencement of the work as is reasonably practicable.

(e) Weatherproofing. Notwithstanding any other provision of this Section, a Lot Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

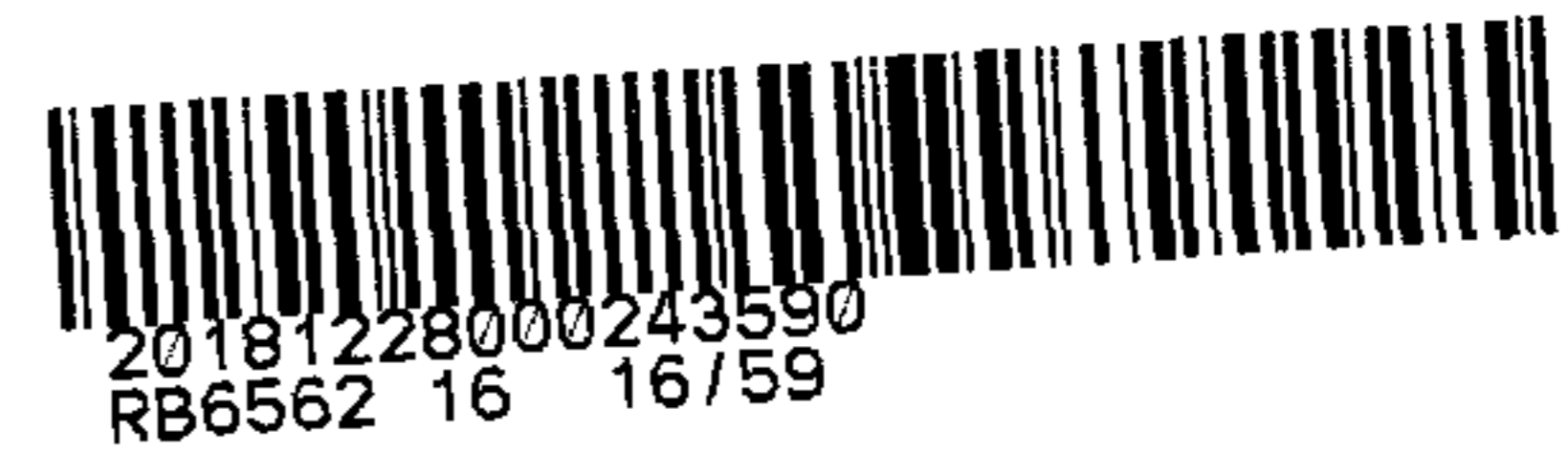
(f) Right to Contribution Runs With Land. The right of any Lot Owner to contribution from any other Lot Owner under this Section shall be appurtenant to the land and shall pass to such Lot Owner's successors in title.

(g) Certification by Adjoining Lot Owner that No Contribution is Due. If any Lot Owner desires to sell his Lot, he may, in order to assure a prospective purchaser that no adjoining property Lot Owner has a right of contribution as provided in this Section, request from the adjoining Lot Owner or Lot Owners a certification that no right of contribution exists, whereupon it shall be the duty of each adjoining Lot Owner to make such certification immediately upon request and without charge; provided, however, that where the adjoining Lot Owner claims a right of contribution, the certification shall contain a recital of the amount claimed.

(h) Arbitration. In the event of any dispute arising concerning a party wall or under the provisions of this Section, the same shall be settled by arbitration in the manner provided under the Uniform Arbitration Act of North Carolina, as the same may be amended from time to time.

4.13. Tenants (a) Owners shall have the right to lease or rent their Lots, provided that any lease or rental agreement between an Owner and a tenant shall be in writing and shall provide that it is in all respects subject to the provisions of this Declaration, the Bylaws, and the Rules and Regulations and that any failure by the tenant to comply with such provisions shall be a default under the rental agreement or lease. However, the failure of any lease or rental agreement to so provide shall not excuse any person from complying with the provisions of this Declaration, the Bylaws, and the Rules and Regulations. No Owner shall place "For Rent" sign or other such similar sign on its Lot to advertise the Lot for rent. In the event an Owner shall rent or lease his or her Lot, such Owner shall immediately give to the Association in writing:

(i) the name of the tenant and the Lot rented or leased;



- (ii) the current address of such Owner;
- (iii) a true and complete copy of the lease or rental agreement; and
- (iv) a certification of the Owner that the tenant has been given a copy of this Declaration, any applicable amendments, the Bylaws and the Rules and Regulations and that such tenant has been advised of any obligations he or she may have thereunder as a tenant.

(b) Any Owner who rents or leases his or her Lot to a tenant shall not be entitled to use and enjoy any common facilities on the Common Area during the period the Lot is occupied by such tenant. In no event shall any lease or rental agreement release or relieve an Owner from the obligation to pay regular and special assessments to the Association, regardless of whether the obligation to pay assessments has been assumed by the tenant in such lease or rental agreement.

(c) Notwithstanding the foregoing, no Owner shall be permitted to lease or rent his or her Lot for hotel or transient purposes. As used herein, the term “hotel or transient purposes” shall mean a lease of the residence located on the Lot for a period of thirty (30) days or fewer.

(d) An Owner may delegate its right to vote to any tenant occupying the Owner’s Lot pursuant to a written lease agreement provided that such delegation is made in writing and delivered to the Association. With respect to the Affordable Housing Units, the written delegation from the Non-Profit Housing Agency (as defined in the Master Declaration) to one or more tenants may be in the form attached hereto as Exhibit C (“Delegation of Membership Rights”). Upon recordation of a Delegation of Membership Rights, the Non-Profit Housing Agent shall deliver a recorded copy to the Association. Notwithstanding an Owner’s delegation of its voting rights, the Owner shall be responsible for causing any tenant occupying the Owner’s Lot to comply with the terms of this Declaration and no such delegation shall release an Owner from his or her obligations hereunder, including, without limitation, the obligation to pay Annual Assessments and Special Assessments. Any such delegation of an Owner’s right to vote may be revoked by the Owner provided that such revocation is made in writing and delivered to the Association. The Association shall maintain copies of any voting rights delegated by Owners to tenants with the Association’s official records.

4.14. Designation of Common Areas. Declarant may designate certain real property, including portions of one or more Lots, and any improvements situated thereon, including, without limitation drainage facilities and retaining walls constructed by Declarant, as Common Area by describing such real property in a document recorded in the Orange County Registry (“Designated Common Areas”). The Association shall be responsible for maintaining the Designated Common Areas and all costs associated with the maintenance, repair, and replacement of such improvements thereon shall be Common Expenses and shall be recovered by Annual Assessments or Special Assessments levied by the Association. Pursuant to the terms of Section 6.05 of the Declaration, the Association shall have the right of access over and upon



the Lots as necessary in connection with any maintenance, repair or replacement of such Designated Common Areas as required hereunder.

ARTICLE 5 COMMON AREA EASEMENTS AND RIGHTS OF WAY; ENCUMBRANCES

5.01. Dedications. The Association by action of the Board shall have the power to grant easements in, on, over, through and across the Common Area for any public or quasi public improvements or facilities and their appurtenances, including, without limitation, street, sewer, drainage, water, gas and sprinkler improvements and facilities, provided (a) any such easement does not unreasonably interfere with the use and enjoyment of the Common Area or any Lot, and (b) the prior written consent of Declarant shall be obtained so long as Declarant owns any Lot. Each Owner, by accepting a deed to a Lot, expressly grants to the Association an irrevocable power of attorney for the purpose of granting such easements in, on, over, through and across the Common Area. The President or other duly designated officer of the Association may execute, acknowledge and record in the official records of the County a certificate stating that the Board is the attorney in fact for the Owners for the purpose of such grant and that such power of attorney is properly exercisable in accordance with this Declaration. The acts of the Board in exercising its power of attorney shall be conclusively binding on all Owners. The power of attorney herein granted shall include authority to do such acts incidental to such grant and to incur such expenses as may be necessary or convenient in connection therewith. The Board, by resolution, shall instruct the appropriate officers of the Association to make, execute and deliver on behalf of any Owner, as his or her interest may appear, any and all instruments, certificates and documents, including but not limited to, releases, waivers, deeds, escrow instructions and conveyances of every kind and nature, as may be deemed necessary or convenient for such dedication or grant.

5.02. Easements in Private Water Lines and Private Sewer Lines. In its development of the Property, the Declarant may construct certain private water lines and private sewer lines within the Property. The Owners of those Lots adjacent to such private water lines and private sewer lines shall have an easement but no more than an easement to utilize such private water lines and private sewer lines. In no case shall the Town, County or the State of North Carolina be responsible for maintaining any private water line or private sewer line. Such maintenance obligations shall be the responsibility of the Association. If any private water lines or private sewer lines encroach upon a Lot because of the placement, construction, reconstruction, repair, movement, settling or shifting of the improvements constructed by Declarant, or reconstructed or repaired in accordance with the provisions of this Declaration, an easement for the encroachment and for its maintenance shall exist. Owners acknowledge that private utility easements may not be shown on Maps of the Property and agree that to the extent a private utility encroaches upon the Lots, such area is defined as Common Area hereunder and the Association shall have the right to place, construct, reconstruct, move, maintain and repair such private utilities.

5.03. Encumbrances. The Association shall have the right to borrow money to improve, repair, restore and reconstruct the Common Area and to place liens on the Common Area and otherwise encumber the Common Area for such purposes upon the vote or written consent of eighty percent (80%) of the Voting Power of the Association, or such lesser percentage as may be required or permitted by the Act.



ARTICLE 6 COMMON AREA AND LOT MAINTENANCE

6.01. Common Area Maintenance by Association. The Association shall repair and maintain the Common Area and any improvements, utilities and facilities located on the Common Area. The Association may, but shall not be obligated to, provide enhanced landscaping and maintenance to those areas and medians located within the rights-of-way for streets located within the Property. Any maintenance or enhancement called for herein shall be subject to the applicable governmental authorities' rules and regulations.

6.02 Lot Maintenance by Association. The Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder as follows: paint, repair, replace and care for roofs, gutters, downspouts, exterior building materials [with the exception of entry doors (including garage doors) and their appurtenant hardware and frames, windows and window frames, and all exterior glass including windows and patio doors and all decks or patios, all of which shall be maintained, repaired and replaced by the Lot Owner provided that the Association shall be responsible for painting exterior doors], trees, landscaping, and grass (as hereinafter limited). Such maintenance as to the Lots shall also include the mowing and trimming of grass (including the grass in the rear yard of each Lot); **provided, however, it shall be the responsibility of each Lot Owner to water the grass, plants, trees and landscaping on or immediately adjacent to its Lot in areas that are not otherwise irrigated.** Such lawn maintenance shall be provided as a part of the grounds contract for the Property by a lawn company selected by the Board. Other than blowing associated with landscaping maintenance, exterior maintenance required by the Association hereunder shall not include the cleaning of patios, decks, walkways, stoops or driveways on the Lots, all of which shall be the responsibility of the Lot Owners. The determination of the need, quality, extent and cost of such maintenance and repairs shall be made by the Board of the Association, which determination shall be reasonable and made upon consistent and non-arbitrary principles adopted by the Board. In the event an Owner elects to install any landscaping improvements on its Lot, the maintenance of such landscaping improvements shall be the sole responsibility of such Owner.

6.03. Maintenance by Lot Owners. Except as provided in Section 6.02 above, all repair, maintenance and replacement of the improvements and utilities located upon a Lot Owner's Lot including the driveway and the walkway from the driveway to the front porch on each Lot and the sidewalk located within the right of way adjoining or adjacent to such Lot Owner's Lot shall be the responsibility of the Lot Owner thereof, including all replacement and repair necessitated by fire or other casualty against which the Lot Owner is required to maintain insurance under the provisions of Article 10 hereof. The Lot Owner of each Lot shall also be responsible for all repair, replacement and clean out of sewer lines and facilities located upon such Lot Owner's Lot from the clean-out to (and including the lines and facilities servicing) the unit. Without limiting the generality of the foregoing, and subject to the terms of this Declaration, a Lot Owner shall be responsible for replacement and reconstruction of improvements on his or her Lot required because of damage or destruction by fire or other casualty. Each Lot Owner shall maintain, repair and replace, at his or her expense, the foundation drain for the Lot, the foundation and structure of the dwelling on the Lot, driveways,



walkways and sidewalks located on the Lot, patios, porches, stoops, doors and door frames, windows and window frames, all exterior light fixtures attached to the Lot Owner's unit and all interior portions of the improvements which shall need repair, including bathroom and kitchen fixtures, light fixtures or other electrical or plumbing equipment, utility pipes, lines and fittings serving the Lot. Further, each Lot Owner shall repair, maintain, and replace, at his or her expense, the heating and air conditioning systems servicing said Lot Owner's unit. Each Lot Owner shall be responsible for interior pest control, **and it shall be the responsibility of each Lot Owner to water the grass, plants, trees and landscaping on or immediately adjacent to its Lot in areas that are not otherwise irrigated.** In the event an Owner elects to install any landscaping improvements on its Lot, the maintenance of such landscaping improvements shall be the sole responsibility of such Owner.

6.04. Negligence. The cost of repair or replacement of any improvement to be maintained and kept in repair by the Association, which repair or replacement is required because of the act or omission of any Owner, the Owner's family, guests, or invitees, shall be the obligation of such Owner and shall be added to and become a part of the assessment to which such Lot is subject.

6.05. Right to Enter. After reasonable notice to the occupant (except in the case of an emergency in which no notice shall be required), the Association or its agents shall have access over and upon any Lot when necessary in connection with any repair, maintenance, or replacement of improvements for which the Association is responsible or to inspect a Lot for violations of this Declaration or for the enforcement of this Declaration, and each Owner shall accept title to his or her Lot subject to such right of access of the Association or its agents.

6.06. Easements for Governmental and Private Utility Operator Access. An unobstructed easement for ingress, egress, regress, and access to the Property is hereby established over the Common Area and every Lot for the benefit of applicable governmental agencies and/or private utility operators for installing, removing, and reading water meters; owning, operating, maintaining, and replacing water, sewer and drainage facilities; and acting for other purposes consistent with public safety, health and welfare, including, without limitation, law enforcement, fire protection, animal control, garbage collection, and the delivery of mail.

6.07. Sign and Landscape Easement. Declarant, for itself, its successors and assigns, including but not limited to the Association, hereby reserves easements over any portion of any Lot designated as "Private Sign & Landscape Easement," "Landscape Easement," "Sign Easement," "Landscape and Sign Easement" or other similar designation on Map(s) of the Property recorded in the public records of the County, for installation, construction, operation and maintenance of landscaping, berms, retaining walls, drainage facilities, private utilities, lighting and irrigation systems, if any, monuments, fencing, signage and other improvements as installed by Declarant on such areas. No fences, structures, driveways, plantings, swings or any other objects, temporary or permanent, shall be permitted in such easements other than those initially installed by Declarant, or its designated successor, without Declarant's prior written approval or, after all Lots are occupied by Owners, the Association's prior written approval. The Association shall at all times have the right of access for its employees, agents and subcontractors over the above-described easement areas for the purpose of constructing,



improving, repairing, replacing, landscaping, planting, mowing and otherwise maintaining the area and amenities within such easements. The Owners of any Lot containing any portion of these easements shall maintain the area not maintained or landscaped by the Declarant or the Association. The reservation of this easement imposes no obligation on Declarant, its successors and assigns, or the Association, to continue to maintain the retaining walls, landscaping or other improvements located within the described easements.

6.08. Professional Management. In the event that Declarant or the Association enters into any contract with any person or entity to provide management or maintenance services for the Property, such contract shall not exceed one (1) year and shall provide that the Association shall have the right to terminate the contract for cause or without cause upon thirty (30) days' written notice without payment of a termination fee.

ARTICLE 7 USE RESTRICTIONS

In addition to the architectural control restrictions set forth in the Master Declaration and in addition to the use restrictions in the Rules and Regulations as promulgated by the Association from time to time, the following use restrictions apply to the Property:

7.01. Residential Use. Except as otherwise provided in this Declaration, Lots shall be used for residential uses for single-family attached dwelling units, including accessory structures and uses, and recreational use related to such residential use and for no other purpose. The Association shall not interfere with any Owner's freedom to determine the composition of his/her household, except that it may enforce reasonable occupancy limits. Except with respect to construction trailers or model homes which may be used or occupied by Declarant, the Lots shall not be leased or rented for hotel or transient purposes and no Owner shall use or cause or permit to be used his or her Lot for any business, commercial, manufacturing or mercantile use or purpose, or for any other nonresidential use or purpose unless it is expressly permissible for Owners to conduct certain business or commercial activities within their residence which do not conflict with local zoning ordinance restrictions and regulations. No such activity shall be conducted which shall unduly burden traffic flows within the Property or cause the parking of non-resident vehicles upon the street for unreasonable or excessive periods of time. It shall be within the discretion of the Board to determine, on a case-by-case basis, which commercial and business related activities will be compatible with the residential nature of the subdivision.

7.02. Unlawful Activity. No unlawful activity shall be conducted on any Lot or in any other part of the Property. Nothing shall be done within the Property that is an unreasonable annoyance, inconvenience or nuisance to the residents of the Property, or that unreasonably interferes with the quiet enjoyment of occupants of Lots. Each Owner shall be considerate of the other Lot Owners within the Property and shall abide by the applicable governmental authority's noise ordinance. No doorways, walkways or streets shall be obstructed in any manner which would interfere with their use for ingress or egress in the event of fire, earthquake or other emergency.



7.03. Property Owners Parking Rights. **No vehicles of any type shall be parked on the street rights of way within the Property, except as may be permitted by the Rules and Regulations.** To enhance the streetscape in the Property, it shall be required that each Owner park its vehicles in the garage on the Lot whenever possible. On street parking is permissible in front of the Lots and along the north-south cul de sac adjacent to the Lots. No vehicles of any type shall be parked or stored on any part of a Lot other than in the garage or driveway of such Lot. All garages shall be used primarily for the storage of vehicles. No vehicles of any type shall be parked on the sidewalk or grass on any Lot. Unless otherwise permitted by the Rules and Regulations no boat, trailer, commercial vehicle, recreational vehicle, camper, or camper truck shall be parked, stored or left (a) on any part of the Common Area, (b) on any part of a Lot, or (c) otherwise within the Property. As used herein, the term “commercial vehicle” shall mean any vehicle having advertising of the Owner’s business or an employer’s business shown thereon and/or equipment, tools, or tool racks attached or affixed to the vehicle. The term “commercial vehicle” shall exclude government-issued vehicles or automobiles of a type commonly used for family transportation notwithstanding that they may have commercial lettering or logos on their exteriors. The Board shall have the authority in its sole discretion to make final determinations as to whether a vehicle is a commercial vehicle on a case by case basis. This restriction shall not apply to sales trailers, construction trailers, or other vehicles which may be used by Declarant and their agents and contractors in the conduct of their business prior to the Completion of Sales. No repairs to or maintenance of any automobile or other vehicle shall be made or performed on any driveway within the Property, except in the case of emergency and except as may be permitted by the Rules and Regulations. No vehicle of any type which is abandoned or inoperative shall be stored or kept on any part of the Common Area or on any Lot or within the Property, and no automobiles or other mechanical equipment may be dismantled or parts thereof stored on any said Lot. Wrecked or damaged vehicles shall only be stored in the garage on a Lot.

An Owner, his or her household or tenants shall not park any vehicle in any undesignated portion of the Property, in any parking space not designated to the Owner’s Lot, on the street rights of way (except as permitted in designated spaces) or on the alleyways within the Property. Owners shall be subject to sanctions if the parking regulations are violated. Sanctions may include reasonable monetary fines not to exceed \$100.00 for each day more than five (5) days after decision that the violation occurs and suspension of the right to vote after Notice and Opportunity for Hearing (except drainage rights and rights of access to Lots). In addition, the Association, through the Board, after notice to the Owner, shall have the right to exercise self-help to cure violations, including the towing of vehicles at the Owner’s expense. The Association shall have the right to require the Owners to register the license plate number of any vehicle of the Owner, tenant or any member of its household with the Association.

7.04. Signs and Curtains. No Owner shall place on or about any window any metallic foil or other coating, substance or material which similarly acts as a reflector of light nor shall an Owner place newspapers, bed sheets, towels or any other material not intended as a window covering in any window. Except as otherwise required by the Town or other applicable governmental authorities, no sign of any kind shall be displayed to the public view on any Lot other than one (1) sign of not more than nine (9) square feet advertising a Lot for sale and signs of not more than nine (9) square feet expressing support of or opposition to political candidates



or other issues which will appear on the ballot of a primary, general or special election, *provided that* such political signs shall not be placed on a Lot earlier than forty five (45) days before such election and shall be removed within seven (7) days after such election. No sign of any kind shall be displayed in or on the Common Area without the prior written consent of the ACC. Notwithstanding the foregoing, Declarant or its agents shall have the right to erect and maintain signs of any type and size on any Lot which it owns and on the Common Area in connection with the development and sale of the Lots.

7.05. Antennas. As provided in Article 13, except for such as are covered by, and installed in strict compliance with, the requirements of the Telecommunications Act of 1996, as amended, no Owner shall construct, install, erect or maintain any outside television or radio pole or receiving antenna, including a satellite dish antenna, and no outdoor television antenna or satellite dish may be erected or installed by an Owner or permitted by an Owner to remain on his or her Lot, without the express written approval of the ACC.

7.06. Intentionally Deleted.

7.07. Fences and Shrubbery. Except as may be constructed by Declarant, no fence or wall shall be erected upon any Lot unless plans therefor have been approved, in advance, by the ACC. Chain link fencing is expressly prohibited. No hedge, shrubbery, or other planting, nor other plant screening shall be installed on any Lot except with the prior written permission of the ACC. Fencing that would interfere with the Association's landscaping maintenance of Lots as required under this Declaration are prohibited. No fence shall be constructed within any public or private easement area unless approved by the ACC.

7.08. Pets.

(a) No animals shall be raised, bred or kept on any Lot or the Common Area, except that dogs, cats, or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes. Each Owner is specifically prohibited from keeping or possessing chickens, roosters, poultry, pigs, goats, bees, rabbits, sheep, horses or any other livestock animal on any Lot. The number of household pets generally considered to be outdoor pets, such as dogs, cats, et cetera, shall not exceed a total of three (3) in number except for newborn offspring of such household pets which are under six (6) months of age. No animal shall be allowed if such animal constitutes an unreasonable annoyance, inconvenience or nuisance to any other Owner. If the Board receives any complaint that an animal constitutes an unreasonable annoyance, inconvenience or nuisance, including, but not limited to a complaint that an Owner's animal is being neglected, improperly treated, or not properly restrained upon such Owner's Lot, or if upon Common Area, not properly leashed, the Board shall afford the Owner of such animal Notice and Opportunity for Hearing, and may require the complainant to present evidence of unreasonable annoyance, inconvenience or nuisance at the hearing, and if the Board finds that such animal constitutes an unreasonable annoyance, inconvenience or nuisance, the Board may require that such animal be removed from the Property. Any time that an animal is outside it must be on a leash and accompanied by the Owner, or some other person. Animals shall not be left unattended



outside even when chained or contained inside a fence, except as may otherwise be approved in writing by the ACC. At no time shall animals be allowed to be chained or tied in the Common Area. Each Owner shall also be responsible for cleaning up the feces of its animals both on its Lot and on the Property.

(b) The Board may adopt Rules and Regulations concerning animals which are more restrictive than the provisions of this Declaration, including (if not already mandated by applicable laws of the Town) rules requiring that all animals be kept on a leash when in the Common Area and/or that animals be restricted to designated areas within the Common Area. The Board may adopt a rule prohibiting certain pets, which is more restrictive than the provisions of this Declaration, except that such rule shall not apply to animals residing in the Property at the time such rule is adopted. In any event, the Board at any time may require that any animal found to be an unreasonable annoyance, inconvenience or nuisance be removed as provided in Section 7.08(a).

7.09. Trash and Vegetation. No trash, rubbish, garbage or other waste material shall be kept or permitted upon any Lot or the Common Area, except in sanitary containers located in the trash screened area and concealed from view. In no event shall trash containers be stored on any Lot or in the alleyways. No weeds, vegetation, rubbish, debris, garbage, waste materials or materials of any kind whatsoever shall be placed or permitted to accumulate on any Lot or any portion of the Property which would render it unsanitary, unsightly, offensive, or detrimental to any property in the vicinity thereof or to the occupants of any property in such vicinity, except as is temporary and incidental to the bona fide improvement of any portion of the Property. Job site debris shall be removed from all Lots at least weekly. Grass, hedges, shrubs, vines and mass planting of any type on any Lot or any portion of the Property shall be kept trimmed and shall at regular intervals be mowed, trimmed and cut so as to appear neat and attractive. It shall be each Owner's responsibility to water the lawn and the plants on its Lot at regular intervals. Trees, shrubs, vines and plants which die shall be promptly removed. No leaves, trash, garbage or other similar debris shall be burned except as permitted by the appropriate Governmental Authority.

7.10. Nuisance. No noxious or offensive activity shall be carried on in or upon any part of the Property nor shall anything be done thereon which may be or become an unreasonable annoyance, inconvenience or nuisance to the residents of the Property or unreasonably interfere with the quiet enjoyment of occupants of Lots. No Owner shall permit anything to be done or kept on his or her Lot which would result in the cancellation of insurance on said Lot or any other residence any part of the Common Area or which would be in violation of any law.

7.11. Outbuildings, Gazebo, Accessory Structures, Trampolines, Awnings, Freestanding Flagpoles, Basketball Goals and Above-Ground Pools. Except as may be permitted by the ACC, no Owner shall construct, install, erect or maintain upon any Lot any outbuilding, storage shed (unless erected by Declarant), gazebo, trampoline, accessory structure, awning freestanding flagpole (provided, flags may be displayed using a bracket or other approved device mounted to a dwelling so long as the size of the flag displayed does not exceed a standard size as same may be determined by the ACC) or basketball goal, either portable, pole mounted or permanently affixed to a structure. In no event shall any outbuilding, storage shed, gazebo, trampoline, basketball goal or play equipment be permanently constructed on any Lot in the front



or side yards, as determined by the building lines applicable to the Lot. No above-ground pools (except for wading pools no deeper than two (2) feet tall and no wider than ten (10) feet in diameter, which shall be regulated by the ACC) shall be allowed or approved by the ACC on any Lot. Wading pools shall only be allowed during appropriate weather and must be emptied and stored when not in use. Yard art shall only be allowed on the front porch of a residence or in the rear yard on a Lot.

7.12. Temporary Structures. No temporary structures shall be placed upon any portion of the Property at any time; provided, however, this restriction shall not prohibit construction trailers or shelters or sheds used by Declarant or any builder or its contractors during the development of the Property or the construction of improvements or additions to any Lot. Tents (except tents as used temporarily for recreation), recreational vehicles and trailers (whether attached or unattached to the realty) may not, at any time, be used as a temporary or permanent residence or be permitted to remain on any portion of the Property.

7.13. Other Prohibitions.

(a) The construction of improvements on Lots shall comply with all applicable building, plumbing, electrical and other codes.

(b) All interior window treatments must be in keeping with the overall scheme and aesthetic of the Property. Any window treatments deemed not to be in keeping with the overall scheme and aesthetic of the Property shall be removed by the Owner in the discretion and at the direction of the ACC or the Board. Sheets, towels or any other material not intended as a window covering may not be used as window treatments.

(c) No vents, pipes or other appendages may extend from the front of any dwelling on a Lot, unless screened from public view by screening material or shrubbery and approved by the ACC.

(d) Downspouts and gutters shall be constructed so as not to promote the erosion of the soil of any Lot.

(e) Exterior lighting shall be shielded and must be directed so as not to shine directly on another Lot.

(f) Any exterior air-conditioning or heating equipment added after the completion of construction must be approved by the ACC and be screened from public view by screening material or shrubbery approved by the ACC.

7.14. Trees and Foliage. Trees measuring four (4) inches or more in diameter at a point two (2) feet above ground level and any flowering trees or shrubs above four (4) feet in height may not be removed from the Property without the prior written approval of the ACC, unless such landscaping material is in the path of driveways and walkways located or to be located on any Lot. Excepted herefrom shall be damaged or diseased trees that threaten persons or property, which damaged or diseased trees shall be removed by the Owner.



7.15. Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms (including pellet guns and BB guns) and/or bows and arrows within the Property is prohibited.

7.16. Motorized Vehicles. All motorized vehicles operating within the Property must be properly muffled so as to eliminate noise which might be offensive to others. All motorized vehicles and motorized bicycles are prohibited from being used or operated anywhere other than on the streets, roads, parking lots and driveways within the Property.

7.17. Underground Storage Tanks. No underground storage tanks for natural gas, propane, gasoline, chemicals, petroleum products or any other toxic product will be allowed anywhere in the Property.

7.18. Declarant's Rights. Notwithstanding anything to the contrary contained in this Article or elsewhere in this Declaration, Declarant, its agents, employees and contractors shall not be restricted or prevented by this Declaration from doing, and Declarant, its agents, employees and contractors shall have the right to do such things or take such actions as they deem necessary, advisable or convenient for completion and improvement of the Property as a residential community and for the sale, rental or other disposition of Lots in the Property. The rights of Declarant, its agents, employees and contractors shall include, without limitation the following:

(a) The right and easement of ingress in, over and upon the Common Area and any Lot for the purpose of performing on any part or parts of the Property acts deemed necessary, advisable or convenient for the completion and improvement of the Property as a residential community and for the sale, rental or other disposition of Lots;

(b) The right to erect, construct, maintain, demolish or remove structures and other improvements on any portion of the Property as they deem necessary, advisable or convenient for the completion and improvement of the Property as a residential community and for the sale, rental or other disposition of Lots; and

(c) The right to use Lots and improvements owned by Declarant as models, sales offices and contractor's offices and to construct and display promotional, informational and directional signs and other sales aids on or about any portion of the Property.

The rights reserved under this Section shall terminate one (1) year after the Completion of Sales. Amendment of this Section shall require the vote or written consent of seventy-five percent (75%) of the Voting Power of the Association. Further, no amendment of this Section can be made without the written approval of Declarant.

7.19. Right to Enter. Any governmental agency, including, but not limited to the Town or County, their agents and employees, shall have the right of immediate access to any Lot and to the Common Area at all times if necessary for the preservation of public health, safety and welfare.



7.20. Master Declaration; Master Association. The Property is subject to the easements, covenants, conditions, restrictions of the Master Declaration and to the jurisdiction of the Master Association. In the event of any conflict between the Master Declaration and this Declaration, the terms and provisions of the Master Declaration shall control. Declarant hereby grants to the Master Declarant and the Master Association the non-exclusive right to enforce the terms and conditions of this Declaration to the extent necessary to comply with the terms and conditions of the Master Declaration.

7.22. Affordable Housing Units. Pursuant to Section 7.22 of the Master Declaration, the Lots are restricted for use as “affordable dwelling units,” as such term is defined in the Definitions Section of the Town of Chapel Hill Land Use Management Ordinance (each, an “Affordable Housing Unit” and collectively, the “Affordable Housing Units”).

7.23. Cluster Mailboxes. Declarant shall install one (1) or more cluster mailboxes with a mailbox assigned to each Lot. The Association shall be responsible for the maintenance and repair of the cluster mailboxes and the costs of such maintenance and repair shall be a Common Expense. Declarant reserves the right to install such cluster mailboxes on one (1) or more of the Lots or other portion of the Property and hereby reserves a Common Area easement across any such Lots upon which such cluster mailboxes are installed for the repair and maintenance of the cluster mailboxes as required hereunder. If any cluster mailboxes are installed upon a Lot, a Common Area easement for such improvements and for the repair and maintenance for such improvements shall exist.

7.24. Storage or Use of Open-Flame Devices. Owners, and their residents, tenants, and guests, shall at all times be in compliance with the Fire Code of the North Carolina State Building Code (the “Fire Code”) and any rule, restriction, or regulation adopted by the Association or the Declarant for storage or use of open-flame devices on Lots or Common Areas, including any clubhouse, cabana, gazebo, or other structure constructed upon the Common Area.

The Association prohibits the storage or use of any devices that have an open-flame, including, but not limited to, cooking, heating, or decorative devices fueled by charcoal, wood, or liquefied petroleum, butane, kerosene, oil, or propane gas within ten feet (10’) of any combustible building materials of structures, furniture, or assets owned, insured, or maintained by the Association or the Declarant. “Decorative devices” shall include, but not be limited to, tiki torches.

The storage and use of any open-flame grills or liquefied petroleum gas container having a capacity greater than 2.5 pounds is a fire hazard and is strictly prohibited within ten feet (10’) of combustible building materials of structures, furniture, or assets owned, insured, or maintained by the Association or the Declarant. “Grills” shall be defined to include charcoal or gas fueled cooking devices. See Sections 308.3.1 and 308.3.2 of the Fire Code for more details.



ARTICLE 8 MEMBERSHIP AND VOTING RIGHTS

8.01. Governing Body. The Association shall be the governing body for all Owners with respect to the management, administration, maintenance, repair and replacement of the Property, as provided by the Governing Documents.

8.02. Membership. Membership in the Association shall be composed of and limited to Owners. Each Owner, including Declarant, shall automatically be a Member of the Association and entitled to vote as set forth below. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon termination of ownership, an Owner's membership shall automatically terminate and be automatically transferred to the new Owner of the Lot. Utility providers shall be exempt from membership and all assessments, use restrictions, and architectural requirements.

8.03. Voting. The Association shall have two (2) classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of Declarant; provided, however, that Declarant shall become a Class A Member when its Class B membership ceases as provided hereinafter. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an ownership interest in any Lot, all such persons shall be Members, but no more than one vote shall be cast with respect to any Lot. The vote for any such Lot shall be exercised as the Members holding an interest in such Lot determine among themselves. In the event of disagreement, the decision of Members holding a majority of interest in such Lot shall govern. Unless otherwise notified by a co-owner as to a dispute between the co-owners regarding their vote prior to the casting of that vote, the vote of any co-owner shall be conclusively presumed to be the majority vote of the Owners of that Lot.

Class B. Class B Member shall be Declarant which shall be entitled to ten (10) votes for each Lot owned and each Lot planned for development as shown on any preliminary subdivision plans approved by the requisite governmental authorities; provided that Declarant's Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier: (a) the Completion of Sales; or (b) ten (10) years after the first Lot is conveyed to an Owner for use as a residence.

8.04. Commencement of Voting Rights. Voting rights attributable to an ownership interest shall not vest until the Annual Assessment against that interest has been levied by the Association as provided in Article 9; provided, however, that voting rights shall be immediately vested with respect to the approval of any amendments to this Declaration.

8.05. Declarant's Voting Rights. Declarant shall have the right to cast votes attributable to Lots owned by Declarant on all matters submitted to a vote of the Members.



8.06. Control by Declarant. Notwithstanding any other language or provision to the contrary in this Declaration, in the Articles, or in the Bylaws, Declarant hereby retains the right to appoint and remove any person, whether or not an Owner, on the Board of Directors of the Association and any officer or officers of the Association until ninety (90) days after the first of the events to transpire outlined in Section 8.03 above concerning the termination of the Class B Member status of Declarant or the surrender by Declarant of the authority to appoint and remove directors and officers by an express document relinquishing such rights executed and recorded by Declarant. Upon the expiration of the period of Declarant's right to appoint and remove directors and officers of the Association pursuant to the provisions of this Section, such right shall automatically pass to the Owners, including Declarant if it then owns one or more Lots; and a special meeting of the Association shall be called for and held within ninety (90) days from the date of the expiration of Declarant's rights hereunder. At such special meeting the Owners shall elect a new Board of Directors which shall undertake the responsibilities of running the Association and Declarant shall deliver the books, accounts, and records, if any, which they have kept on behalf of the Association as well as any agreements or contracts executed by or on behalf of the Association which may still be in effect or operation, which contracts and agreements, to the extent they are not bona fide or are unconscionable, may be terminated by the new Board of Directors upon not less than ninety (90) days notice to the other party in accordance with Section 47F-3-105 of the Act. Each Owner by acceptance of a deed to or other conveyance of a Lot vests in Declarant such authority to appoint and remove directors and officers of the Association as provided in this Section.

ARTICLE 9 COVENANTS FOR ASSESSMENTS

9.01. Covenant to Pay Assessments; Lien. Each Owner of a Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, covenants and agrees to pay, to the Association such Annual Assessments or charges, and such Special Assessments or charges as may be levied by the Association pursuant to the provisions of this Declaration. The amount of any such Annual Assessment or Special Assessment, plus any other charges thereon, such as interest, late charges and costs (including attorneys' fees), as such may be provided in this Declaration or the Act, shall be and become a lien upon the Lot assessed as provided in Section 47F-3-116 of the Act when such annual or special assessment remains unpaid for a period of thirty (30) days or longer and the Association causes to be recorded in the Office of the Clerk of Superior Court in the County a claim of lien, which claim shall state:

- (a) The amount of such assessment and such other charges thereon as may be authorized by this Declaration and the Act;
- (b) A description of the Lot against which the same has been assessed; and
- (c) The name of the record owner of the Lot assessed.

Upon payment of such assessment and charges in connection with which such notice has been so recorded, or other satisfaction thereof, the Association, at the Owner's cost and expense, shall cause to be recorded a cancellation of claim of lien stating the satisfaction and the release of



the lien thereof. The lien shall have priority over all liens or claims created subsequent to the recordation of the claim of lien except for (i) tax liens for real Property taxes on the Lot, (ii) assessments on any Lot in favor of any municipal or other governmental body and (iii) the lien of any Mortgage or the lien of any other encumbrance recorded before the docketing of the claim of lien in the Office of the Clerk of Superior Court. The lien may be enforced by foreclosure in accordance with North Carolina law, or in any other manner permitted under the Act or by law. The Association shall have power to purchase the Lot at a foreclosure sale and to hold, lease, mortgage and convey the same. Before filing a claim of lien against any Lot, the Association shall make reasonable and diligent efforts to ensure that its records contain the Owner's current mailing address and make a written demand to the defaulting Owner for payment of the delinquent Assessments, together with late charges, interest, reasonable collection costs and reasonable attorneys' fees, if any. The Owner shall be notified in writing of the Association's intent to seek payment of attorneys' fees and court costs in accordance with Section 47F-3-116(e1) of the Act. In accordance with Section 47F-3-116(h) of the Act, the Owner shall be responsible for the payment of all costs and fees incurred by the Association, including, without limitation, service, collection, consulting or administration fees charged by the Association's management company, in connection with the Association's collection of unpaid assessments.

The claim of lien shall be subordinate to the lien of any first mortgage or the lien of any other encumbrance recorded before the docketing of the claim of lien in the Office of the Clerk of Superior Court. The sale or transfer of any Lot shall not affect the lien except that the sale or transfer of a Lot pursuant to judicial or nonjudicial foreclosure of a first mortgage or any bona fide, good faith proceeding in lieu thereof shall extinguish the lien as to payments which became due prior to the sale or transfer. Such unpaid Assessments shall be deemed Common Expenses collectible from all Owners, including the purchaser at foreclosure. In addition, no sale or transfer shall relieve the Lot from liability for any Assessments thereafter becoming due or from the lien thereof.

9.02. Personal Obligation. Each Annual Assessment or Special Assessment, together with any late charges, interest, collection costs and reasonable attorneys' fees, shall be the personal obligation of each person or entity, other than any Mortgagee, who held an ownership interest in the Lot at the time such assessment was levied. If more than one Person held an ownership interest in the Lot at such time, the personal obligation to pay such assessment or installment respecting such Lot shall be both joint and several. No Owner may exempt himself or herself from payment of assessments, or installments, by waiver of the use or non-use of common facilities within the area or of any other portion of the Common Area or by abandonment or leasing of his or her Lot.

9.03. Use of Assessments. Annual Assessments or Special Assessments paid by Declarant and other Owners shall be used to pay the Common Expenses of the Association. The foregoing is intended as an authorization of the Association and shall not be construed to require expenditure of Association funds for any particular purpose.

9.04. Reserve Funds. The Board shall establish and maintain reserves in accordance with standard accounting practices and procedures for capital improvement replacements and maintenance and the initial budget of the Association. Each budget subsequently adopted by the



by a maximum amount equal to the previous year's Annual Assessment times twenty percent (20%).

(c) From and after the first year of Annual Assessments, the maximum Annual Assessment may be increased above the maximum amount set forth above by a vote of a majority of the Voting Power, plus the written consent of Declarant (so long as Declarant owns any part of the Property).

(d) The Board may fix the Annual Assessment at an amount not in excess of the maximum set forth above (the "Maximum Annual Assessment"), subject to the procedures set forth in subsection (a) above if applicable. If the Board shall levy less than the Maximum Annual Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser assessment, the Board may, by vote in accordance with the Bylaws, levy a supplemental Annual Assessment ("Supplemental Annual Assessment"), subject to the procedures set forth in subsection (a) above, if applicable. In no event shall the sum of the Annual Assessments and Supplemental Annual Assessments for any year exceed the applicable Maximum Annual Assessment for such year other than as set forth herein.

9.06. Special Assessments. In addition to the Annual Assessments authorized herein, the Board may levy, in any assessment year, special assessments against all Lot Owners applicable to that year only for the purpose of defraying in whole or in part the costs and expenses associated with the maintenance, preservation, enhancement, repair and improvement of the exterior of the dwellings and Lot improvements which the Association is required to maintain under Article 6 in connection with the maintenance of Lots; provided, however, Special Assessments which exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year may not be levied without the vote or written consent of a majority of Members. Notwithstanding the foregoing, Declarant shall be exempt from paying Special Assessments. The Special Assessment for each Townhome Lot owned by a Class A Member shall be equal to one third (1/3) of the Special Assessment for Single Family Lots owned by Class A Members.

9.07. Assessment as Remedy. After Notice and Opportunity for Hearing, the Board, without the vote or written consent of Members, may levy a special assessment against an Owner as a remedy to reimburse the Association for costs (including attorneys' fees) incurred in bringing the Owner, his or her Lot or his or her residence into compliance with the provisions of the Governing Documents.

9.08. Allocation of Assessments. All Annual Assessments and Special Assessments shall be levied equally against all Owners, except:

(a) Annual Assessments levied on Lots owned by a Class A Member shall be a maximum of \$2,186.67 per annum (\$266.67 allocated to annual assessments under the Master Declaration and \$1,920.00 allocated to Annual Assessments hereunder) for the first assessment year as adjusted for subsequent years in accordance with Section 9.05;



Board shall provide for funds to be placed in reserves in the discretion of the Board unless a different level of reserves is approved by the vote or written consent of a majority of the Voting Power of the Association. Funds deposited in reserve for a particular purpose shall be held for that purpose and shall not be expended for any other purpose without the vote or written consent of a majority of the Voting Power of the Association, except that if the Board determines that funds held in reserve for a particular purpose exceed an amount reasonably required as a prudent reserve for that purpose, then, without the vote or written consent of Members, the excess may be allocated to any other reserve fund established by the initial budget of the Association and expended for the purpose for which such other reserve fund has been established.

9.05. Regular Annual Assessments.

(a) The Annual Assessment for each Lot owned by a Class A Member for the first assessment year shall be a maximum of \$2,186.67 (\$266.67 allocated to annual assessments under the Master Declaration and \$1,920.00 allocated to Annual Assessments hereunder); provided, however, that if the first assessment year shall have fewer than twelve (12) months, the foregoing amounts shall be proportionately reduced. The Annual Assessment for each Lot owned by a Class B Member shall be zero (0); provided, however, Declarant shall be obligated to fund any budget deficit pursuant to Section 9.12. The Board shall adopt a proposed budget and fix the amount of the Annual Assessment as to each Lot for each subsequent calendar year at least thirty (30) days prior to January 1st of such calendar year. The Association shall send written notice of the amount of the Annual Assessment and a summary of the proposed budget, as well as the amount of the payment due, to each Owner within thirty (30) days after the adoption by the Board of such budget. To the extent required by Section 47F-3-103(c) of the Act or other applicable law, such notice shall include notice of a meeting of the Members to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. If such a meeting is required by Section 47F-3-103(c) of the Act, or other applicable law, the Board shall set a date for a meeting of the Members to consider ratification of the budget to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. If such meeting is required as set forth above, there shall be no requirement that a quorum be present at the meeting. If the proposed budget to be ratified at any such meeting is within the maximum increase limits set forth in subsection (b) below, the budget shall be deemed ratified unless at such meeting Members exercising all of the Voting Power in the Association reject the budget. If the proposed budget to be voted on at any such meeting exceeds the maximum increase limits set forth in subsection (b) below, the budget is ratified unless at such meeting Members exercising a majority of the Voting Power in the Association reject the budget. The failure of the Association to send, or of a Member to receive, such notice shall not relieve any Member of the obligation to pay Annual Assessments.

(b) From and after the first year of Annual Assessments, the Board, by a vote in accordance with the Bylaws, without a vote of the Members (unless required under Section 47F-3-103(c) of the Act or other applicable law, in which case the procedures set forth in subsection [a] above shall apply), may increase the Annual Assessment each year



Annual Assessments levied on Lots owned by a Class B Member shall be zero; provided, however, Declarant shall be obligated to fund any budget deficit pursuant to Section 9.12.

(b) Special Assessments shall be in the ratio of ten (10) to one (1) for Lots owned by Class A Members and Class B Members, respectively.

9.09. Commencement of Assessments; Time of Payment. The Annual Assessments provided for herein shall commence as to all Lots in Chandler Woods Townhomes on the first day of the month next following the conveyance of the first Lot improved with a dwelling to a purchaser (other than a successor Declarant) for use as a residence. The first assessment year shall commence on the date Annual Assessments commence and end on December 31st of the same calendar year. The Annual Assessment for the first assessment year shall be prorated from the amounts fixed by the Board for a full twelve-month year, based on the number of months to be contained in the first assessment year. Subsequent assessment years shall be each successive calendar year; provided, however, that at any time the Board may change the assessment year to correspond to a fiscal year selected by the Board. Assessments of Lots within each Phase of the Property which is annexed in accordance with the provisions of Article 15 below shall commence on the first day of the month next following the conveyance of the first Lot improved with a dwelling to a purchaser (other than a successor Declarant) for use as a residence.

Owners shall pay assessments in the manner and on the dates the Board establishes. The Board may require advance payment of assessments at closing of the transfer of title to a Lot and may impose special requirements for Owners with a history of delinquent payment. If the Board so elects, assessments may be paid in annual, semiannual, quarterly or monthly installments. Unless the Board otherwise provides, the Annual Assessments shall be due and payable in four (4) quarterly installments. If any Owner is delinquent in paying any assessments or other charges levied on his Lot, the Board may require that the outstanding balance on all assessments be paid in full immediately.

9.10. Revised Assessments. Subject to the provisions of Section 9.05, if at any time during the course of any year the Board shall deem the amount of the Annual Assessment to be inadequate or over adequate by reason of a revision of its estimate of either expenses or income or otherwise, the Board shall have the right, at a regular or special meeting, to revise the Annual Assessment for the balance of the assessment year. Any such revised assessment shall become effective on the first day of the month next following the date of adoption, and additional amounts payable shall be due (or refunds of overages shall be made by the Association) at such time as determined by the Board.

9.11. Delinquent Assessments; Fines. Any assessment not paid within thirty (30) days after the due date shall be delinquent. The Board may require that any delinquent assessment bear a late charge to cover administrative expenses incurred as a result of the late payment of the assessment. Late charges on delinquent assessments and fines levied as provided in Section 4.11 may be imposed in an amount not to exceed the greater of (i) ten percent (10%) of the amount of the unpaid Assessment, or (ii) twenty dollars (\$20.00) per month. The Association may bring a legal action against the Owner personally obligated to pay a delinquent assessment or fine and, after Notice and Opportunity for Hearing, the Association may suspend a delinquent Owner's membership rights in the Association (except drainage rights and rights of access to Lots) while



the assessment or fine remains unpaid. In any legal action to enforce payment of an assessment or fine, the Association shall be entitled to recover interest, costs and reasonable attorneys' fees.

9.12. Declarant's Obligation to Fund Budget Deficits. Declarant shall satisfy all obligations for Annual Assessments on Lots which it owns by funding the budget deficit during the period of Declarant control described in Section 8.06. The budget deficit is the difference between the amount of Annual Assessments levied on Class A Member owned Lots, plus any other income received during the calendar year, and the amount of the Association's actual expenditures during the calendar year, including reserve contributions. Upon the expiration of the period of Declarant control, Annual Assessments on Lots owned by Declarant shall be zero and, in the event a deficit results, the Association, and not Declarant, shall be responsible for such deficit and its funding.

Declarant may fund the deficit in the form of cash or by "in kind" contributions of services or materials, or by a combination of these. Said "in kind" contracts or arrangements may be terminated upon ninety (90) days notice by the Association at any time after the termination of the Declarant control period as described in Section 8.06.

Declarant's obligation to fund the budget deficit during the period of Declarant control, together with interest thereon and costs of collections, including, but not limited to, reasonable attorneys' fees, are hereby declared to be a charge and continuing lien upon each Lot owned by Declarant. Said lien shall be effective only if its obligation remains unpaid for a period of thirty (30) days or longer and from and after the time of the recordation in the official records of the County of a notice of assessment in accordance with Section 9.01. Upon full payment of all sums secured by any such lien, Declarant shall be entitled to a satisfaction of the notice of assessment in recordable form in accordance with Section 9.01.

9.13. Operating Expense Contribution. Notwithstanding any provision contained herein or in any other document or instrument to the contrary, every Owner (other than a successor Declarant) who purchases a Lot from Declarant shall pay to the Association at the time of the closing of such purchase a non-refundable operating contribution fee (and sometimes referred to as a "Capital Contribution") in the amount of \$600.00 (\$300.00 shall be paid to the Association as a contribution towards operating expenses and/or for the maintenance, repair, construction and replacement of capital assets and improvements to the Property and \$300.00 shall be paid to the Master Association as a contribution towards operating expenses and/or for the maintenance, repair, construction and replacement of the Property). It is expressly provided herein that such operating contributions shall not be held for the benefit of the Owner paying such amount at closing, shall not be required to be held in an interest bearing account, and may be commingled by the Association with its other funds, and shall not reduce an Owner's obligation to pay Annual Assessments or Special Assessments. The Board may adjust the amount of the operating contribution fees from time to time.

9.14. Certification of Assessments. The Association, upon written request, shall furnish to an Owner of a Lot or the Lot Owner's authorized agents a statement setting forth the amount of unpaid assessments and other charges against such Lot. The statement shall be furnished within ten (10) business days after receipt of the request and is binding on the Association, the



Board, and every Owner of a Lot. The Association may charge a reasonable fee for providing such statement.

9.15. Surplus Funds. The Association shall not be obligated to spend in any year all the Assessments and other sums received by it in such year, and may carry forward as surplus any balances remaining. The Association shall not be obligated to reduce the amount of the Annual Assessment in the succeeding year if a surplus exists from a prior year, and the Association may carry forward from year to year such surplus as the Board in its discretion may determine to be desirable for the greater financial security of the Association and the accomplishment of its purposes.

9.16. Master Association Assessments. The Lots shall be subject to all assessments levied by the Master Association pursuant to the provisions of the Master Declaration, including, without limitation, the Annual Assessments, Special Assessments and Supplemental Assessments (as more fully described in the Master Declaration), which assessments and charges shall be billed to the Association and included in the Annual Assessments collected under this Declaration and paid by the Association to the Master Association. The amount of any such assessments under the Master Declaration plus any other charges thereon, such as interest, late charges and costs (including attorney's fees), as such may be provided in the Master Declaration, shall be and become a lien upon the Lot assessed when the Master Association causes to be recorded in the official records of the County a notice of assessment all in accordance with the provision of the Master Declaration.

ARTICLE 10 INSURANCE

10.01. Insurance Requirements under the Act. Section 47F-3-113 of the Act requires certain insurance to be carried by the Association and provides for the distribution of insurance proceeds, requires certain provisions for property and liability insurance and governs repairs made with insurance proceeds. In the event the insurance requirements of this Article 10 conflict with, or fail to incorporate, the provisions of Section 47F-3-113 of the Act, the provisions of the Act shall apply and govern. The establishment of an amount of insurance greater than required by the Act is not a conflict.

10.02. Coverage for Lots. Unless otherwise determined by resolution of the Board and at least thirty (30) days' prior written notice to each Owner, the Association shall obtain as a Common Expense a blanket insurance policy providing property insurance coverage for all structures on the Lots (exclusive of the personal property of Owners and improvements made by Owners), and the Owners shall be relieved of their insurance responsibility under this Declaration to the extent such insurance is carried by the Association. If the Association discontinues such insurance as provided herein, each Owner shall immediately obtain in his or her own name and at his or her own expense the insurance coverage for such Owner's Lot required pursuant to this Declaration.

10.03. Liability Coverage. Every Owner shall be obligated to obtain and maintain at all times insurance covering consequential damages to any other Lot or the Common Area due to occurrences originating within the Owner's Lot caused by the negligence of the Owner, the



failure of the Owner to maintain the Lot, and any other casualty within the Lot which causes damage to the Lots or the Common Area, to the extent such coverage is not provided by policies maintained by the Association or to the extent insurable losses may result in the Owner's liability for payment of deductibles under the Association's policies. Such insurance policy or policies shall name the Association as an additional insured.

10.04. Evidence of Coverage. Each Owner of a Lot shall submit to the Association, with payment of the Annual Assessment for such Lot and within 10 days of any written request from the Board of Directors, a certificate or certificates evidencing that all insurance coverage which the Owner is obligated to provide under the Declaration. In addition, if the Board so requests, each Owner shall file with the Association a copy of the individual policy or policies covering his or her Lot. Each Owner shall promptly notify the Board in writing in the event such policy on his or her Lot is canceled.

10.05. Failure to Maintain Insurance. In the event that an Owner fails to obtain or maintain any insurance that the Owner is required to obtain under the Declaration or hereunder, the Association may, but shall not be obligated to, obtain such insurance on behalf of the Owner and assess the costs thereof to the Owner and the Owner's Lot as a Special Assessment. In no event shall the Association be responsible for the failure to monitor Owner compliance with Sections 10.03 or 10.04 above or for failure to obtain insurance on behalf of an Owner pursuant to this Section 10.05.

10.06. Responsibility for Repair and Replacement of Lots; Casualty Losses of Lots. Regardless of whether the insurance on the Lots is obtained by the Association or the Owners, in the event of a casualty loss, the Association shall be entitled to file a claim against such insurance for the cost of any repair or reconstruction to the Lot and improvements thereon which is the Association's responsibility, and the Owner shall pay the amount of any deductible and shall be responsible for any deficiency in the insurance proceeds. The Association shall be entitled to adjust with the insurance provider the amount of any proceeds payable to the Association and the Owner thereunder, based upon the amount necessary to enable the Owner and the Association each to repair and replace those portions of the Lot and improvements thereon which are their respective responsibilities.

If an Owner is required to maintain property insurance on his or her Lot and such insurance is insufficient, the Association shall be relieved of its obligations to maintain, repair and replace damaged or destroyed portions of such Owner's Lot, to the extent of such insufficiency. Alternatively, the Association may perform required repairs, whether the responsibility of the Association or the Owner, and assess all costs to the Owner and the Owner's Lot as a Special Assessment.

10.07. Costs. Notwithstanding any contrary provision in this Declaration, the cost of all maintenance, repairs and replacements performed by the Association hereunder, and the cost of any insurance provided by the Association on all Lots or Common Area pursuant to Section 10.02 and 10.08, respectively, shall be allocated among all of the Lots. The Board may establish different levels of assessment for Lots to account for differences in expenses associated with exterior maintenance, insurance or replacement reserves for dwellings of different types or sizes, as the Board may reasonably determine. The responsibility for maintenance shall include



responsibility for repair and replacement as necessary to maintain the property to a level consistent with a community-wide standard.

Neither the Association nor Declarant shall bear any responsibility for the maintenance or safekeeping of personal property of any Owner or occupant of a Lot, its family, tenants, lessees, guests or invitees, nor shall the Association or Declarant be held liable for the condition of, or any loss or damage to, any such personal property except to the extent directly attributable to the reckless acts or willful misconduct of the Association, Declarant, or their respective agents or employees.

10.08. Insurance Requirements for Common Area and Association Governance.

(a) Required Coverage for Common Area and Association Governance. The Association, acting through its Board or its duly authorized agent, shall obtain and continue in effect the following types of insurance, if reasonably available, or if not reasonably available, the most nearly equivalent coverage as is reasonably available:

(i) Blanket property insurance covering “risks of direct physical loss” on a “special form” basis (or comparable coverage by whatever name denominated) for all insurable improvements on the Common Area to the extent that Association has assumed responsibility in the event of a casualty, regardless of ownership. If such coverage is not generally available at reasonable cost, then “broad form” coverage may be substituted. All property insurance policies obtained by the Association shall have policy limits sufficient to cover the full replacement cost of the insured improvements under current building ordinances and codes; and

(ii) Commercial general liability insurance on the Common Area, insuring the Association and its Members for damage or injury caused by the negligence of the Association or any of its Members, employees, agents, or contractors while acting on its behalf. If generally available at reasonable cost, such coverage (including primary and any umbrella coverage) shall have a limit of at least \$1,000,000.00 per occurrence with respect to bodily injury, personal injury, and property damage; provided, should additional coverage and higher limits be available at reasonable cost which a reasonably prudent person would obtain, the Association may obtain such additional coverages or limits; and

(iii) Workers compensation insurance and employers liability insurance, if and to the extent required by law; and

(iv) Directors and officers liability coverage; and

(v) Commercial crime insurance, including fidelity insurance covering all Persons responsible for handling Association funds in an amount determined in the Board’s business judgment but not less than an amount equal to one-quarter of the Annual Assessments on all Lots plus reserves on hand. Fidelity insurance policies shall contain a waiver of all defenses based upon the exclusion of Persons serving without compensation; and



(vi) Such additional insurance as the Board, in the exercise of its business judgment, determines advisable.

Premiums for all insurance policies purchased by the Association shall be paid by the Association as a Common Expense and shall be included as part of the Annual Assessment.

(b) Insurance Policy Requirements. The Association shall arrange for a periodic review of the sufficiency of its insurance coverage by one or more qualified Persons, at least one of whom must be familiar with insurable replacement costs in the area where the Property is located. All Association policies shall provide for a certificate of insurance to be furnished to the Association and, upon request, to each Member.

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 policy limits satisfy the requirements of Section 10.08. In the event of an insured loss, the deductible shall be treated as a Common Expense in the same manner as the premiums for the applicable insurance coverage. However, if the Board reasonably determines, after Notice and an Opportunity for Hearing, that the loss is the result of the negligence or willful misconduct of one or more Owners, their guests, invitees, or lessees, then the Board may assess the full amount of such deductible against such Owner(s) and their Lots as a Special Assessment.

All insurance coverage obtained by the Association shall:

(a) be written with a company authorized to do business in North Carolina which satisfies the requirements of the Federal National Mortgage Association, or such other secondary mortgage market agencies or federal agencies as the Board deems appropriate; and

(b) be written in the name of the Association as trustee for the benefited parties. Policies on the Common Areas shall be for the benefit of the Association and its Members; and

(c) be primary and not be brought into contribution with insurance purchased by Owners, occupants, or their Mortgagees individually; and

(d) contain an inflation guard endorsement; and

(e) include an agreed amount endorsement, if the policy contains a co-insurance clause; and

(f) provide that each Owner is an insured person under the policy with respect to liability arising out of such Owner's interest in the Common Area as a Member in the Association (provided, this provision shall not be construed as giving an Owner any interest in the Common Area other than that of a Member); and

(g) provide a waiver of subrogation under the policy against any Owner or occupant of any Lot; and



(h) include an endorsement precluding cancellation, invalidation, suspension, or non-renewal by the insurer on account of any curable defect or violation without prior written demand to the Association to cure the defect or violation and allowance of a reasonable time to cure; and

(i) include an endorsement precluding cancellation, invalidation, or condition to recovery under the policy on account of any act or omission of any one or more individual Owners or members of their households, unless such Owner is acting within the scope of its authority on behalf of the Association.

In addition, the Association shall use reasonable efforts to secure insurance policies that list the Owners as additional insureds and provide:

(a) a waiver of subrogation as to any claims against the Board, officers, employees, and its manager, the Owners and their tenants, servants, agents, and guests; and

(b) a waiver of the insurer's rights to repair and reconstruct instead of paying cash; and

(c) an endorsement requiring at least 30 days' prior written notice to the Association of any cancellation, substantial modification, or non-renewal;

(d) a cross liability provision; and

(e) a provision vesting in the Board exclusive authority to adjust losses; provided, however, no Mortgagee having an interest in such losses may be prohibited from participating in the settlement negotiations, if any, related to the loss.

(c) Restoring Damaged Improvements. In the event of damage to or destruction of Common Area or other property which the Association is obligated to insure, the Board or its duly authorized agent shall file and adjust all insurance claims and obtain reliable and detailed estimates of the cost of repairing or restoring the property to substantially the condition in which it existed prior to the damage, allowing for changes or improvements necessitated by changes in applicable building codes. All insurance policies purchased by the Association shall be for the benefit of the Association and the Owners and their Mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Insurance Trustee under this Declaration. The sole duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purpose stated herein or stated in the Bylaws and for the benefit of the Owners and their Mortgagees. Proceeds of insurance policies received by the Insurance Trustee shall be distributed first to pay the expenses of the Insurance Trustee and the remaining proceeds shall be paid to defray the cost of required repairs.

The Association shall cause damaged improvements on the Common Area to be repaired or reconstructed unless a decision not to repair or reconstruct is approved within sixty (60) days after the loss or damage by Owners of at least eighty percent (80%) of the Lots. If either the insurance proceeds or estimates of the loss, or both, are not available to the Association within



such 60-day period, then the period shall be extended until such funds or information are 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 Area shall be repaired or reconstructed.

If a decision is made not to restore the damaged improvements and no alternative improvements are authorized, the affected property shall be cleared of all debris and ruins and thereafter shall be maintained by the Association in a neat and attractive, landscaped condition consistent with a community-wide standard.

Any insurance proceeds remaining after paying the costs of repair or reconstruction, or after such settlement as is necessary and appropriate, shall be distributed as follows: (i) to the extent that the excess insurance proceeds are attributable to damaged improvements on Common Area that are not rebuilt, they shall be distributed to the Owners of Lots to which such Common Area was assigned or to their Mortgagees, as their interests may appear; and (ii) the remainder shall be distributed to all of the Owners or their Mortgagees, as their interests may appear, at an equal rate per Lot.

If insurance proceeds are insufficient to cover the costs of repair or reconstruction, the Board may, without a vote of the Members, levy Special Assessments to cover the shortfall against those Owners responsible for the premiums for the applicable insurance coverage under Section 10.08.

ARTICLE 11 DAMAGE AND DESTRUCTION

11.01. Damage to Lots. Restoration and repair of damage to any Lot (including, in accordance with the definition of "Lot," the improvements thereon) shall be made by and at the expense of the Association or the Owner, as applicable based on the provisions of Article 10.

11.02. Damage to Common Area. Restoration and repair of damage to any Common Area shall be made at the expense of the Association unless, under the provisions of Section 47F-3-113(g) of the Act, the repair or restoration is not required to be effected, provided that the improvement is not otherwise required by the Town. If the work is to be accomplished, the Association shall promptly contract for the repair, restoration or reconstruction and, if necessary, collect from the Insurance Trustee any proceeds of insurance as received in accordance with Article 10. The difference, if any, between the insurance proceeds payable by reason of such repairs and the cost thereof may be recovered by one or more Special Assessments levied by the Board against all Owners as provided herein. Funds collected and held by the Insurance Trustee shall be disbursed by the Insurance Trustee for the purpose of repair, restoration or reconstruction in accordance with the terms and conditions of repair or reconstruction contract(s) between the Association and Persons engaged to perform the work. Funds from any Special Assessment shall be delivered to and held in trust by the Insurance Trustee and shall be held and disbursed for repair, restoration and reconstruction in the same manner as insurance proceeds. The Insurance Trustee may invest and reinvest funds held by it in a manner consistent with its duties as trustee. The Insurance Trustee shall be entitled to a reasonable fee for its services.



ARTICLE 12 EMINENT DOMAIN

12.01. Eminent Domain. Notwithstanding any provision contained herein to the contrary, in the event of a taking of all or any portion of a Lot or all any portion of the Common Area by eminent domain, or by conveyance in lieu thereof, the awards paid on account thereof shall be applied in accordance with Section 47F-1-107 of the Act. If all or any portion of the Common Area is taken by action in eminent domain (hereinafter called a “taking”), the Association shall give written notice of the proceedings to all Owners and Mortgagees, and the condemnation award shall be fairly and equitably apportioned among the Owners, Mortgagees and the Association as provided in the Act. 12.02. Repair, Restoration, Reconstruction. If only a portion of a Common Area facility is taken, the Board shall promptly contract for the repair, restoration or reconstruction of the Common Area facility to a complete architectural unit, to the extent such repair, restoration and reconstruction is reasonably necessary and practical. If the cost of repair, restoration and reconstruction of the Common Area exceeds the amount awarded by the court for such purposes, the difference may be recovered by a special assessment levied against all Owners as provided herein.

ARTICLE 13 ARCHITECTURAL CONTROL

No construction or site preparation on any Lot, no change in grade or slope or drainage patterns of any Lot, no construction or placement of any building or exterior additions or alterations to any building situated upon a Lot, no removal of trees (except for dead, dying and diseased trees) and no construction of or changes or additions to any other structure or improvement on a Lot shall be commenced nor shall any of the same be placed, maintained or allowed to remain, on any Lot until the Architectural Control Committee (as defined herein and in the Master Declaration) has approved the plans and specifications therefor and the location of such improvements and all requirements in Article 13 of the Master Declaration regarding architectural control have been followed.

ARTICLE 14 MORTGAGEE PROTECTION

14.01. Interpretation. In the event any provision of this Article 14 is inconsistent with or contrary to any other provision of this Declaration, the provisions of this Article 14 shall control.

14.02. Notices. Any Mortgagee of any Lot, by written notice to the Association setting forth the Lot encumbered, the Owner thereof and the address to which notices may be sent, may request and thereby be entitled to receive written notice from the Association of (a) any default which is outstanding for sixty (60) days or longer by the Owner of such Lot in the performance of his or her obligations under or in compliance with the provisions of the Governing Documents, (b) if known to the Association, any substantial damage to or destruction of a Lot, including the improvements located thereon, and (c) any proposed or threatened taking by power of eminent domain of the Common Area or any portion thereof or of any Lot or portion thereof.



14.03. Mortgagee's Right to Information. Upon written request to the Association, a Mortgagee is entitled to: (a) inspect the books and records of the Association during normal business hours; (b) receive an annual financial statement of the Association within ninety (90) days following the end of any fiscal year of the Property; and (c) receive written notice of all meetings of the Association and to designate a representative to attend all such meetings.

14.04. Damage and Destruction Rights. In the event of substantial damage to or destruction of any Lot or improvements to a Lot or any part of the Common Area no provision of any document establishing the Property shall entitle the Owner of a Lot or other party to priority over such Mortgagee with respect to the distribution to such Owner of any insurance proceeds.

14.05. Condemnation Rights. If any Lot or portion thereof or the Common Area or any portion thereof is made the subject matter of any condemnation proceedings or is otherwise sought to be acquired by a condemning authority, no provision of any document establishing the Property shall entitle the Owner of a Lot or other party to priority over such Mortgagee with respect to the distribution to such Owner of the proceeds of any award or settlement.

14.06. Right of First Refusal. Any right given by an Owner of a Lot to any third person to purchase such Lot before it is offered for sale or sold to any other person (such right commonly known as a "right of first refusal") shall not be binding upon or enforceable against any Mortgagee acquiring such Lot pursuant to exercise of remedies provided for in the Mortgage, including foreclosure by judicial action or exercise of a power of sale, or by acceptance of a deed or assignment in lieu of foreclosure.

14.07. Subordination. No provisions contained in this Declaration shall defeat or render invalid the lien of any Mortgage which is made in good faith and for value. The lien of the assessments provided for herein shall be subordinate to the lien of any Mortgage recorded prior to the date any such assessment becomes due. This subordination shall apply only to assessments on a Lot which have become due and payable prior to a sale or transfer of such Lot pursuant to a decree of foreclosure or exercise of power of sale. Any Mortgagee who acquires title to or comes into possession of a Lot pursuant to exercise of remedies provided for in the Mortgage, including foreclosure by judicial action or exercise of a power of sale, and any purchaser at a foreclosure sale, shall take the Lot free of any claims for unpaid assessments or charges against the Lot which have accrued prior to the time such Mortgagee or purchaser acquires title to or comes into possession of the Lot; provided, however, this exception shall not be applicable to any claim for assessments or charges levied by the Association against all Lots for the purpose of recovering any revenue lost by reason of the nonpayment of past due assessments upon such Lot; and provided further, that except as otherwise provided in this Section, all of the limitations, restrictions, covenants, conditions, easements, liens, charges, assessments, and equitable servitudes contained herein shall be binding upon any Owner whose title is derived through foreclosure sale, trustee's sale or otherwise. Except as provided above, the sale, transfer or conveyance of title to a Lot shall not relieve a selling Owner from personal liability for any assessments which became due and payable prior to such sale, transfer or conveyance, nor relieve such Lot from a duly recorded lien for any such prior unpaid assessment.



14.08. Payments by Mortgagees. Any Mortgagee, after at least ten (10) days' prior written notification to the Association of the items to be paid and the failure of the Association within such time to make payment, may pay, alone or in conjunction with other Mortgagees, delinquent taxes, liens or assessments which may be or become a charge against the Common Area, or any portion thereof, and any overdue premiums on policies of fire and extended coverage insurance for the Common Area and in the event of a lapse of such a policy of insurance, may pay premiums to secure a new policy. In the event such payments are made, the Mortgagee making such payment shall be entitled to immediate reimbursement from the Association to the extent of the payment made.

14.09. Consent of Mortgagee. With respect to any provision in this Declaration requiring the consent or written approval of a Mortgagee, any Mortgagee who does not respond within thirty (30) days' request by the Association for such consent or written approval shall be deemed to have approved such request.

ARTICLE 15 ANNEXATION

15.01. Right to Annex. Subject to the approval of the Master Association, Declarant shall have the right to annex to Chandler Woods Townhomes subdivision, thereby bringing within the scheme of this Declaration and subject to the jurisdiction of the Association, part or all of the Additional Land, if any. Annexation of any real property other than Declarant's annexation of the Additional Land shall require the approval of the Master Association and the vote or written consent of not less than sixty seven percent (67%) of the Voting Power of the Association. Annexation of additional property may be accomplished in Phases. Consent of the Master Association required for any annexation may be conditioned on, in the direction of the Master Association, the annexation of the property into the Master Association or imposition on the annexed property of fees and restrictions identical or similar to those found in the Master Declaration, Master Association Bylaws, rules and regulations adopted by the Master Association or any of the foregoing. As used herein, approval of the Master Association shall mean the vote or written consent of a majority of the directors of the Master Association.

15.02. Procedure for Annexation. Any annexation shall be made by recordation of a Supplemental Declaration covering the real property to be annexed. The Supplemental Declaration shall describe the real property to be annexed and state that annexation is being made pursuant to this Declaration for the purpose of extending the jurisdiction of the Association to cover the property described therein. The Supplemental Declaration may contain such complementary additions and modifications to the terms of this Declaration as may be necessary or desirable to reflect the different character, if any, of the Phase being annexed and as are not inconsistent with the general scheme of this Declaration. Annexation shall be effective upon recordation of the Supplemental Declaration and thereupon the real property described therein shall be subject to all of the provisions of this Declaration, to the extent made applicable by the Supplemental Declaration, and to the jurisdiction of the Association pursuant to the terms of this Declaration, the Articles, Bylaws and Rules and Regulations.



15.03. Annexed Property. Each Owner of a Lot in an annexed Phase automatically shall be a Member of the Association and such Owners and annexed real property shall be subject to assessment by the Association for the benefit of the Property or any part thereof. Assessments of Lots in an annexed Phase shall commence upon the last to occur of: (a) commencement of Annual Assessments for the Property, and (b) the first day of the month next following the first conveyance of a Lot in such Phase to a purchaser, as provided in Section 9.09. The Association shall have the duties, responsibilities and powers set forth in this Declaration, the Articles and Bylaws with respect to annexed real property. Except as may otherwise be expressly provided in this Declaration or any Supplemental Declaration, the Property shall be managed and governed by the Association as an entirety. Assessments collected from Owners in the Property may be expended by the Association anywhere in the Property without regard to the particular Phase, area or subdivision from which such assessments came.

ARTICLE 16 INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify any and all persons who may serve or whom have served at any time as directors or officers of the Association against any and all expenses, including amounts paid upon judgments, counsel fees and amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or a party, which may be asserted against them or any of them, by reason of being or having been directors or officers or a director or an officer of the Association, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in any action, suit, or proceeding guilty of willful and intentional negligence or misconduct in the performance of his or her duties to the Association. Provided, however, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association.

The provisions hereof shall be in addition to and not exclusive of any and all other rights to which any director or officer may otherwise be entitled under any law, Bylaw, agreement, vote of Association Members or otherwise. In the event of death of any officer or director, the provisions hereof shall extend to such person's legal heirs, representatives, successors and assigns. The foregoing rights shall be available whether or not such person or persons were in fact directors or officers at the time of incurring or becoming subject to such expenses, and whether or not the proceeding, claim, suit or action is based on matters which antedate the adoption of this Declaration.



ARTICLE 17 EXCULPATION

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

ARTICLE 18 MISCELLANEOUS PROVISIONS

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

18.02. Interpretation of Declaration. Whenever appropriate, singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender. Compound words beginning with the prefix “here” shall refer to this entire Declaration and not merely the part in which they appear.

18.03. Law Controlling. This Declaration shall be construed and controlled by and under the laws of the State of North Carolina.

18.04. Power to Settle Claims. The Board shall have the power and authority to compromise, settle, release and otherwise adjust claims, demands, causes of action and liabilities in favor of the Association and the Owners, on behalf of the Association and Owners, as the case may be, provided any such claim, demand, cause of action or liability arises out of or relates to a condition or defect common to all or a majority of the Lots or improvements constructed thereon, or to the development, design, construction, condition, repair or maintenance of or damage or



injury to or defect in the Common Area or part thereof, and the Association shall have the right and the power to make and receive all payments or other consideration necessary therefor or in connection therewith. For such purposes, the Board shall be, and hereby is, irrevocably appointed attorney in fact to act on behalf of all Owners upon such terms and conditions and for such consideration as may be approved by a majority of the Board.

18.05. Independence of Provisions. The provisions of this Declaration shall be deemed independent and severable. Invalidation or partial invalidation of any provision of this Declaration by judgment or court order shall not affect any other provision of this Declaration, and the remaining provisions shall remain in full force and effect.

18.06. Notices. Notices shall be in writing and shall be addressed as follows: (a) if to an Owner, to the address of his or her Lot as listed in the County Tax Office; (b) if to Declarant, to 1100 Perimeter Park Drive, Suite 112, Morrisville, North Carolina 27560; and (c) if to the Association, to 1100 Perimeter Park Drive, Suite 112, Morrisville, North Carolina 27560. The Association may designate a different address for notices by giving written notice of such change of address to all Owners and to Declarant. Declarant may designate a different address for notices by giving written notice of such change of address to all Owners and to the Association. Any Owner may designate a different address for notices by giving written notice of such change of address to the Association and to Declarant.

18.07. Headings. The headings used in this Declaration are for convenience and reference only and the words contained therein shall not be held to expand, modify, or aid in the interpretation, construction, or meaning of this Declaration.

18.08. Enforcement. The failure of any Owner to comply with the provisions, terms, and conditions of any Governing Document shall entitle the Association, any Owner, or any of them, to maintain an action for the recovery of damages or injunctive relief or both, and such persons or entities, or any of them, shall have the right to enforce all limitations, restrictions, covenants, conditions, easements, liens, charges, assessments and equitable servitudes imposed by or pursuant to the provisions of this Declaration. Failure to enforce the provisions of this Declaration shall not be deemed a waiver of the right to do so thereafter. All remedies provided in this Declaration shall be cumulative and in addition to any other remedies available under law.

18.09. Equal Opportunity Housing. This Property provides equal opportunity housing. Each Lot sold shall be sold without regard to the race, creed, color, national origin, ancestry, religion, marital status, familial status, handicap, age, or sex of the purchaser.

18.10. Amendments.

(a) Except as otherwise expressly provided herein, this Declaration may be amended only in strict compliance with the Act, including, without limitation, Section 47F-2-117 of the Act, except that no Amendment altering or impairing Special Declarant Rights may be made without the written consent of the Declarant.



This Declaration may be amended or modified at any time by the vote or written consent of sixty-seven percent (67%) of the Voting Power of the Association. Provided, however, that if the percentage of the Voting Power necessary to amend a specific provision of this Declaration shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that provision. Further provided, that any amendment or modification to this Declaration must be consented to by Declarant so long as Declarant is the Owner of any Lot or other portion of the Property, which consent Declarant may grant or withhold in its sole discretion. Any amendment or modification upon which the vote of Owners is required pursuant to this Section 18.10 shall become effective when an instrument executed by the Owners voting for such amendment or modification is filed of record in the Office of the Register of Deeds of Orange County, North Carolina; provided, however, such an amendment or modification, in lieu of being executed by the Owners voting for such amendment or modification, may contain a certification of the Secretary of the Association stating that the amendment or modification has been voted on and approved by the requisite number of votes of the Owners, as provided in this Section 18.10.

Notwithstanding the terms of the immediately preceding paragraph of this Section 18.10, during the period of Declarant control as set forth in Section 8.06, Declarant, without obtaining the approval of any Owner or Owners other than Declarant, shall have the unilateral right, in its sole and absolute discretion, to make any amendments or modifications hereto which Declarant deems necessary or desirable, including, without limitation, amendments or modifications to any procedural, administrative or substantive provisions of this Declaration.

(b) Any action to challenge the validity of an amendment adopted under Section 18.10(a) 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.

18.11. Release of Property. Declarant shall have the right, in its sole and absolute discretion, without the consent of the Association or any other Owner, to release any portion of the Property then owned by Declarant from the terms of this Declaration by recording a release in the Office of the Register of Deeds of Orange County, North Carolina. After the recordation of such release, the portion of the Property described therein shall not be subject to the terms of this Declaration.

ARTICLE 19 DISPUTE RESOLUTION

19.01 Consensus for Association Action.

(a) Except as provided in this Section, the Association may not commence a legal proceeding or an action under this Article without the vote or written consent of sixty-seven percent (67%) of the Voting Power of the Association. This Section shall not apply, however, to (i) actions brought by the Association to enforce the Declaration or the Articles, the Bylaws and Rules and Regulations (including, without limitation, the



foreclosure of liens); (ii) the imposition and collection of Annual or Special Assessments; (iii) proceedings involving challenges to ad valorem taxation; or (iv) counterclaims brought by the Association in proceedings instituted against it.

(b) Prior to the Association or any Member commencing any proceeding to which Declarant is a party, including, but not limited to, an alleged defect of any improvement, Declarant shall have the right to be heard by the Members, or the particular Member, and to access, inspect, correct the condition of, or redesign any portion of any improvement as to which a defect is alleged or otherwise correct the alleged dispute.

19.02 Alternative Method for Resolving Disputes. Declarant, its officers, directors employees and agents; the Association, its officers, directors and committee members; all Persons subject to this Declaration; and any Person not otherwise subject to this Declaration who agrees to submit to this Article (each such individual or entity being referred to as a "Bound Party") agree to encourage the amicable resolution of disputes, without the emotional and financial costs of litigation. Accordingly, each Bound Party covenants and agrees to submit those claims, grievances or disputes described in Section 19.03 (collectively, "Claims") to the procedures set forth in Section 19.04, both herein below.

19.03 Claims. Unless specifically exempted below, all Claims between any of the Bound Parties regardless of how the same might have arisen or on what it might be based, including, but not limited to, Claims (a) arising out of or relating to the interpretation, application or enforcement of the Declaration or the Articles, the Bylaws and Rules and Regulations or the rights, obligations and duties of any Bound Party under the Declaration or the Articles, the Bylaws and Rules and Regulations, (b) relating to the design or construction of improvements; or (c) based upon any statements, representations, promises, warranties, or other communications made by or on behalf of any Bound Party shall be subject to the provisions of Section 19.04 below.

Notwithstanding the above, unless all parties thereto otherwise agree, the following shall not be Claims and shall not be subject to the provisions of Section 19.04 below.

(a) any suit by the Association against any Bound Party to enforce the provisions of Article 9 (Covenants for Assessments);

(b) any suit by the Association or Declarant to obtain a temporary restraining order or injunction (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to act under and enforce the provisions of Article 7 (Use Restrictions) or Article 13 (Architectural Control);

(c) any suit between or among Owners, which does not include Declarant or the Association as a party, if such suit asserts a Claim which would constitute a cause of action independent of the Declaration or the Articles, the Bylaws and Rules and Regulations; and

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



With the consent of all parties hereto, any of the above may be submitted to the alternative dispute resolution procedures set forth in Section 19.04 below.

19.04 Mandatory Procedures.

(a) Notice. Any Bound Party having a Claim ("Claimant") against any other Bound Party ("Respondent") (the Claimant and the Respondent referred to herein being individually, as a "Party," or, collectively, as the "Parties") shall notify each Respondent in writing (the "Notice"), stating plainly and concisely:

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

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

(iii) the proposed remedy; and

(iv) the fact that Claimant will meet with Respondent to discuss in good faith ways to resolve the Claim.

(b) Negotiation and Mediation.

(i) The Parties shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation. If requested in writing, accompanied by a copy of the Notice, the Board may appoint a representative to assist the Parties in negotiation.

(ii) If the Parties do not resolve the Claim within 30 days after the date of the Notice (or within such other period as may be agreed upon by the Parties) ("Termination of Negotiations"), Claimant shall have thirty (30) days to submit the Claim to mediation under the auspices of the American Arbitration Association ("AAA") in accordance with the AAA's Supplemental Mediation Procedures for Residential Construction.

(iii) If Claimant does not submit the Claim to mediation within such time, or does not appear for the mediation, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to any Person other than the Claimant.

(iv) Any settlement of the Claim through mediation shall be documented in writing by the mediator and signed by the Parties. If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation, or within such other time as determined by the mediator or agreed to by the Parties, the mediator shall issue a notice of termination of the mediation proceedings ("Termination of Mediation"). The Termination of Mediation notice



shall set forth that the Parties are at an impasse and the date that mediation was terminated.

Each Party shall bear its own costs of the mediation, including attorneys' fees, and each Party shall share equally all charges rendered by the mediator. If the Parties agree to a resolution of any Claim through negotiation or mediation in accordance with this Section 19.04 and any Party thereafter fails to abide by the terms of such agreement, then any other Party may file suit or initiate arbitration proceedings to enforce such agreement without the need to again comply with the procedures set forth in this Section 19.04. In such event, the Party taking action to enforce the agreement shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement, including, without limitation, attorneys' fees and court costs.

(c) Binding Arbitration.

(i) Upon Termination of Mediation, Claimant shall thereafter be entitled to initiate final, binding arbitration of the Claim under the auspices of the AAA in accordance with the AAA's Supplemental Arbitration Procedures for Residential Construction. Such claims shall not be decided by or in a court of law. Any judgment upon the award rendered by the arbitrator may be entered in and enforced by any court having jurisdiction over such Claim. If the claimed amount exceeds Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), the dispute shall be heard and determined by three arbitrators. Otherwise, unless mutually agreed to by the parties, there shall be one arbitrator. Arbitrators shall have expertise in the area(s) of dispute, which may include legal expertise if legal issues are involved.

(ii) Unless provided otherwise by AAA's Supplemental Arbitration Procedures for Residential Construction, each Party shall bear its own costs and expenses and an equal share of the arbitrator's and administrative fees of arbitration. Notwithstanding the foregoing, if a Party unsuccessfully contests the validity or scope of arbitration in a court of law, the non-contesting party shall be awarded reasonable attorneys' fees and expenses incurred in defending such contest. All decisions respecting the arbitrability of any Claim shall be decided by the arbitrator(s).

(iii) The award of the arbitrator(s) shall be accompanied by detailed written findings of fact and conclusions of law. Except as may be required by law or for confirmation of an award, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

19.05 Amendment of Article. Without the express prior written consent of Declarant, this Article may not be amended for a period of twenty (20) years from the effective date of this Declaration.



ARTICLE 20
DEVELOPMENT CONDITIONS

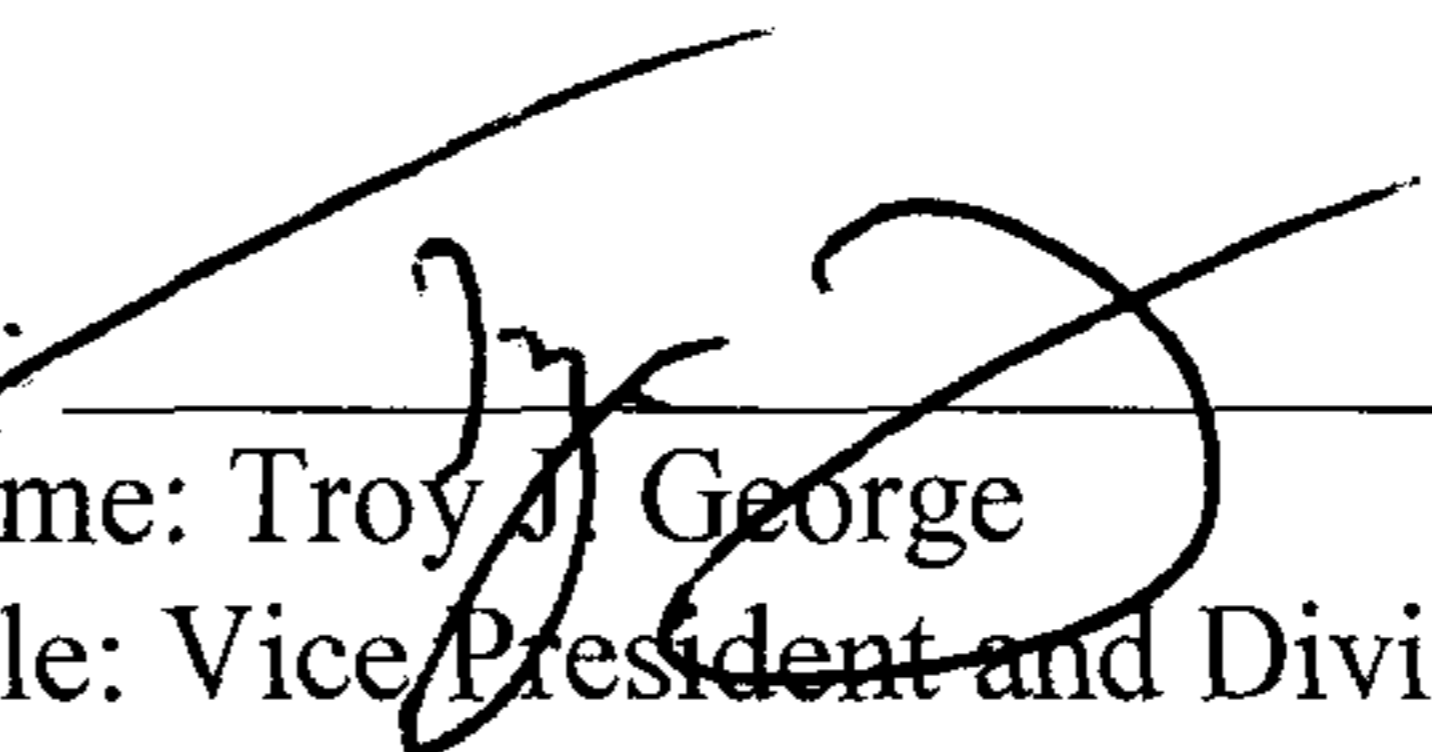
20.01. Development Conditions. Declarant shall develop the Property in accordance with the terms, conditions and restrictions set forth in that certain Special Use Permit applicable to the Property recorded in Book 6195, Page 327, Orange County Registry (as amended from time to time, the "Development Conditions"). Such Development Conditions shall encumber the Property and the Declarant, the Association and each Owner of a Lot within the Property shall comply with the terms, conditions and restrictions of the Development Conditions.



IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has executed this Declaration as of the date first above set forth.

DECLARANT:

CALATLANTIC GROUP, INC.,
a Delaware corporation


By: 
Name: Troy J. George
Title: Vice President and Division President

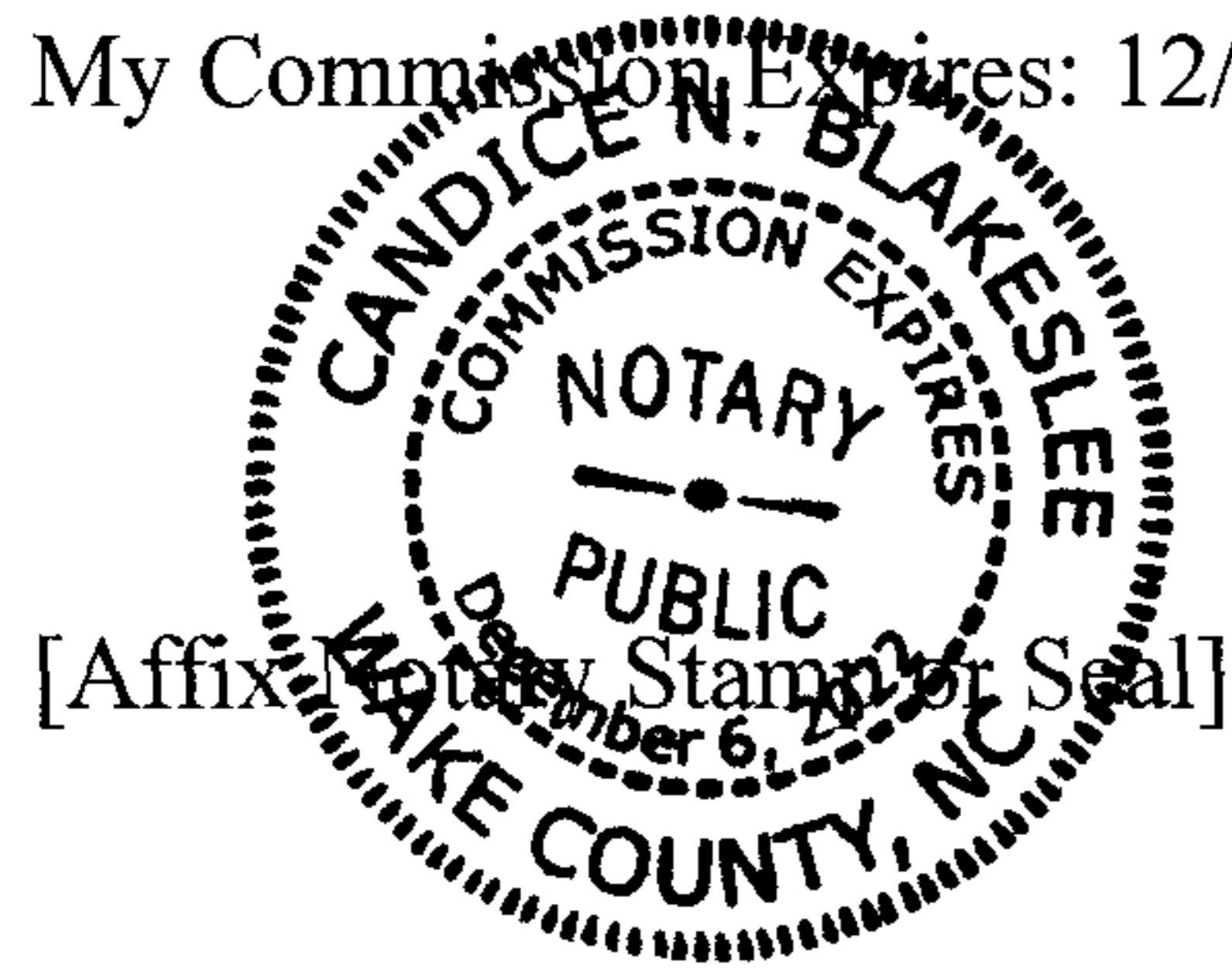
Wake County, North Carolina

I certify that the following person personally appeared before me this day and acknowledged to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Troy J. George.

Date: 08/30/2018

My Commission Expires: 12/06/2022


Candice N. Blakeslee, Notary Public



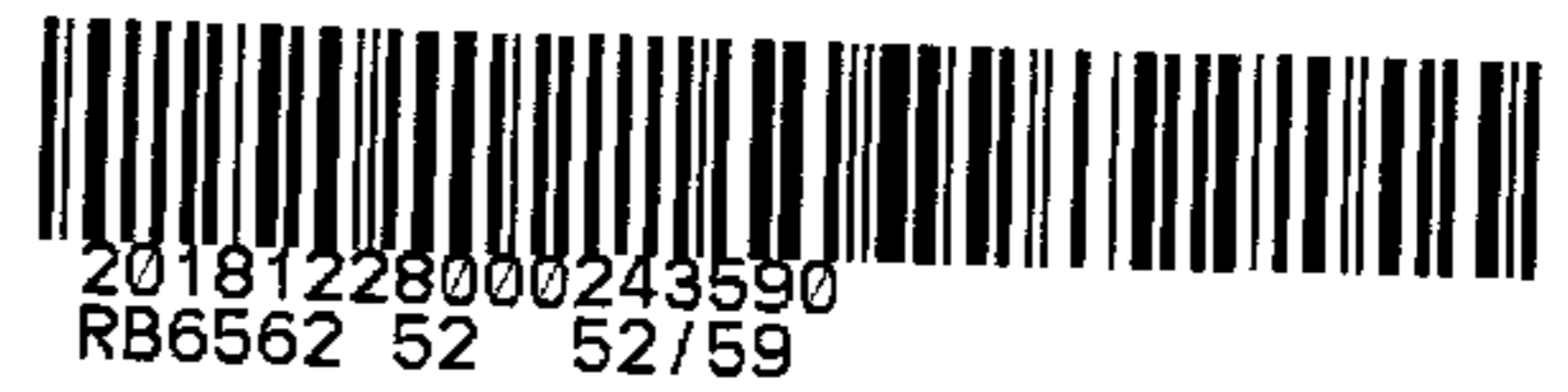


EXHIBIT A

Property

BEING all of those certain tracts or parcels of land identified as Lots 1 through 9 and "Open Space C", as shown on plat of survey entitled "Subdivision & Right-of-Way Dedication Plat, Chandler Woods - Phase I for CalAtlantic Group, Inc. & Capkov Ventures, Inc." dated November 6, 2018, prepared by James D. Whitacre, Professional Land Surveyor, of Advanced Civil Design, Inc. and recorded in Plat Book 119, Pages 105–108, Orange County Registry, which plat is referenced for a more particular description.

PINs:

9870-81-1758

9870-81-1768

9870-81-1788

9870-81-2709

9870-81-2729

9870-81-2840

9870-81-2860

9870-81-2870

9870-81-2890

9870-81-1855



EXHIBIT B

Additional Land

1. Any land owned by the Declarant or hereinafter acquired by Declarant located immediately adjacent to or in proximity to the Property.



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RB6562 54 54/59

EXHIBIT C

Delegation of Membership Rights

[see attached]



DELEGATION OF MEMBERSHIP RIGHTS

Prepared by: David Rooks
Return to: Community Home Trust
P.O. Box 2315, Chapel Hill, NC, 27515

PINS:

WHEREAS, by virtue of its ownership of the property described on Exhibit A attached hereto and incorporated herein by reference within the Chandler Woods development as described in the Master Declaration of Covenants, Conditions and Restrictions for Chandler Woods recorded at Book _____, Page _____, Orange County Registry (as may be amended and supplemented from time to time, "Master Declaration") and the Chandler Woods Townhomes as described in the Declaration of Covenants, Conditions and Restrictions for Chandler Woods Townhomes recorded at Book _____, Page _____, Orange County Registry (as may be amended and supplemented from time to time, "Townhome Declaration"), Community Home Trust ("CHT") is an "Owner" under the Master Declaration and the Townhome Declaration and a "Member" of both the Chandler Woods Master Owners Association, Inc. (as defined in the Master Declaration) ("Master Association") and the Chandler Woods Townhomes Owners Association, Inc. (as defined in the Townhome Declaration) ("Townhome Association" and collectively with the Master Association, the "Associations");

WHEREAS, pursuant to Section 7.22 of the Master Declaration, the property owned by CHT are restricted for use as Affordable Housing Units (as defined in the Master Declaration and the Townhome Declaration);

WHEREAS, CHT intends for the Affordable Housing Units to be and remain available to help meet the affordable housing needs of southern Orange County and to meet this objective, intends to convey interests in the Affordable Units to qualified buyers by long term ground leases rather than by the transfer of fee ownership;

WHEREAS, CHT wants to assure that each tenant under a long-term ground lease for an Affordable Housing Unit will have all the rights and benefits of an "Owner" under the Master Declaration and the Townhome Declaration and as a "Member" in each of the Associations.

NOW, THEREFORE, in consideration of the premises and other valuable considerations, CHT hereby states as follows:



1. CHT hereby delegates and assigns its rights as an “Owner” under the Master Declaration and the Townhome Declaration and as a “Member” in each of the Associations with respect to each Affordable Housing Unit to the ground lessee for the applicable Affordable Housing Unit, effective as of the date of the execution of the ground lease for each particular Affordable Housing Unit. CHT shall provide the name and contact information for the ground lessee to the Associations in connection with the execution of each ground lease.

2. The Master Association and the Townhome Association join in the execution of this instrument to acknowledge the delegation of CHT’s rights as described herein.



IN WITNESS WHEREOF, CHT has executed this instrument on _____, 2018.

CHT:

Community Home Trust

By: _____

Name: _____

Title: _____

State of _____, County of _____

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document in the capacity indicated: _____.

Date: _____, 2018

Notary Public

(Affix Seal)

Printed Name _____

My commission expires: _____



The Associations join in the execution of this instrument to acknowledge the delegation of CHT's rights as described herein.

Associations:

Chandler Woods Master Owners Association, Inc.

By: _____

Name: _____

Title: President

Chandler Woods Townhomes Owners Association, Inc.

By: _____

Name: _____

Title: President

State of _____, County of _____

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document in the capacity indicated: _____.

Date: _____, 2018

Notary Public

(Affix Seal)

Printed Name _____

My commission expires: _____

State of _____, County of _____

I certify that the following person personally appeared before me this day, acknowledging to me that he signed the foregoing document in the capacity indicated: _____.

Date: _____, 2018

Notary Public

(Affix Seal)

Printed Name _____

My commission expires: _____



20181228000243590
RB6562 59 59/59

Exhibit A