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REGISTER OF DEEDS  
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*orig. to: Mill Rhodes*

STATE OF NORTH CAROLINA

MASTER DECLARATION OF COVENANTS, CONDITIONS  
AND RESTRICTIONS FOR WELDEN VILLAGE

FORSYTH COUNTY

THIS MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR WELDEN VILLAGE (as hereafter amended and supplemented, the "Master Declaration" or "Declaration") is made and entered into as of the 7<sup>th</sup> day of MARCH, 2017 by PM Development, LLC, a North Carolina limited liability company ("Declarant" or "Developer"), and others who execute this Declaration for the purpose of subjecting property owned by them hereto as shown on the signature page hereof.

RECITALS

1. Declarant is the founder of Welden Village, a traditional neighborhood development featuring a mix of residential, commercial and recreational uses and exacting architectural controls. Declarant is the owner of the real property located in the Town of Kernersville, Forsyth County, North Carolina constituting approximately 385 acres comprising Welden Village, as more particularly described on Exhibit A attached hereto (the "Property"). Declarant desires to create on the Property a residential community ("Welden Village" or the "Community"), together with any private streets, alleys, roads, walking and biking trails, parks, utility infrastructure, Common Areas (as defined below), open spaces, landscaping, entrances, drainage facilities, access easements, site lighting and signage, recreation area(s) and any other common facilities ("Facilities") shown on any Recorded Plat (as defined below) for the benefit of the Property.

2. Welden Village is designed with characteristics of traditional towns and is intended to encourage walkability, neighborliness and a strong sense of community. Planned to adjoin and be a part of Welden Village, but not covered by this Declaration, will be Welden Village Center, a predominantly commercial development which will provide neighborhood shopping, offices, services and some multifamily development to complement and serve Welden Village.

3. As the founder of Welden Village, Declarant desires to provide for the preservation of the property values and amenities in the Community and for the maintenance of the Facilities and Common Areas and, to this end, desires to subject the Property to the covenants, conditions, restrictions, easements, charges and liens, hereinafter set forth, each and all of which is, and are, for the benefit of said real property and each owner of a portion thereof, and are intended to run with the Property and every portion thereof in perpetuity.

4. Declarant has deemed it desirable, for the efficient preservation of the values and amenities in the Property and the Community, and in accordance with the North Carolina Planned Community Act, to create an entity to which should be delegated and assigned the powers of maintaining, administering, operating and replacing the Common Areas and the Facilities, administering and enforcing the covenants, conditions and restrictions, and collecting and disbursing the assessments and charges hereinafter created. To this end, Declarant has caused to be incorporated under the laws of the State of North Carolina a non-profit corporation to be known as Welden Village Owners Association, Inc. ("Association" or "Master Association"), for the purpose of exercising said functions.

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Prepared by and return to:  
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5. Certain additional covenants and restrictions and/or associated homeowners associations may hereafter be created within the Property, or this Declaration or subsequent amendments or supplements to this Declaration may create discrete geographic areas, such as neighborhoods, townhome developments, commercial areas or condominiums, which may carry particular additional restrictions and/or assessments, and/or which may be governed and assessed by an additional incorporated association in addition to the Master Association. All of the foregoing are referred to generally herein as "Neighborhoods". Boroughs, Wards and Districts are smaller parts of Neighborhoods which may also be governed or restricted separately, or which may be created and described in the applicable Neighborhood Declaration. In any event, sub-associations, Neighborhoods, Boroughs, Wards and Districts shall in all cases be created in accordance with and shall be subordinate to this Declaration in addition to the documents which create and govern such Neighborhoods.

6. It is intended that the Association or the applicable Neighborhood Association will maintain, as more specifically set forth elsewhere herein, all of the Common Areas shown on the Recorded Plats, and the costs of such maintenance will be Common Expenses of all the Members of the Association, or a Limited Common Expense of less than all the Members of the Association as to those Common Areas appurtenant to any Neighborhoods, if any are created. Alternatively, certain Common Areas may be conveyed to separate Neighborhood or sub-associations and those entities shall be responsible for the maintenance thereof.

### DECLARATION

NOW THEREFORE, the Declarant declares that the Property and any additions thereto, is and shall be held, used, transferred, sold, conveyed and occupied subject to the terms, conditions and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as "Covenants and Restrictions") as hereinafter set forth.

### ARTICLE ONE PROPERTY SUBJECT TO THIS DECLARATION

1.1. Property. The real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration is located in the City of Kernersville, Forsyth County, North Carolina, and is or will be commonly known as Welden Village, and consists of the real property described on Exhibit A.

1.2. Additions to Property. The Declarant, its successors and assigns, during the Declarant Control Period, shall have the right but not the obligation, without further consent of the Association or its Members, to bring within the scheme and operation of this Declaration all or any portions of any real property that adjoining or in close proximity to the Property, as added to under the terms hereof from time to time. The additions authorized under this and the succeeding subsection shall be made by filing of record in the Office of the Register of Deeds of Forsyth County one or more Supplementary Declarations of Covenants, Conditions and Restrictions ("Supplemental Declaration") with respect to such additional property or properties, executed by the Declarant and, if different, the owner(s) of the additional property, which shall extend the operation and effect of the Declaration to such additional property or properties. Any Supplementary Declaration(s) may specify such additional specific use restrictions and other covenants, conditions and restrictions to be applicable to the added property and may contain such complementary additions and modifications of this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect and adapt to any difference in character of the added properties. In no event, however, shall any such Supplementary Declaration modify or add to the covenants and restrictions established by this Declaration so as to negatively affect the Property; however, this proviso shall not be interpreted to prohibit or prevent any properly-instituted change in the amount of the Assessments (as hereinafter defined) payable by a Member of the Association by reason of any such additions; nor shall any such Supplementary Declaration adversely affect the common development scheme of the Property as generally planned by Declarant.

1.3. Relation to North Carolina Planned Community Act. The North Carolina Planned Community Act, N.C.G.S. 47F-101 et seq., as the same may be amended from time to time ("Act"), shall apply to the Property, and the Association shall have, but not be limited to, all the powers, rights and privileges which may be exercised by a Planned Community (as defined in the Act) pursuant to the Act, even if such powers, rights or privileges are not specifically set forth herein or in the Association's Articles of Incorporation or Bylaws.

1.4 Apartments. Certain real property within Welden Village may be developed as apartments by the Declarant or by unrelated third parties. If so, a separate declaration may be recorded applicable to such real property, and such declaration may remove such real property from this Declaration, or significantly alter the applicability of this Declaration to that real property. Purely for example and not by way of limitation, the owner of the apartment complex might not be considered an "Owner" hereunder, the tenants of the apartments might be defined as "Members" hereunder, and the leasing restrictions set forth herein might not apply at all.

## ARTICLE TWO ADDITIONAL DECLARATIONS

2.1 Neighborhood Declarations. In addition to Supplemental Declarations as described above, additional covenants and restrictions applicable to only certain Lots, Common Properties or Limited Common Properties, or other identified Boroughs, Districts or Wards within the Property, may be established from time to time in the form of a neighborhood declaration, condominium declaration or townhome declaration ("Neighborhood Declarations"). Neighborhood Declarations may be executed and recorded by the Declarant at any time during the Declarant Control Period without the joinder of any Lot owner or other party and shall supplement the terms of this Declaration as they apply to the Neighborhood burdened by the Neighborhood Declaration in order to reflect the different character and intended use of such Neighborhood; provided, however, in no event shall any Neighborhood Declaration substantially modify any common scheme of development of the Property as generally planned by Declarant. A document can be both a Neighborhood Declaration and a Supplemental Declaration together. Neighborhood Declarations may require additional assessments of Lot Owners in a Neighborhood.

2.2 Neighborhood Associations. Certain obligations of the Association established herein may at the Declarant's discretion be delegated by the Association to a separate association created in connection with a Neighborhood Declaration ("Neighborhood Association") if there is a reasonable nexus between the obligation delegated and the property encumbered by the Neighborhood Declaration. In addition, in accordance with Article Nine hereof, the Declarant or the Association may convey portions of the Common Properties to the Neighborhood Association or designate such Common Properties as Limited Common Properties for the benefit of only those Lots encumbered by the Neighborhood Declaration. Neighborhood Associations and Neighborhood Declarations shall be established in accordance with the provisions of Article Eight hereof. There is no obligation to create any Neighborhood Association and all Neighborhoods shall be subordinate to the Master Association.

2.3 Recreational Association. The Declarant may establish a "Recreational Association" as a non-profit corporation which may own, operate and maintain certain of the recreational amenities and/or Common Areas which are planned to serve the Community. While the Master Association retains the right to own and operate some or all of such amenities, it is anticipated that most of the provisions of this Declaration applicable to the ownership, operation and maintenance of such amenities shall be delegated to the Recreational Association, as further set forth in Article Twelve hereof. The Declarant reserves the right in its sole discretion to designate the ownership of the various recreational amenities and other Common Areas as between the various associations created pursuant to this Declaration, or to retain any to itself, its successors or assigns, until it deems appropriate to convey them to the appropriate entity, if at all.

2.4 Common Management of Associations. To ensure consistency in management of the entire Community, the Master Association shall have the sole authority to hire management companies and attorneys for the billing, collection and enforcement of all Assessments of any type or nature, whether such Assessments arise under this Declaration or any Neighborhood Declaration. No Neighborhood Association shall have the authority to bill, collect or enforce its Assessments separately from the Master Association unless specifically and in detail delegated to such Association in writing by the Board and accepted in writing by such Neighborhood Association.

## ARTICLE THREE DEFINITIONS

The following words when used in this Declaration or any amended, Neighborhood Declaration or Supplemental Declaration (unless the context shall require otherwise) shall have the following meanings, in addition to those other certain capitalized terms defined elsewhere in this Declaration:

- 3.1. "Act" shall have the meaning set forth in Section 1.3 hereof.
- 3.2. "Accessory Dwelling" shall mean Dwelling Units over detached garages and similar smaller Dwelling Units which may be allowed for particular Lots in addition to the primary Dwelling Unit on the Lot. Accessory Dwellings shall only be permitted for specific Lots if specifically provided by the recorded declaration governing that Lot.
- 3.3. "Approved Builder(s)" shall mean builders of Dwelling Units, Multi-Family Dwellings, Accessory Dwellings and the like which do not intend to live in the structures they are building, which have been formally approved by the Declarant to build within Welden Village, and which purchase Lots directly from Declarant or an affiliate of Declarant.
- 3.4. "Assessment(s)" shall mean and refer to the assessment(s) and charges levied by the Association against Members who are the Owners of Lots or Dwelling Units in the Property and shall include annual, special and Special Individual Assessments as described in Article Ten of this Declaration.
- 3.5. "Association" shall mean and refer to Welden Village Owners Association, Inc., a North Carolina non-profit corporation.
- 3.6. "Board" shall mean and refer to the Board of Directors of the Association.
- 3.7. "Borough" shall mean a self-contained assemblage of similar lots within a Neighborhood.
- 3.8. "Bylaws" shall mean and refer to the bylaws of the Association and all amendments thereto.
- 3.9. "Committee" shall mean and refer to the Architectural Control Committee established pursuant to Article Five hereof.
- 3.10. "Common Expenses" shall mean and refer to:
  - a. Expenses of administration, operation, utilities, maintenance, repair or replacement of the Common Properties, including payment of taxes and public assessments levied against the Common Properties, and including all costs and expenses of the Recreational Association.
  - b. Expenses declared Common Expenses by the provisions of this Declaration or the Bylaws.
  - c. Expenses agreed upon from time to time as Common Expenses by the Association and lawfully assessed against Members who are Owners in the Property, in accordance with the Bylaws or this Declaration.
  - d. Any valid charge against the Association or against the Common Properties as a whole or any part thereof.
  - e. Any expenses incurred by the Association in connection with the discharge of its duties hereunder and under the Bylaws and its Articles of Incorporation.
  - f. Any expenses reasonably incurred with regard to any shared maintenance obligations the Association may undertake related to the upkeep and maintenance of any entrances, stormwater management facilities, or other off-site amenities or improvements not located within the Property but which are a part of other parts of Welden Village and which benefit the Property covered by this Declaration.
- 3.11. "Common Property(ies)", "Common Element(s)" or "Common Area(s)" shall mean and refer to those areas of land described or referred to as "Amenity Area", "Amenity Areas", "Common Open Space", "COS",

“Common Property”, “Common Area”, “Open Space” or words of like import shown on any Recorded Plat of all or any part of the Property. The Common Properties do not include the Limited Common Properties. The Common Properties shall include any stormwater device that serves more than one (1) Lot. The Common Properties may also include any Recreational Facilities constructed by the Declarant or the Association, as described in Article Twelve hereof. It is intended that the Common Properties shall be conveyed to the Association, the Recreational Association, or to Neighborhood Associations for the benefit of each of the Owners. The Declarant reserves the right to add or remove Lots or Common Properties, to combine or subdivide Lots or Common Properties, to change Lots to Common Properties, to change Common Properties to Lots, and to change any Common Property to a commercial use or other non-residential use, at any time without notice in its sole discretion.

3.12. “Community” shall have the meaning assigned to it in the Recitals of this Declaration.

3.13. “Condominium Association” shall mean any to-be-formed North Carolina non-profit corporation which may be created pursuant to the North Carolina Condominium Act in order to manage any condominium Lots and the Dwelling Units constructed thereon. All members of any Condominium Association shall also be Members of the Association. Any Condominium Association shall be governed by a separate Condominium Declaration to be recorded in the Forsyth County Registry, as well as by this Declaration and any applicable Neighborhood Declaration.

3.14. “Declarant” shall mean and refer to PM Development, LLC a North Carolina limited liability company, its successors and assigns, any entity executing any Neighborhood Declaration hereunder as a “Declarant” in such instrument, and any person or entity which is specifically assigned, whether in whole or in part, the rights and interests of Declarant hereunder or under a separate instrument executed by the Declarant and recorded in the Forsyth County Registry. Declarant is the entity that has the right, power and authority to exercise the powers of the Declarant to ensure the development and maintenance of the Property as herein set forth. The Declarant may assign certain of its rights to third parties who may act as the declarant, or in addition to the Declarant, for certain Neighborhoods or other portions of the Property.

3.15. “Declarant Control Period” shall have the meaning set forth in Section 7.6 hereof.

3.16. “Design Standards” if established, contain a set of architectural, site orientation, and landscape provisions that guide the character of residential and commercial development, and may be applied to specific areas within Welden Village.

3.17. “District” shall mean an area of the Property where particular types of activity are concentrated; for example, a commercial district or a shopping district. Uses in a particular District may not necessarily be limited to a particular type of activity, but a particular type of activity may set the predominant character for that District.

3.18. “Dwelling Unit” shall mean and refer to any improvement or portion thereof situated on an Improved Lot intended for use and occupancy as one (1) single family dwelling, irrespective of the number of Owners thereof (or the form of ownership) located within the Property and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) single family detached homes, single family attached homes such as townhouses, condominium units, duplexes, apartment units, and patio or zero lot line homes. Each unit in a Multi-Family Dwelling constitutes a Dwelling Unit as of the date of recording in the Forsyth County Registry of the condominium declaration applicable to such Multi-Family Dwelling. Where appropriate by context, the term shall include both the improvements and the real property on which the improvements are situated. The term “Lot” shall include Dwelling Units when applicable by context.

3.19. “Facilities” shall mean any common swimming pools, clubhouses, tennis courts, walking trails, boardwalks, playing fields or other recreation area(s) or similar common recreation facilities shown on any Recorded Plat.

3.20. “FHA” shall mean and refer to the Federal Housing Authority of the United States Department of Housing and Urban Development.

3.21. “Improved Lot” shall mean and refer to any Lot on which the improvements constructed thereon are sufficiently complete to be occupied as a Dwelling Unit or a Multi-Family Dwelling.

3.22. "Limited Common Expense" shall mean and refer to the expense of administration, operation, maintenance, repair or replacement of Limited Common Properties or Limited Common Areas or any valid charge against the Limited Common Properties as a whole. Such expenses shall be assessed against those Lots or Dwelling Units having the exclusive or special rights in the use or enjoyment of the Limited Common Properties.

3.23. "Limited Common Area(s)", "Limited Common Element(s)" or "Limited Common Property(ies)" shall mean and refer to those areas of land (including without limitation any joint driveways) and improvements described or referred to in any declaration applicable to the Property or Recorded Plat of the Property as intended for the use only of the Owners of particular Lots or Dwelling Units to the exclusion of other Owners and other Members. Any property so designated shall be for the exclusive use of the Owners of the Dwelling Units or Lots so designated or shown in such declaration or Recorded Plat.

3.24. "Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Dwelling Unit, which shall not include garages, carports, porches, patios, breezeways, terraces or basements (unless heated).

3.25. "Lot" shall mean and refer to any numbered parcel of land within the Property which is intended for use as a site for a Dwelling Unit or Multi-Family Dwelling, as shown upon any Recorded Plat of any part of the Property and labeled thereon as a "Lot", and shall not include Common Properties or Limited Common Properties except where undivided interests in such are included as appurtenances to a condominium Lot, and shall not include any property in the Property not yet subdivided for sale as an individual lot. No property in the Property shall be developed as a Dwelling Unit or a Multi-Family Dwelling until designated as a Lot on a Recorded Plat. The Declarant reserves the right to add or remove Lots or Common Properties, to combine or subdivide Lots or Common Properties, to change Lots to Common Properties, to change Common Properties to Lots, and to change any Common Property to a commercial use or other non-residential use, at any time without notice in its sole discretion. The term "Lot" as used herein shall include Improved Lots and shall also include Dwelling Units.

3.26. "Member" shall mean a member of the Association. All Owners shall be Members. In certain circumstances, long-term tenants in a Multi-Family Dwelling may also be Members if so provided in the applicable Neighborhood Declaration governing any such Multi-Family Dwelling.

3.27. "Multi-Family Dwelling" shall mean and refer to any Improved Lot intended for use and occupancy as more than one Dwelling Unit and shall, unless otherwise specified, include within its meaning (by way of illustration, but not by limitation) condominium buildings and apartments. Where appropriate by context, the term shall include the improvements and the real property on which the improvements are situated, which real property would be the common property of all Dwelling Units on a Multi-Family Dwelling Lot. Provided, however, that a Lot which has an Accessory Dwelling in addition to the primary Dwelling Unit on the Lot, and the Dwelling Units on such Lot, shall not be considered Multi-Family Dwellings.

3.28. "Neighborhood" shall mean and refer to a contiguous or closely related set of Lots and any related Limited Common Areas in the Property that are to be governed by a common set of design standards and governed by a Neighborhood Declaration recorded as a supplement to this Declaration.

3.29. "Neighborhood Assessment" shall mean and refer to any assessment(s) or charges levied in connection with a Neighborhood Association.

3.30. "Neighborhood Association" shall have the meaning assigned to it in Article Two of this Declaration.

3.31. "Neighborhood Declaration" shall have the meaning assigned to it in Article Two of this Declaration.

3.32. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Dwelling Unit situated upon the Property. Notwithstanding any applicable theory of any lien or mortgage law, "Owner" shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

- 3.33. "Plans" shall have the meaning assigned to it in Article Five of this Declaration.
- 3.34. "Property" shall mean and refer to all the real property defined in Section 1.1 hereof and more particularly described in Exhibit A, as well as any additions thereto as are made subject to this Declaration by any Supplemental Declaration(s) under the provisions of Article One of this Declaration.
- 3.35. "Quasi-Residential" shall mean a use which is not residential but which is accessory and related to a residential use on an otherwise residential lot.
- 3.36. "Recorded Instrument" shall mean and refer to any document relating to the Property, or any portion thereof, recorded in the Forsyth County Registry and executed by the Declarant (during the Declarant Control Period, and by the Association otherwise) to show its consent thereto (and by any other Owner(s) of property described therein and affected thereby if different). In any case in which the designation or description of the same property described in two different Recorded Instruments is different (for example, property is designated as a Lot in one instrument and a street in another, or legal boundaries of areas are described differently in different Recorded Instruments), the designation and description on the later-recorded of the Recorded Instruments shall control.
- 3.37. "Recorded Plat" shall mean and refer to any map of the Property, or any portion thereof, recorded in the Forsyth County Registry and executed by the Declarant (during the Declarant Control Period, and by the Association otherwise) to show its consent thereto (and by any Owner(s) of such property whose survey is shown thereon if different). In any case in which the designation and/or boundary lines of the same property shown on two different Recorded Plats are different (for example, property is designated as a street on one plat and as a Lot on the other, or boundary lines are shown differently on two different Recorded Plats), the designation and boundary lines on the later-recorded of the Recorded Plats shall control. Declarant has the right without the joinder or consent of any other party to revise and re-record Recorded Plats where necessary to correct errors or omissions, to adjust Lot lines, and the like.
- 3.38. "Recreational Association" shall have the meaning assigned to it in Section 2.3 of this Declaration.
- 3.39. "Recreational Facilities" shall have the meaning assigned to it in Article Twelve of this Declaration.
- 3.40. "Special Individual Assessments" shall have the meaning assigned to it in Article Ten of this Declaration.
- 3.41. "Supplemental Declaration" shall have the meaning assigned to it in Section 1.2 of this Declaration.
- 3.42. "Townhome Association" shall mean any North Carolina non-profit corporation which may be created at the Declarant's discretion pursuant to the North Carolina Planned Community Act in order to manage any Townhome Lots and the Dwelling Units constructed thereon. All members of any Townhome Association shall also be Members of the Association. Any Townhome Association shall be governed by a separate townhome declaration to be recorded in the Registry, as well as by this Declaration. Townhomes may be administered by the Master Association in lieu of the creation of a separate Townhome Association.
- 3.43. "Townhome Lot" shall refer to any Lots intended or shown on any Recorded Plat for the construction of single-family attached Dwelling Units, but excluding condominium Lots.
- 3.44. "VA" shall mean and refer to the United States Department of Veterans Affairs.
- 3.45. "Ward" shall mean a smaller area within a Borough or a Neighborhood which is centered around a particular civic element or common open space.

ARTICLE FOUR  
DURATION; NOTICES; ENFORCEMENT

4.1 Duration.

a. The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of and be enforceable by, Declarant, the Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns in perpetuity. This Declaration may be amended in accordance with the provisions of Article 13 hereof. Amendments made in conformity with that Article may alter any portion of the Declaration hereof, including but not limited to the duration and amendment provisions hereof. The terms and conditions of this Declaration may also be amended as to a particular Neighborhood. No amendment to any recorded declaration may adversely affect the Declarant's rights unless executed by the Declarant.

b. The termination of this Declaration shall require both the assent of Declarant, during the Declarant Control Period, and the assent of eighty percent (80%) of all the Lot Owners governed by the Association, taken at a meeting duly called and held for this purpose, and shall be evidenced by a termination agreement recorded in the Forsyth County Registry and otherwise complying with the terms of Section 47F-2-118 of the Act.

4.2 Notices. Any notice required to be sent to any Member or Owner, under the provisions of this Declaration (a "Notice"), shall be deemed to have been properly sent when delivered by email if sent to an email address regularly used by the recipient and receipt is confirmed or acknowledged, by hand delivery with the delivery person providing an affidavit of delivery, or when mailed, postage prepaid, or deposited with an overnight courier (such as, but not limited to Federal Express) and addressed to the person at the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. In the event that a Member or Owner's address is absent from the Association's records, the notice may be sent to the address listed on the Forsyth County tax records at the time of the mailing. The sender shall not be required to cause title to any Lot to be examined. Notice to any one of the Owners, if title to a Lot is held by more than one, shall constitute notice to all Owners of that Lot. It is the Owner's responsibility to ensure that the Association has correct contact information for him or her at all times if other than the address of the Owner's Lot in Welden Village, and the Association shall not be liable for any damage, loss of rights or otherwise incurred by an Owner who has failed to provide correct contact information to the Association.

4.3 Enforcement.

a. Enforcement Rights. The Association, Declarant, and/or any Owner may (but shall not necessarily be required to) enforce these covenants and restrictions. Enforcement of these covenants and restrictions may be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, or both, and/or against the land to enforce any lien created by these covenants and restrictions. Any failure by the Declarant, the Association or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter. The Association shall have the right to promulgate reasonable policies, procedures and rules and regulations from time to time which are in harmony with these covenants and restrictions.

b. Specific Procedure For the Imposition of Fines or Suspension of Planned Community Privileges or Services. The Association may impose fines or suspend privileges or services in the event of an Owner's failure to comply with the requirements of this Declaration or any architectural guidelines or rules and regulations promulgated in accordance with these covenants and restrictions. In such circumstances, the Owner shall have been sent a Notice notifying him of the violation and providing a period of no less than ten (10) days for the violation to be corrected. If the Owner fails to address the violation during such period, the Board may vote to impose a fine or suspend privileges or both, or the Board may have previously promulgated a schedule of fines and privileges which may be imposed and/or suspended in particular cases and may delegate authority to an officer or duly-appointed manager of the Association to impose the same according to the approved schedule. The Association shall inform the Owner of the same in writing. The Owner shall have the right to appeal the decision and shall have an opportunity to be heard by the Board on such appeal, but the fine shall accrue during such period unless waived or suspended by the Board pending the outcome of the appeal. If it is decided that a fine should be imposed, a fine not to exceed one hundred dollars (\$100.00) may be imposed for the violation and without further hearing, for each day after the fifteenth (15<sup>th</sup>)



day that the violation occurs. Such fines shall be Assessments secured by liens as more particularly described in Article Ten hereof. If it is decided that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured. Privileges and services which may be suspended include but are not limited to the right to vote on any matter to be considered by membership, the right to vote as a Board member, and any utility services which may be provided by the Association. The Board shall adopt a written collections and appeals policy or policies setting forth in more detail the procedures that its officers, agents and attorneys shall use in collecting assessments, fines and other charges from owners. This subsection (b) sets forth "a specific procedure for the imposition of fines or suspension of planned community privileges or services" pursuant to Section 3-107.1 of the Act.

## ARTICLE FIVE DESIGN REVIEW

5.1 Purposes. Welden Village has been carefully designed, from overall site planning to each individual home, to ensure a high-quality, aesthetically pleasing traditional walkable neighborhood environment. In order to provide for the preservation of the same as well as to maintain the property values in the Property with respect to any improvements to be constructed or altered on any Lot, the Declarant hereby establishes these architectural covenants and restrictions and may establish an Architectural Control Committee ("ACC" or "Committee"), in accordance with Section 5.3 hereof, in order to provide, enforce and maintain certain standards as to harmony of exterior design and location of the improvements on the Lots in relation to surrounding structures, natural features and topography. To the extent that an ACC is not established or is unable to meet, then and in which case the term "ACC" or "Committee" shall mean the Board of Directors of the Association.

### 5.2 Design Review.

a. Unless expressly authorized in writing by the Board, no structure or improvement whatsoever of any kind or nature, including but not limited to any excavation, foundation, Dwelling Unit, Multi-Family Dwelling, fence, wall, driveway, patio, deck, sidewalk, swimming pool, pond, fence, building, shed, enclosure, mailbox, irrigation system or expansion of any existing irrigation system, animal enclosure or dog house, playhouse, tree house, play equipment, arbor, lawn ornament, sculpture, monument, flagpole, sign, landscaping, or any other fixture, attachment or modification of any Lot or structure of any kind may be constructed or maintained, nor shall any exterior addition or alteration, including exterior colors, to any of the foregoing, or any other structure or improvement be started, nor shall any clearing or site work be commenced or maintained upon any Lot in the Property, until plans and specifications therefor showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, decorative landscape planting, floor plans and elevations therefor, and clearing details including proposed tree removal, in such detail as may be further prescribed by the Association (all of which are hereinafter referred to collectively as the "Plans"), and any application fee set by the Association, shall have been submitted to, and approved in writing by, the ACC. Except as set forth herein, the ACC shall have the absolute and exclusive right to refuse to approve any such Plans which are not suitable or desirable in the opinion of the ACC for any reason, including purely aesthetic reasons, which in the sole discretion of the ACC shall be deemed sufficient. The Declarant or the Board may promulgate design standards from time to time to be adhered to for different Lots or structures in the Property, and it may promulgate different standards for different Neighborhoods. The standards promulgated by the Board shall be in general accordance with the design of the Community as originally provided by Declarant, and shall not disrupt the general development scheme as planned by Declarant.

b. Notwithstanding the foregoing, the Board may (i) set restrictions that conflict with those established generally for the Property which apply to only a set of Lots comprising a Neighborhood and/or (ii) delegate to a Neighborhood Association or committee its authority to approve Plans for the Lots in such Neighborhood, or to approve certain types of construction or modifications but retaining for itself the authority to approve other types (for example, a Neighborhood committee might be delegated the authority to review and approve modifications to existing Dwellings whereas the Board might retain the authority to review and approve new construction and additions); however, neither the Board nor any Neighborhood Association may in any circumstances set architectural or design standards which are in clear conflict with the provisions of this Declaration or the general development scheme as planned by Declarant.

c. Only Approved Builders, as defined in Article 3 hereof, are permitted to construct Dwelling Units in Welden Village. The Declarant or the Board may enjoin construction by any party who is not an Approved Builder and/or employ the enforcement mechanisms set forth herein, including the assessment of fines and the suspension of the right to use amenities, against any non-approved builder.

#### 5.3 Architectural Control Committee.

a. Prior to or in lieu of the appointment of the ACC by the Board, the Board shall act as the ACC. Should the Board choose to appoint the ACC, it shall be composed of any number of persons designated by the Board, and such persons need not be Members of the Association. The ACC shall take action as a committee and no one member of the ACC shall have any authority to act on the ACC's behalf without express authorization by the committee as a whole, except that there shall be a Chairperson of the ACC who shall execute approvals and other documents once authorized by the committee as a whole. In the event of death, resignation, or removal by the Board of any member of the ACC, the Board shall have full authority to designate a successor. Unless otherwise approved by the Board, the members of the ACC shall not be entitled to any compensation for services performed pursuant to this covenant; however, any design professional retained by the Board or the ACC may be reasonably compensated. The Association shall keep, or cause to be kept, a list of the names and addresses of the persons who form the ACC, and such a list shall be available to any Owner upon request. The Board may appoint subcommittees of its members and delegate duties of the ACC among such subcommittees.

b. Notwithstanding the foregoing, during the Declarant Control Period, the Declarant shall serve as the ACC. The Declarant may at any time delegate, either temporarily or permanently, its rights to review, approve and monitor improvements, either fully or only as to certain types of requests, to the ACC, but if so shall at all times during the Declarant Control Period retain the right to veto any approval which in its discretion does not comport with its development plans for the Property. All structures, improvements and landscaping in place at the time of the recording of this Declaration, or which are built, created or installed in the future by the Declarant, its successors and assigns, or by Approved Builders, are hereby approved by Declarant on behalf of the Board and the ACC. The Declarant, its successors and assigns, shall be exempt from any requirement of ACC approval. Declarant shall have the right in its sole discretion to approve house plans of home builders to whom Declarant conveys Lots, and no formal ACC approval process shall be required for the initial construction of such homes. ACC or Board approval is not required for any improvements constructed by the Declarant. The Declarant shall retain the right to approve the Plans of all Approved Builders and may provide prior, blanket approval for construction plans of Dwelling Units, Multi-Family Dwellings and Accessory Dwellings to be constructed by Approved Builders.

#### 5.4 Design Review Procedure.

a. At least sixty (60) days prior to the commencement of any construction or improvement, two (2) sets of Plans shall be submitted to the ACC. Approval shall be subject to such regulations and architectural standards ("Design Standards") as may from time to time be promulgated by the Association in harmony with these covenants and restrictions. Within thirty (30) days after receipt of the Plans and all other required information, the ACC shall notify the Owner of the Lot or Dwelling Unit in writing as to whether the Plans have been approved or if further information is needed before a decision can be made. If no response is given by the ACC within thirty (30) days, the Plans shall be deemed not approved. The response of the Association may be an approval, a denial, an approval with conditions or a request for additional information. A request for additional information shall be deemed a denial pending receipt of such additional information as the ACC may request, and the ACC shall have an additional thirty (30) days to review the additional information once all requested further information is provided. If approval with conditions is granted, and construction then begins, the conditions shall be deemed accepted by the Owner of the Lot or Dwelling Unit, and the conditions imposed shall become fully a part of the approved Plans. No improvements shall be made except in strict conformity with the approved Plans. The ACC shall have the right to monitor construction of improvements and investigate compliance with the approved Plans, and hereby reserves the right to enter upon any Lot in order to do so. The ACC, the Board and the Association shall have the right to enjoin any construction or maintenance made in violation of this Article, and the costs and expenses, including attorneys' fees, of any such lawsuit shall be deemed Special Individual Assessments enforceable against the responsible Owner as set forth below. See Section 6.22 below for required completion periods for approved constructions.

b. Owners are responsible for the contractors they hire to perform work on their property. Any contractor damaging improvements or infrastructure of the Property, and the Owner(s) who engaged the services of such contractor, shall be jointly and severally liable for such damage. Any failure of a contractor to adhere to the requirements of these covenants and restrictions shall be attributable to the applicable Owner.

c. Any Owner submitting Plans to the ACC and disagreeing with the finding of the ACC may appeal the decision to the Board by giving written notice of appeal to the Board within fifteen (15) days following receipt of notice of denial. The Board shall then review the Plans, giving the Chair or any other representative of the ACC the opportunity to present to the Board specific reasons why the Plans were denied, in the presence of the Owner or his/her agent, and the Owner or his/her agent may present information challenging the findings of the ACC. The decision of the ACC may be overridden by simple majority vote of the Board, a quorum being established. The foregoing provision shall not be applicable to decisions by the Declarant.

d. The Board may adopt a schedule of reasonable fees for processing requests for approval, and may require a construction deposit be paid to the Association to be held in escrow until construction is completed in strict accordance with the approved Plans and/or to be applied toward any damages to streets, curbs, and the like or other obligations of the Owner or builder to the Association. Such fees will be payable to the Association at the time that the Plans and other documents are submitted to the ACC. The payment of such fees, as well as other expenses of the ACC required to be paid, shall be deemed to be a Special Individual Assessment, enforceable against the Owner of the Lot or Dwelling Unit as provided herein. The ACC expressly reserves the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing for purposes of assisting the ACC in its review of any Plans, and the cost of such consulting service(s) shall be the responsibility of the respective applicant or Owner of the subject Lot or Dwelling Unit and shall be in addition to any fees due for processing any requests for approval.

e. The ACC shall be obligated to specify the particular grounds upon which denial of any application is founded. If the ACC approves the Plans, one set of Plans, denoted as approved (or approved with specified conditions), shall be retained by the ACC.

f. Approval by the ACC or the Board of any Plans shall not relieve the applicant from any obligation to obtain all required governmental approvals or permits, and shall not relieve the applicant of the obligation and responsibility to comply with all applicable legal requirements with respect to such Plans and improvements.

g. Approval of any particular Plans does not waive the right of the ACC or the Board to disapprove the same or substantially similar Plans subsequently submitted, nor does such approval relieve an applicant of the requirement to resubmit such Plans for approval in connection with any portion of the Property or any Lot other than that for which Plans were approved. Plans and specifications are not approved for engineering or structural design or quality of materials, and by approving such plans and specifications neither Declarant, the ACC, the members thereof, nor the Association assumes liability or responsibility therefore, or for any defect in any structure constructed from such plans and specifications. Neither the ACC nor the members thereof nor the Association nor Declarant shall be liable in damages or otherwise to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with any submittal for approval or disapproval or failure to approve or disapprove any plans or specifications. Every person who submits plans or specifications, and every Owner agrees that he/she will not bring any action or suit against Declarant, the Association, the ACC, the Board of Directors, or the officers, directors, members, employees and agents of any of them, to recover any such damages and hereby releases, remises and quitclaims all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands and causes of action not known at the time the release is given.

5.5. Application of the Article. This Article shall apply to any additions to the Property subsequently made subject to this Declaration and the terms and provisions of any Neighborhood or Supplemental Declaration; however, Neighborhood and/or Supplemental Declarations may add or modify architectural restrictions and approval requirements in addition to those set forth in this Article.

ARTICLE SIX  
RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION,  
DECLARANT AND OWNERS

6.1 Permissible Uses.

a. No Lot in the Property shall be used except for residential purposes (although no guarantee is provided that all Lots may in fact be suitable for residential use), with the exception of a) approved live-work units, b) any sales center, office, building, construction trailer or model home constructed or used by the Declarant, its agent or any Builder who has received the prior written permission of Declarant, c) the Recreational Facilities and any Lot denoted as Common Area or the like, d) any utility substation, power line easement, utility easement, pump station lot, ground water well lot, retention or detention pond, or similar lot used for providing utilities, storm water retention or drainage or similar services to any Lot, e) any Lot which may be conveyed or leased by Declarant to any non-profit organization or municipality for civic or institutional use (for example but not limited to a school, library, church, community center, children's club, YMCA, or a police, fire or ambulance station), f) the equipment building related to the communications infrastructure, and g) any Lot specifically denoted for any non-residential use on any Recorded Plat. No improvement or building of any type (except the foregoing) shall be erected, altered, placed, or permitted to remain on any Lot other than a Dwelling Unit or a Multi-Family Dwelling and its accessory structures(s), which shall comply with any applicable zoning regulations and the design requirements of this Declaration.

b. This Section shall not prohibit any home office or similar traditional home occupation or other Quasi-Residential use (in the sole discretion of the Board), nor does this Section prohibit non-residential structures such as mail kiosks, utility service or head-end buildings, pump stations and the like which serve the Community provided that the same have been approved or installed by the Declarant. This Section does not prohibit the construction of approved Accessory Dwellings, detached garages, secondary living spaces or similar accessory structures ancillary to the main dwelling on particular Lots, provided the same complies with the applicable declaration and the Design Standards and is approved pursuant to the applicable declaration(s). Only particular Lots in the Property may be allowed to have such accessory structures. Detached garages, carports or secondary living spaces may be permitted in the discretion of the Declarant or the Board, as the case may be, provided the design of the same complements that of the main Dwelling Unit to which the detached structure is to be appurtenant. The Declarant has the right in its sole discretion to allow certain non-residential or Quasi-Residential uses on a particular Lot. As a mixed-use community, it is understood that the uses of certain Lots or buildings within the Property may vary over time; for example, a home may be used as a sales center but later be converted to use as a dwelling; or that certain shared buildings, such as an assembly hall, may be used both commercially by third parties and by the Association as an additional amenity to the Community. The Declarant, its successors and assigns, reserves all rights to designate how particular lots and structures may be used and may change or allow changes to such uses over time, and therefore shall not be strictly bound by the residential or other restrictions set forth in this Article during the Declarant Control Period. The Declarant also reserves the right to add or remove Lots or Common Properties, to combine or subdivide Lots or Common Properties, to change Lots to Common Properties, to change Common Properties to Lots, and to change any Common Property to a commercial use or other non-residential use, at any time without notice in its sole discretion.

6.2 Division of Lots; No Time Sharing; Leasing.

a. Other than by the Declarant, no Lot shall be further subdivided except in the case of condominiums on such Lot approved by the Declarant, unless approved in writing by the Board, and by the Declarant during the Declarant Control Period.

b. No Lot or ownership interest may be subdivided to permit time sharing or other devices to effect interval ownership. For purposes of this section "time sharing" or "other devices to effect interval ownership" shall include, but not be limited to, ownership arrangements, including uses of corporation, trusts, partnerships, leases or tenancies in common, in which four or more persons or entities, not members of a single household, have acquired, by means other than will, descent, inheritance or operation of law, an ownership interest (directly or indirectly, equitable or legal) in the same Dwelling Unit and such owners have a formal or informal right-to-use or similar agreement.

c. Leasing of a Dwelling Unit is restricted in Welden Village. Leasing restrictions shall generally be set for the in the applicable Neighborhood Declaration, and if so, such restrictions shall control over the restrictions set forth in this subsection. The Board may not completely prohibit leasing as to a particular Neighborhood, but it may impose strict rules regarding leasing, including but not limited to the permitted duration and permitted maximum percentage of Dwelling Units which may be leased at any given time in a particular Neighborhood, Borough, Ward, District, or Multi-Family Dwelling, which may be adopted from time to time by resolution of the Board (without the necessity of amendment of this Declaration). To the extent specific leasing restrictions have not been adopted for a particular Lot or where there is no additional Neighborhood Declaration applicable to a particular Lot, the following restrictions shall apply (unless or until these restrictions are revised pursuant to the previous sentence of this subsection): The minimum term of permitted leases shall be six (6) months and the maximum percentage of all Dwelling Units in any Multi-Family Dwelling, in any Neighborhood, and in the Property (excluding Multi-Family Dwellings) which may be leased at any given time shall be fifteen percent (15%). In no event, however may the number of leased Dwelling Units in any Multi-Family Dwelling or in the Property exceed any limitation established by the FHA or VA. The tenant(s) under any such lease shall be bound by all of the provisions of this Declaration. Any such leases shall not relieve the Owner of its responsibilities and obligations under this Declaration. Prior to entering into any lease, the Owner of the Dwelling Unit proposed to be leased shall present the lease to the Board for approval in order for the Board to ensure i) that the lease complies with the provisions of this Declaration, and ii) that the lease will not result in more than fifteen percent (15%) of the Dwelling Units in the Property, in any Neighborhood, or in any Multi-Family Dwelling being leased at any given time. The enforcement of these restrictions and/or the ability to vary them may be delegated to a particular Neighborhood Association if so provided in the applicable Neighborhood Declaration, but only upon the terms and conditions specifically provided in such declaration.

### 6.3 Utilities and Other Easements.

a. All utility lines of every type, including but not limited to water, irrigation, electricity, gas, telephone, sewage, communications infrastructure, and television cables, running from the main trunk line or service location to any Dwelling Unit must be underground or against or in the building in the case of a Multi-Family Dwelling. The Declarant reserves unto itself the right to permit the installation of one or more cellular communications towers or other similar structures relating to the provision of utilities to the Community or the general public and if so, such structures shall be exempt from the architectural standards set forth herein.

b. The Declarant reserves unto itself, its successors and assigns, perpetual alienable and releasable easements and rights on, over, through and under the ground for storm water drainage and direction and to erect, maintain and use water, irrigation, electric, gas, telephone, sewage, communications infrastructure, and television cables, and any other utilities lines and conduits for the purpose of bringing utility or communications or other services, at this time known or unknown, to the Property and the Lots on, in, under and over the streets or roads, rights of ways, Common Areas, and over any Lot shown on any Recorded Plat of the Property within ten (10) feet of each street front or street side property line, within five (5) feet along the interior side property lines of each Lot, and within ten (10) feet along the rear property line of each Lot and over such other areas as are so identified on any recorded plats of the Property, provided that no such easement shall be construed to encroach into any Dwelling Unit on a Lot with lesser setbacks. In addition, the Association may cut or fill, in the above-described easements, as well as anywhere else that such may be required, at its own expense, drainways for surface water and/or to install underground storm drainage wherever and whenever such action is reasonably desirable or is required by applicable health, sanitation or other state or local authorities, or in order to maintain reasonable standards of health, safety and appearance (but without disturbing any Dwelling Unit). In addition, along streets fronting property lines, in the ten (10) foot easement hereby reserved, Declarant also reserves the right to install, maintain and repair bike and pedestrian paths, street lights and/or street-side trees and landscaping, which right shall automatically transfer to the Association after the Declarant Control Period.

c. There is hereby reserved an easement across each Lot which is shown on any Recorded Plat as being encumbered or crossed by a "Public Access and Utility Easement" or words of like import, an easement for such purposes benefiting all other Lots and Common Areas in the Community. Such easements are for the establishment of private alleys or mews.

d. Certain Lots may have variable front setbacks as determined by the Declarant in order to provide for aesthetically pleasing streetscape design. The front setbacks for such Lots shall be determined by the Declarant in its sole discretion in accordance with the Design Standards.

e. Declarant may, but is not required to, release any of the easements reserved herein in writing as to any Lot for which it deems such easement is unnecessary for the efficient development and operation of the Property. In addition, the Declarant may delegate its authority to release any of the easements reserved herein to the Association or a Neighborhood Association, or to a successor declarant, Approved Builder or utility provider.

6.4 Construction, Settling and Overhangs. Each Lot and the Common Area shall be and is subject to an easement for non-substantial encroachments created by construction, settling and overhangs, as originally designed or constructed, so long as such encroachments exist. Every portion of a Lot and each Dwelling Unit constructed thereon and contributing to the support of an abutting Dwelling Unit shall be burdened with an easement of support for the benefit of such abutting Dwelling Unit. If adjoining Dwelling Units are partially or totally destroyed, and then rebuilt, the Owners of the Lots so affected agree that minor encroachments from the adjacent Lots or Common Area resulting from construction shall be permitted and that a valid easement for such encroachments shall exist.

6.5 ACC Approval of Plans and Other Prohibitions.

a. The construction of improvements on Lots shall be governed by Article Five hereof. Construction must be completed in strict accordance with the Plans approved by the ACC. In addition, Dwelling Units and Multi-Family Dwellings shall comply with all applicable building, plumbing, electrical and other codes.

b. No vent or other pipes or appendages may extend from the front of any Dwelling Unit or Multi-Family Dwelling, other than typical spigots, unless screened from public view by a screening material approved by the Committee or shrubbery.

c. Downspouts and gutters must be constructed and maintained so as not to promote the erosion of the soil of any Lot.

d. Exterior lighting shall be restrained and subtle and must be directed so as not to shine directly on another Lot or interfere with the quality of the night environment. Security lights are discouraged and may be installed only upon approval of the ACC. Declarant or the Board may specify style, model and manufacturer of the standard streetlights to be used throughout the Property, and all future streetlights shall comply with such standards. All street lighting shall comply with any luminosity standards which may be promulgated by the Board. The costs to maintain and operate the street lighting shall be Common Expenses of the Association until such time as the streets and street lighting are dedicated to and accepted by the applicable municipality.

e. No manufactured, modular, mobile, or trailer homes shall be allowed or approved by the Committee as the residence on any Lot, and no manufactured, modular, mobile, or trailer home shall be allowed to remain on any Lot. "Mobile homes" shall include modular homes, even when such homes do not rest on a chassis, suspension and/or wheels on the Lot. The Board may adopt specific standards as to the types of modular components, if any, which may be permitted. The Board shall make a final determination in its sole discretion as to whether any proposed component, construction or structure is "modular" or "manufactured", and such determination shall be conclusive.

6.6. Garbage and Storage Receptacles. All garbage and recyclables cans, receptacles, tools and equipment for use on a Lot, shall be placed out of view from the street (except on the designated garbage pickup day) in accordance with reasonable standards established by the ACC to shield same from general visibility from roads and neighbors abutting the Lot. Trash cans may be maintained on the alley side of alley lots and not hidden provided they are maintained in a neat and clean manner. No fuel tanks or similar storage receptacles or related storage facilities, may be exposed to view.

6.7. Debris and Yard Displays/Decorations. No leaves, trash, garbage or other similar debris shall be burned and/or buried on the Property. No garbage, trash, construction debris or other unsightly or offensive materials shall be placed upon any Lot or any other portion of the Property, except as is temporary and incidental to the bona fide improvement of any portion of the Property. Job site debris shall be removed from any job site at least weekly.

Yards, lawns and landscaping shall be maintained in a proper manner at all times and shall be free of excess toys and the like to as not to become an eyesore to neighboring Lots. No decorative flag poles, statues, birdbaths, sculptures, fountains, ornaments, figurines, artificial plants or flowers, or any other decorative structures or items are permitted in the front or side yards of any Lot or to be visible from streets unless approved by the ACC.

6.8. Antennas. Any television antennas, satellite dish, radio receiver or sender antenna or other similar device attached to or installed on the exterior portion of any Dwelling Unit, Multi-Family Dwelling or structure, or placed on any Lot shall be appropriately screened from view in accordance with Federal Communication Commission guidelines and Association rules and regulations (as determined by the Committee), and must be approved by the Committee in accordance with Article Five. Notwithstanding the foregoing, pursuant to FCC regulations published at 47 C.F.R. §1.4000, the following provisions shall apply to any television signal reception antennas on any Lot or Dwelling Unit:

a. No HAM radio, citizen's band ("CB") or other antenna shall be permitted except as set forth herein. No television antenna, except for traditional broadcast aerials (also known as "TVBS" antennas), shall be permitted which is larger than one (1) meter in diameter.

b. The Association may regulate the location or appearance of antennas with regard to location and appearance, including screening and color, provided that such regulations do not unreasonably impair the installation, maintenance or use of such antennas, as defined by said FCC regulations and binding interpretations thereof. In any event, location shall be limited to backyards of Dwelling Units or rear roof surfaces of Dwelling Units provided such location does not unreasonably impair the installation, maintenance or use of such antennas.

c. No antenna or any structure or mast supporting any antenna may extend above the roof line of the Dwelling Unit to which it is appurtenant.

d. Colors of television antennas must be presented to the ACC for approval prior to installation.

e. The Association shall have an easement over the Lot of any Owner who proposes to erect any antenna, or who does erect the same, in order to identify the best location on the Lot that allows for reasonable reception and which complies with the aesthetic standards of the Association. The Association shall not be bound by the location proposed by the homeowner if another location on the Owner's Lot would allow reasonable reception and better match the standards of the Association.

f. The foregoing restrictions on the Association's ability to regulate antennas shall not apply to any antenna proposed to be placed upon any Common Property of the Association or any Neighborhood Association, including common elements of any condominium, nor to any antenna which is not a television signal reception device, as to which the Association shall have full authority to regulate in its sole discretion.

6.9. Federally-Protected Wetlands and Stream Buffers. Portions of certain Lots and/or Common Area, and/or common open space may contain federally-protected wetlands and/or stream buffers as shown on the applicable Recorded Plat. Such areas and the flora and fauna indigenous to them may not be disturbed in any way with or without Association approval, and all Owners are hereby prohibited from disturbing the same on his/her or any other Lot or Common Area in any manner. The Association may, but is not required to, enforce these restrictions and may levy fines and otherwise treat violations of this provision as any other violation of this Declaration.

6.10. Unsightly Conditions.

a. It is the responsibility of each Owner to prevent any unclean, unsightly or unkempt conditions to exist on his/her Lot or Dwelling Unit which would tend to decrease the beauty of the Property, specifically or as a whole, or which would constitute any eyesore to any neighbor in the Association's sole discretion.

b. During the construction of any improvement to a Lot in the Property, the Lot, roads, sidewalks, landscaping and Common Areas or Limited Common Areas adjacent thereto shall be kept in a neat and orderly condition, free from any dirt, mud, garbage, trash, or other debris, so as not to cause an unsightly condition to exist or damage to occur. Any damage to the street, curb, sidewalk, landscape, hardscape or to any part of any Common Areas,

Limited Common Areas or utility system caused by a Builder and/or Owner shall be repaired by such Builder and/or Owner. All Builders and Owners and their agents and employees shall adhere to the construction standards promulgated from time to time by the Association.

c. In the event a Builder or an Owner or his/her agent or employee (including, without limitation, any contractor or subcontractor) shall fail to maintain its Lot or Dwelling Unit, and adjoining areas, as specified herein, or allow damage to occur and such failure continues or damage remains unrepaired for seven (7) days following delivery of written notice thereof from Declarant or the Association, Declarant or the Association shall have the right, exercisable in its sole discretion, to summarily abate any unsightliness, make needed repairs, and to remove any rubbish, refuse, unsightly debris and/or growths from the Lot or Dwelling Unit. In the event the Declarant or the Association, after such notice, causes the subject work to be done, the costs of such work, plus an administrative fee of \$150.00 or 15% of the costs incurred, whichever is greater, shall be paid by the Owner to the Association and shall become a continuing lien on the Lot or Dwelling Unit, as appropriate, until paid.

6.11. No Offensive Activity, Fires, or Yard Sales. No noxious or offensive activity or excessive noise shall be carried on upon any portion of the Property, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, tenant or guest thereof, in any portion of the Property. Fires on any Lot or on any portion of the Common Properties or the Limited Common Properties are prohibited, except for reasonable properly-tended and safely-contained fire pits or chimeneas.

6.12. Certain Plants, Animals and Pets. Except as otherwise permitted herein, or in any amended or Neighborhood Declaration, no plants, animals, device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may tend to diminish or destroy the enjoyment of other Owners, or tenants and guests thereof, may be maintained on a Lot. The Board may adopt reasonable rules and regulations addressing how this provision will be interpreted and enforced. Pets may be restricted by the Association as the Board may determine in its reasonable discretion. At no time shall any household pets be allowed to run free (except in the Owner's yard, if fully fenced), and at all times when outside of the Owner's Dwelling Unit or fully fenced yard, such household pets shall be on a leash. The Board may adopt reasonable rules and regulations not inconsistent herewith regulating the number, size and type of pets which will be allowed to be kept in the Dwelling Units, and enacting restrictions or prohibitions against pets exhibiting prior instances of aggressiveness toward humans or other pets. The primary resource for stray or aggressive animals is to local animal control officials and neither the Declarant nor the Association has any duty to police stray or aggressive animals unless a policy regarding the same is officially adopted in writing by the Board. Owners shall exercise their pets only in areas designated by the Board and shall immediately clean up all droppings generated by their pets. No pet runs, dog houses, or pet fencing (other than invisible-type fencing located underground outside of all utility easements) shall be permitted unless approved by the ACC, and no pets may be chained in a yard.

6.13. Discharge of Firearms. Hunting and the discharge of firearms and bows and arrows within the Property is prohibited.

6.14. 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, alleys, parking lots and driveways within the Property.

6.15. Prohibited Parking. Except as otherwise permitted herein, or in any amended or Neighborhood Declaration, no boat, boat trailer, other trailer, camper, recreational vehicle, unlicensed vehicle, inoperable vehicle or commercial truck shall be allowed to remain on any Lot (unless inside a closed garage) or on any portion of the Common Properties or Limited Common Properties overnight except in designated areas specifically designed and constructed for said vehicle storage, if any areas are so designated. The Board may adopt reasonable rules and regulations not inconsistent herewith specifying in more detail the types of vehicles prohibited by this Section. Provided, however, no more than one (1) boat and/or boat trailer may be allowed in the rear yard or side yard of a Lot provided that it is licensed/registered (if license and/or registration is required for its use) and seaworthy/roadworthy, in good condition and not unsightly to the Lot's neighbors. The Board or applicable Neighborhood Association may adopt reasonable rules and regulations regarding the storage of boats and boat trailers on Lots.



6.16. Signage. No signs, except standard, typical "For Sale" or "For Rent" signs, of a size typically used in to indicate the availability of a single Lot or Dwelling Unit for sale or lease, shall be displayed in public view on any Lot, appurtenance, vehicle, accessory building or structure unless approved by the ACC, which may also from time to time specify required design criteria and color schemes for approved signage including "For Sale" and "For Rent" signs. The Declarant may vary these restrictions as to a particular Neighborhood which may be planned to include live-work units. Notwithstanding the foregoing, the Association or Declarant shall have the right to erect signs to indicate the location of neighborhoods, sales and rental centers, identify model homes or Dwelling Units and their Builders, any Recreational Facilities and such other informational signs of any type as may be necessary or desirable, in their sole opinion, to facilitate the plans for development of the Property. Political signs opposing or supporting any candidate, party or issue on the ballot in an upcoming election may be posted no earlier than thirty (30) days prior to such election, provided the same are removed within seven (7) days of said election and provided no more than two (2) such signs may be posted simultaneously on any lot. Political Signs are expressly prohibited on any Common Elements or Limited Common property. Notwithstanding anything else herein to the contrary, in order to maintain high aesthetic standards in the Community, the Association shall have the right at all times without notice to remove any sign which in its sole discretion it deems to be offensive or illegal or which poses an immediate threat of injury to any person. The Association or its designee shall have the right to enter any Lot in the Property for such purpose. These signage restrictions shall not apply to the Declarant nor to Approved Builders.

6.17. Mail and Delivery Boxes. Declarant or the Board shall determine the standards and issue guidelines for the location, material, color and design for mail and newspaper boxes, if any, and the manner in which they shall be identified. All mail and delivery boxes shall comply with such standards. Mail may be delivered to common mail kiosks which shall be maintained by the Association or applicable Neighborhood Association.

6.18. Drainage Culverts; Sedimentation and Erosion Control. No Owner or Builder or their licensees, invitees, subcontractors or agents shall disturb or impede any driveway culvert, drainage swale or other stormwater drainage structure or device in the Property, except that a Builder may disturb or impede the same if required by its construction, if Declarant is first notified and thereafter such Builder provides reasonably comparable alternate means of drainage at its sole cost and expense. No fences shall be allowed in front or side yard swales except as otherwise permitted herein. All Builders in the Property hereby agree that once they have purchased or begun operations on a particular Lot, they shall be the financially responsible party with regard to sedimentation and erosion control measures for that Lot in accordance with all local, state and federal requirements, and shall at all times, at their cost and expense, maintain proper sedimentation and erosion control measures around and through each such Lot, including but not limited to proper silt fencing, such that no material amount of surface water, sedimentation or mud is discharged into any neighboring lot, street or common area. Failure to properly maintain and install such measures, or allowing sedimentation or erosion on any Lot upon which Buyer has begun operations which is in violation of local, state or federal requirements, shall constitute a violation of this Declaration and the Board shall have enforcement rights as set forth elsewhere herein. All Builders hereby agree to indemnify Declarant and the Association from and against any breach of this provision by such Builder which results in or contributes to any adverse action by any local, state or federal sedimentation or erosion control enforcement agency against Declarant or the Association.

6.19. Fences. Fences are subject to the complete jurisdiction of the Committee as to location, style, materials, color and height. As used herein, fences shall include walls, barricades, shrubbery or other impediments to reasonable mobility and visibility. All visible portions of all fences shall be constructed of materials and be of a color approved by the Committee. The owner of the fence shall maintain all portions of the fence, especially but not limited to the exterior face of the fencing, in a neat, orderly and aesthetically-pleasing condition including regular painting and/or pressure washing as necessary. The initial erector of any fence on a Lot shall not erect the fence any closer than twelve (12) inches from that Lot's exterior lot lines; subsequent fences along a particular Lot line shall, however, tie into any existing fences on that line and there shall exist a permanent appurtenant easement for as long as the original fence exists for the subsequent fences to cross the property lines within the twelve (12) to twenty-four (24) inch area in order to tie into the adjoining fences. The purpose of this provision is to avoid redundant fences and inaccessible gaps between fences. No fences are permitted in front yards, and therefore no fence shall be erected past the halfway line of the main side wall of the home without specific approval by the Committee. Notwithstanding anything herein to the contrary, temporary fences used in connection with construction, model homes and soil erosion silt fences are permitted by the Declarant and permitted homebuilders provided they are properly maintained and promptly removed when no longer necessary.

6.20. Driveways. All driveways, guest parking and turnabouts on Lots shall be of concrete, asphalt or other material approved by the Declarant as to any new home construction. All piping and culverts must be constructed and maintained to meet Town of Kernersville standards. No parking shall be permitted on front lawns.

6.21. Timely Completion. Once construction of any Dwelling Unit, Multi-Family Dwelling, structure, improvement, or addition thereto has begun, work thereon shall be prosecuted diligently and continuously until the full completion thereof. It is a requirement that Dwelling Units and Multi-Family Dwellings under construction in the Property be "dried-in" with exterior finishes installed (roofing, windows and finish siding and trim in place) within ninety (90) days of starting construction and that all phases of work be complete and a Certificate of Occupancy received, where applicable, within one year of ACC approval. In the event that completion should be delayed beyond one year from ACC approval, then in that event, the ACC may extend the completion period or, so long as the Owner is notified within thirty (30) days of the one-year period's expiration, may rescind the existing approval and require that the Owner reapply and seek new approval. As with other Sections hereof, the Association may adopt a schedule of fines and enforce the same in connection with any Owner's failure to act in accordance with this Section. Notwithstanding the foregoing, however, construction shall be considered to have begun on a Lot if any foundation or footing has been built.

6.22 Solar Energy, Heating and Water Heater Systems. All exterior and/or exposed solar energy, heating and/or water heater system components shall be subjected to ACC to determine the appropriateness of the design for installation on any Lot within the Property. Such review shall take into account the impact of the visual appearance of such system components from other Lots and/or public areas and/or private properties within the Property. While it is not the intent of the Declarant or the Association to prevent the use of such systems, it is in the best interest of the Owners of Lots within the Property that such system components be unobtrusive to the aesthetic value of the other improvements to the Lot and/or Property. It is encouraged that any Lot Owner considering the use of such system components seek the latest advancements in solar technology and the latest advancements in architectural compatibility and to confer with the ACC prior to finalizing plans or purchasing equipment.

#### ARTICLE SEVEN ADDITIONAL RIGHTS RESERVED TO DECLARANT

7.1. Withdrawal of Property. Declarant reserves the right to amend this Declaration, during the Declarant Control Period, for the purpose of removing any portion of the Property which has not yet been improved with structures from the coverage of this Declaration. Such amendment shall not require the consent of any person other than the Owner(s) of the property to be withdrawn, if not the Declarant. If the property is or includes Common Area which has been conveyed to the Association, the Association must first consent to such withdrawal.

7.2. Right to Develop. Declarant and its employees, agents, contractors and designees shall have a right of access and use and an easement over and upon all of the Common Areas for the purpose of making, constructing and installing such improvements to the Common Areas as it deems appropriate in its sole discretion. Damage done to the Common Areas shall be repaired, with the Common Area being restored to a finished condition, to the extent such repair and restoration is reasonably practicable.

7.3. Master-Planned Community. Every person that acquires any interest in the Property acknowledges that Welden Village is a master-planned community, the development of which is likely to extend over many years, and agrees not to protest, challenge or otherwise object to (a) changes in uses or density of property outside the Neighborhood in which such person holds an interest, or (b) changes in the site plan filed with the applicable municipality as it relates to property outside the Neighborhood in which such person holds an interest, or any other changes to the declarations or site plans applicable to Welden Village. Declarant shall have the right, among other rights and without limitation, without the consent or approval of the Owners, to add or remove Common Areas, to change Dwelling Unit types, and, subject to Section 7.1 above, withdraw real property from the Property. Declarant, its successors and assigns, shall not be bound by sales and marketing materials or other communications or representations which are not embodied in the recorded declarations applicable to a particular Lot, Dwelling Unit or Common Area. The declarations and Recorded Plats control over all other communications or understandings, and no person should purchase a Lot or Dwelling Unit within Welden Village without reading and understanding all the recorded instruments, plats and rules and regulations applicable to his/her Lot, Dwelling Unit and Neighborhood.

7.4. Right to Transfer or Assign Declarant Rights. Any or all of the special rights and obligations of the Declarant set forth in this Declaration or in any Neighborhood or Supplemental Declaration or the Bylaws may be transferred in whole or in part to other persons or entities; provided, the transfer shall not reduce an obligation nor enlarge a right beyond that which the Declarant has thereunder. No such transfer or assignment shall be effective unless it is in a written instrument signed by the Declarant and duly recorded in the Forsyth County Registry. The foregoing sentence shall not preclude Declarant from permitting other persons to exercise, on a one time or limited basis, any right reserved to Declarant in this Declaration or in any Neighborhood or Supplemental Declaration where Declarant does not intend to transfer such right in its entirety, nor from delegating certain rights as to particular Neighborhoods to affiliates of Declarant or to a Neighborhood Association, and in such cases it shall not be necessary to record any written assignment unless necessary to evidence Declarant's consent to such exercise.

7.6. Declarant Control Period.

a. Reservation of Development Rights. Pursuant to Section 47F-1-103(28) of the Act, Declarant hereby reserves unto itself for so long as it owns any interest in any Lot in the Property (the "Declarant Control Period") the right, without further notice and without the joinder or consent of any Owner, (i) to add real estate to the Property, (ii) to create Lots, Units, Common Elements or Limited Common Elements and to allocate and reallocate real property among these various types by Recorded Plats and amendments to the same from time to time, (iii) to subdivide Lots, (iv) to realign or change the boundaries of any Lots or Common Elements, (v) to withdraw real estate from the Property or from the Common Elements, and (vi) to amend this Declaration or any Neighborhood or Supplemental Declaration, including their exhibits, in order to ensure development of the Property in accordance with Declarant's development plans for the Property, or for the exercise of any other development right or Special Declarant Right set forth herein or in any other declaration or other recorded document or provided by law (collectively, "Development Rights").

b. Reservation of Special Declarant Rights. Pursuant to Section 47F-1-103(28) of the Act, Declarant hereby reserves unto itself during the Declarant Control Period the right, without further notice and without the joinder or consent of any Owner, (i) to exercise Special Declarant Rights as reserved elsewhere in this Declaration, (ii) to complete improvements indicated on plats and plans recorded before, with or pursuant to this Declaration, (iii) to exercise any Development Right, (iv) to maintain sales offices, management offices, signs advertising the Property, and models, (v) to use easements through the Common Elements for making improvements within the Property or within real estate which may be added to the Property, and (vi) to appoint or remove any Director or officer of the Association and to veto any decision, resolution or act of the Board or any committee of the Board or of any officer or agent of the Association during the Declarant Control Period (collectively, "Special Declarant Rights").

c. Amendments; Additional Property. This Article may not be amended, modified or removed without the express written consent of the Declarant. If the Declarant Control Period has terminated and subsequently additional properties owned by the Declarant thereafter become subject to this Declaration or any Neighborhood or Supplemental Declaration pursuant to Section 1.2 hereof, the Declarant Control Period shall immediately be reinstated as of the date such additional properties become subject to such declaration and shall not terminate until Declarant no longer owns any Lots within the entirety of the real property then comprising the Property. After the Declarant Control Period, the Board may approve the annexation of additional property into the Association and to become subject to this Declaration provided the same is first approved by a vote of the membership.

7.7. Access Easement Reserved. Declarant reserves unto itself for the benefit of Declarant, its successors and/or assigns, and the Association, a non-exclusive and alienable easement and right of ingress, egress and regress over and across all streets, alleys and roads and Common Areas within the Property for a) access to and from other real property of Declarant or its successors and/or assigns, and b) for the extension or connection of any utility, drainage or similar lines or services to serve one or more Lot or other portion of the Property. Unless designated as a "Permanent Easement" (or similar wording) by Recorded Plat, such easement shall continue until that time when all new construction has ceased on the Property, and any damage caused by Declarant, its agents, successors and/or assigns, or any builder, to the private streets and roads within the Property when exercising its rights created by this Section shall be repaired at the expense of Declarant, or the applicable builder, its or their successors or assigns. In addition, an easement and right of ingress, egress and regress over and across all private streets and roads within the Property is hereby granted to any applicable government agency, for the purpose of fulfilling its duties, including,

without limitation, law enforcement, fire protection, garbage collection, delivery of the mail, and any other service related to keeping the peace and preserving the general welfare.

ARTICLE EIGHT  
MEMBERSHIP; VOTING RIGHTS IN THE ASSOCIATION;  
RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION

8.1 Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot or Dwelling Unit in the Property is subject by this and any other declarations made in connection herewith to all rights, responsibilities and assessments of the Association and shall be a Member of the Association; provided, however, that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

8.2. Voting Classes. The Association shall have two (2) classes of voting memberships:

a. Class I. The Class I Members shall be all Owners of Lots or Dwelling Units within the Property, other than the Declarant. Every Class I Member in the Property shall be entitled to one (1) vote for each Lot or Dwelling Unit which he/she owns. In the case of multiple ownership of any Lot or Dwelling Unit, however, those multiple Owners shall be treated collectively as one Owner. There is a maximum of one (1) vote per Lot even if a given Lot may also contain an Accessory Dwelling.

b. Class II. The Class II Member shall be the Declarant, its successors and assigns, which shall be entitled to four (4) votes for each Lot or Dwelling Unit owned by it within the Property.

8.3. Voting; Proxies.

a. In the event only one of the multiple Owners of a Lot or Dwelling Unit is present at a meeting of the Association, the Owner who is present is entitled to cast all the votes allocated to that Lot or Dwelling Unit. If more than one of the multiple Owners are present, the votes allocated to that Lot or Dwelling Unit may be cast only in accordance with the agreement of a majority in interest of the multiple Owners. Majority agreement is conclusively presumed if any one of the multiple Owners casts the votes allocated to that Lot or Dwelling Unit without protest being made promptly to the person presiding over the meeting by any of the other Owners of the Lot or Dwelling Unit.

b. Votes allocated to a Lot or Dwelling Unit may be cast pursuant to a proxy duly executed by an Owner, naming some other Owner or the spouse of another Owner as proxy. If a Lot or Dwelling Unit is owned by more than one person, each Owner of the Lot or Dwelling Unit may vote or register protest to the casting of votes by the other Owners of the Lot or Dwelling Unit through a duly executed proxy. An Owner may not revoke a proxy given pursuant to this Section except by actual notice of revocation to the person presiding over a meeting of the Association. A proxy is void if it is not dated. A proxy terminates one (1) month after its date, unless it specifies a different term.

c. No votes allocated to a Lot or Dwelling Unit owned by the Association may be cast.

8.4. Rights and Responsibilities of the Association.

a. Subject to the rights of Owners and Declarant as set forth in this Declaration, and the right of the Declarant to delegate rights and duties described in this Declaration to applicable Neighborhood Declarations, the Association has exclusive management and control of the Common Properties and all improvements thereon and all furnishings, equipment and other personal property relating thereto as well as certain Limited Common Properties as provided in this Declaration. The Association's duties with respect to such Common Properties include, but are not limited to, the following:

i. maintenance of the Common Properties;

- ii. management, operation, maintenance, repair, servicing, replacement and renewal of all landscaping, improvements, equipment and personal property constituting part of the Common Properties or located upon the Common Properties so as to keep all of the foregoing in good, clean, attractive, sanitary, safe and serviceable condition, order and repair;
- iii. all landscaping of the Common Properties;
- iv. maintenance of adequate public liability insurance insuring the Association and its officers and directors, and adequate property casualty or hazard insurance with a minimum replacement value of eighty percent (80%) after application of any deductibles, for the benefit of the Association with respect to the Common Properties, all of the foregoing insurance policies being maintained and insurance proceeds being used in compliance with the provisions of Section 47F-3-113 of the Act;
- v. payment of all taxes and assessments validly levied, assessed or imposed with respect to the Common Properties;
- vi. maintenance of private streets and alleys and recreational and other facilities located on the Common Properties, if any, and maintenance of any other areas in the Property if reasonably necessary to maintain the aesthetic standards of the Community or for other good cause benefitting the Community as a whole;
- vii. payment of assessments for public and private capital improvements made to or for the benefit of the Common Properties;
- viii. maintenance of all decorative planted medians, knee walls, stone or brickwork on bridges, fences, wall caps, pavers, columns and lights, and other hardscape improvements which may be a part of any road dedicated to public use, it being the intent of this provision that the applicable municipality maintain roads dedicated to and accepted by the municipality, but that the Association shall maintain such additional, primarily decorative features, as may be included or added by the Declarant or the Association in order to beautify such roadways; and
- ix. the (Homeowner's/Property Owner's) Association is responsible for maintaining the completed permanent storm water treatment structure(s) as directed by the Watershed Administrator for the Town of Kernersville. If the (Homeowner's/Property Owner's) should be dissolved, or cease to exist, then in that event all the owners of record at the time of required maintenance shall be jointly and severally liable for any and all costs attendant thereto.
- x. amendments to the (Homeowner's/Property Owner's) Association Covenants, Conditions and Restrictions or Articles of Incorporation relating to the maintenance and ownership of the permanent storm water treatment structure(s) shall not be permitted without review and approval of the Town of Kernersville Watershed Review Committee.
- xi. The Association may in its discretion provide other services as and to the extent the Association deems appropriate.

b. The Declarant is responsible for construction of and maintenance of streets and roads within the Property until such roads are accepted for maintenance by the applicable governmental authority or are conveyed to the Association. If conveyed to the Association, the Association shall accept such conveyance and shall undertake the management, operation, maintenance, repair, servicing, replacement and renewal of all streets and roads within the Property and all improvements thereon; provided, however, following any acceptance of the streets and roads for maintenance as public rights of way by applicable governmental entities, the maintenance obligations of the Association for the streets and roads shall only be to the extent such activities are not performed by the applicable

governmental entities. The Association may also delegate responsibility for roads constituting Limited Common Area to a Neighborhood Association managing such area pursuant to a Neighborhood Declaration.

c. The Association may obtain and pay for the services of any person or firm to manage its affairs to the extent the Board deems advisable, as well as such other person or firm as the Board determines is necessary or desirable, whether such person or firm is furnished or employed directly by the Association or by any person or firm with whom it contracts. Without limitation, the Board may obtain and pay for legal, accounting, engineering or other professional services necessary or desirable in connection with the Common Properties or the enforcement of this Declaration, the Association's Articles of Incorporation, Bylaws, rules or regulations. The Association may acquire, hold, exchange and dispose of real property and tangible and intangible personal property, subject to such restrictions as from time to time may be contained in this Declaration, the Association's Articles of Incorporation or the Bylaws. The Association, from time to time, may adopt, alter, amend, rescind and enforce reasonable rules and regulations governing use and operation of the Common Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. The validity of the Association's rules and regulations, and their enforcement, shall be determined by a standard of reasonableness for the purpose of protecting the value and desirability of the Property and the Dwelling Units. The Association may, acting through its Board, contract with other residential associations or commercial entities, neighborhoods or clubs to provide services or perform services on behalf of the Association and its Members. In addition, the Association may contract with other residential associations or commercial entities, neighborhoods or clubs within the Property to provide services in or perform services on behalf of such other associations, neighborhoods or clubs.

d. If a Neighborhood Association fails to properly maintain, repair, replace, landscape, insure, or otherwise keep up the Limited Common Properties for which it was assigned responsibility, the Association may at its sole discretion perform such duties and assess the costs thereof against all Lots and Dwelling Units in a Neighborhood as Special Individual Assessments in accordance with the provisions of Article Ten hereof. The Association shall first provide thirty (30) days' written notice to the Neighborhood Association and the Owners of all Lots or Dwelling Units in the Neighborhood of its intention to perform such duties and charge the Owners for the cost thereof, and it shall so perform the duties and charge the Owners for the cost thereof only if the duties are not fully performed at the end of the thirty (30) day period.

e. The Association may perform any duty required of an Owner hereunder or under the Bylaws and assess the costs thereof against the Owner's Lot(s) or Dwelling Unit(s), as a Special Individual Assessment in accordance with the provisions of Article Ten hereof. The Association shall first provide thirty (30) days' written notice to the Owner of its intention to perform such duties and charge the Owner for the cost thereof, plus an administrative fee of 15% of the cost to the Association of performing such duties, and it shall so perform the duties and charge the Owner for the cost thereof and administrative fee only if the duties are not fully performed at the end of the thirty (30) day period.

f. The Association may provide for or perform itself the services of landscaping and maintenance of front yards on individual Lots and the right-of-way dedication areas on or adjacent to the Property so as to ensure an aesthetically pleasing and uniform look equal to or exceeding the standards of the highest-quality similar communities along roads, streets, rights-of-way, or Common Properties that are within or adjacent to the Property. Expenses of the Association in performing these tasks shall be a Common Expense.

8.5. Limitation on Litigation of the Association. No judicial or administrative proceeding shall be commenced or prosecuted by the Association other than routine proceedings to collect assessments against delinquent Owners unless approved by the Declarant in writing during the Declarant Control Period.

## ARTICLE NINE PROPERTY RIGHTS IN THE COMMON PROPERTIES

9.1. Members' Easements of Enjoyment. Subject to the provisions of this Article and to the rights of Declarant, and the right of the Declarant to reallocate Lots, Common Areas and Limited Common Areas in its sole discretion from time to time on Recorded Plats, every Member shall have a right and easement of enjoyment in and

to all of the Common Properties and the Facilities and such easement shall be appurtenant to and shall pass with the title to every Lot or Dwelling Unit in the Property.

9.2. Delegation of Use. Any Owner may delegate its rights of enjoyment of the Common Properties and the Facilities to the members of its family, its tenants, contract purchasers who reside on the property, or its guests.

9.3. Title to Common Properties. The Declarant may retain the legal title to any Common Properties shown on any Recorded Plat of the Property, until such times as it has completed improvements, if any, thereon and until such times as Declarant so wishes and/or, in the opinion of the Declarant, the Association is able to maintain the same. The Common Properties cannot be mortgaged or conveyed to any entity besides the Association or a Neighborhood Association without a vote in favor of at least eighty percent (80%) of the votes in the Association; however, the Board may grant easements over the Common Properties in its reasonable discretion provided that any easements do not substantially prevent the use of the applicable Common Property for its originally-intended use.

9.4. Extent of Members' Easements. The rights of Members of the Association shall in no way be altered or restricted because of the location of Common Properties in any additions to the Property in which such Member is not a resident. The use of Common Properties belonging to the Association shall be a membership entitlement. The rights and easements of enjoyment created herein shall be subject, however, to the following:

a. the right of the Declarant, in its sole discretion, to grade, pave or otherwise improve any road or street shown on any Recorded Plat;

b. the right of the Association to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Properties, including the right to limit the number of guests, to regulate hours of operations and behavior, and to curtail any use or uses it deems necessary for either the protection of the Facilities or Recreational Facilities or the peace and tranquility of adjoining residents;

c. the right of the Association, as provided in its Articles of Incorporation or Bylaws, to suspend the enjoyment rights of any Member for any period during which any assessment of that Member remains unpaid, and for any infraction of any published rules and regulations adopted by the Board;

d. the right of the Association to lease or use any of the Common Properties for Member functions, lessons, or special events and to allow the lessee to charge admission or other fees for functions, lessons, or special events;

e. the right of the Association or its assignee to charge reasonable admission and other fees for use of any of the Association's Recreational Facilities situated upon its Common Properties;

f. subject to Section 9.5 below, the right of the Association to convey all or any part of the Common Properties (which includes streets and roads) . Except as provided below, any such conveyance shall be subject to the provisions of the Planned Community Act requiring approval of the Members for conveyances of common areas; provided that this subsection shall not preclude the Board from conveying at such purchase price as the Board deems appropriate strips or portions of the Common Areas to any Owner in order to resolve any gap, gore, overlap or other boundary line conflict or to make the Lot more usable as a homesite provided such conveyance does not in the good faith judgment of the Board adversely affect the overall use and enjoyment of the Common Areas;

g. the right of Declarant or the Association to convey portions of the Common Properties to appropriate Neighborhood Associations; and

h. the right of Declarant or the Association to fence off or otherwise restrict access to particular Common Properties, such as stormwater detention or retention basins, irrigation water holding ponds, and the like, if deemed reasonably necessary for safety or liability purposes.

9.5. Conveyance or Encumbrance of Common Areas. The Association may grant easements upon, over, under and across the Common Areas in its sole discretion. Otherwise, portions of the Common Area may be conveyed pursuant to the Planned Community Act.

9.6. Limited Common Property.

a. Certain portions of the Property, including Common Areas, may be designated as Limited Common Area and reserved for the exclusive use or primary benefit of Owners and occupants within a particular Neighborhood or Neighborhoods, or may be conveyed by Declarant or the Association to the appropriate Neighborhood Association. By way of illustration and not limitation, Limited Common Area may include entry features, recreational facilities, landscaped areas, parks, roadways not necessary to provide other Lots with access to public streets, and other portions of the Common Areas within a particular Neighborhood. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be a Neighborhood expense allocated among the Owners in the Neighborhood(s) to which the Limited Common Area is assigned. Furthermore, certain portions of the Property may also be designated as Limited Common Area and reserved for the exclusive use or primary benefit of Owners and occupants of particularly identified Lots or Dwelling Units. Unless otherwise specified, Limited Common Elements specifically applicable just to certain identified Lots and Dwelling Units, shall be deemed a Common Expense of the Association.

b. The Association may, upon approval of the Neighborhood Association for the Neighborhood(s) to which any Limited Common Area is assigned, permit Owners in other Neighborhoods to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood expenses attributable to such Limited Common Area.

c. The Declarant may initially designate Limited Common Areas and assign the exclusive use thereof in the deed conveying such property to the Association, to the appropriate Neighborhood Association, or on a Recorded Plat. In addition, the Declarant or the Association may re-designate property from Common Area to Limited Common Area, in the manner described in the definitions of such terms hereunder, in the deed conveying such property to the Neighborhood Association, or on a Recorded Plat if such property is not developed as or intended to be developed as the community pool, or the clubhouse associated therewith, described in Article Twelve of this Declaration, and if the property to be conveyed or designated has a reasonable nexus to the property encumbered by the applicable Neighborhood Declaration.

d. Limited Common Areas may be redesignated as Common Areas by deed to the Association from a Neighborhood Association or by designation on a Recorded Plat if the Declarant determines that it is in the best interest of the Property to change the use of such property, based on factors such as, but not limited to, the ability or willingness of the Neighborhood Association to maintain the Limited Common Areas or the benefit to other Lots not in the Neighborhood with the Limited Common Area of the use of such Limited Common Area. Otherwise, Limited Common Areas may not be conveyed or subjected to a security interest without the consent of all Lots or Dwelling Units in the applicable Neighborhood. Distribution of the proceeds of the sale of Limited Common Area shall be as provided in an agreement between the Owners of the Lots and Dwelling Units in the Neighborhood and the Neighborhood Association.

9.7. Private Roads. In the development of the Property, the Declarant may construct certain private streets, alleys or roads within the Property connecting portions of the Property to public rights of way. The Owners of the Lots bordering such private roads shall have an easement but no more than an easement for ingress and egress for themselves, their tenants, agents, employees, representatives, invitees and assigns over such private streets and roads, and there shall be no public rights of any kind therein, unless approved by the Members in accordance with the provisions of this Article. Declarant reserves the right to name and revise from time to time the names or other designations given to such private streets or roads. Roads previously designated as public may be re-designated as private and vice-versa.

9.8. Owners' Personal Property. The Association or the Declarant shall not be liable in any manner for the safekeeping, condition or loss of any vehicle or other personal property belonging to or used by an Owner or his/her family, guests or invitees, located on or used in the Common Areas or the Limited Common Areas.

ARTICLE TEN  
COVENANT FOR PAYMENT OF ASSESSMENTS



10.1. Creation of the Lien and Personal Obligation for Assessments. Except for Declarant and Builders, whose obligations to pay Assessments are set forth below, each Member who is the owner of any Lot or Dwelling Unit, by acceptance of a deed therefor, and all other Members, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay as limited below, to the Association:

- a. Annual assessments or charges as herein, in the Neighborhood Declarations, or in the Bylaws provided;
- b. Special Assessments (such annual and special assessments to be fixed, established, and collected from time to time as herein or in the Bylaws provided);
- c. Special Individual Assessments, as defined and described in Section 10.5 below.
- e. The annual and Special Assessments and any Special Individual Assessments of an Owner and any fines, liquidated damages or summary charges as herein, in a Neighborhood Declaration, or in the Bylaws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot or Dwelling Units against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons jointly and severally, who is (are) the Owner(s) of such properties at the time when the Assessment fell due.

10.2. Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, access, maintenance of property values, security, safety and welfare of the residents of the Property and other Members, and in particular, but without limitation, for:

- a. Improvement, maintenance, and replacement of any of the Association's Common Properties including, without limitation, the Facilities and Recreational Facilities, and maintenance of any other areas in the Property if reasonably necessary to maintain the aesthetic standards of the Community or for other good cause benefitting the Community as a whole;
- b. Payment of the Common Expenses;
- c. Implementation and enforcement of proper maintenance of exteriors of Dwelling Units, Multi-Family Dwellings and related improvements on Lots in the Property, if necessary, subject to reimbursement by the Owner(s) of such property pursuant to Article 11 of this Declaration;
- d. In the discretion of the Association, improvement, maintenance, replacement, repair, landscaping, insuring or otherwise keeping up of any of the Limited Common Areas when the Neighborhood Association responsible for such duties has failed to do so;
- e. Establishment of capital replacement reserves;
- f. Acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the Association's Common Properties, including but not limited to, Association management fees, the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against those Common Properties, the procurement and maintenance of insurance related to those Common Properties, its recreational facilities and use in accordance with the Bylaws, the employment of attorneys to represent the Association if necessary, and such other requirements as are necessary to perform all of the aforesaid functions and purposes;
- g. Such other purposes permitted by the Act or other applicable law as may be determined by the Board to be in the best interests of the Association and its Members.

10.3. Determination of Regular Annual Assessments. Regular annual Assessments shall be as set forth in the declaration or supplement applicable to a given Lot and/or in the budgets adopted by the Declarant during the

Declarant Control Period and thereafter by the Board. Assessments may vary among Neighborhoods, and may vary by Lot in a particular Neighborhood provided that a consistent formula or methodology is used in order to ensure that a) the assessments applicable to a particular Lot bear a reasonable relation to that Lot's share of the costs and expenses (including reserves, special assessments, and all other costs and expenses) of the associations and Neighborhoods of which that Lot and its Owner are a part, and b) similarly-situated Lots in a particular Neighborhood bear substantially similar Assessments.

Owner(s) of some Lots may be subject to an assessment for the maintenance, improvement and replacement of any Limited Common Properties serving such Lot, and/or for Association-provided routine landscaping and maintenance (where and if applicable), and each Neighborhood shall be entitled to impose additional assessments as may be provided in the applicable Neighborhood Declaration, and such assessments shall be in addition to those imposed on such Lots hereunder. The setting of such assessments, collection and enforcement of any such assessments shall be governed by the terms hereof as well as of the applicable Neighborhood Declaration, and as determined in the yearly association budget(s). Assessments paid to a Neighborhood Association shall not in any way diminish or offset any assessments due and owing under the terms of this Declaration to the Master Association unless specifically provided to the contrary in a Supplement to this Declaration. Generally, the Master Association shall collect all assessments, including Neighborhood Assessments, and distribute or allocate the assessments in accordance with the adopted budgets of the applicable associations.

#### 10.4. Special Assessments.

a. In addition to the regular annual Assessments, the Association may levy in any assessment year, a Special Assessment, applicable to that year only, for the purpose of defraying unforeseen expenses, provided that any such Assessment exceeding \$500.00 per Dwelling Unit shall have the consent of a majority of those voting in person or by proxy at a meeting of the Association called for such purpose, a quorum being present, written notice of which meeting shall have been sent to all Members in accordance with the provisions of the Bylaws for such special meetings.

b. In addition to the foregoing Special Assessment approved by the Members described in the preceding paragraph, the Board may levy a Special Assessment in its discretion without the consent of the Members in an amount not to exceed \$500.00 per Dwelling Unit per year in order to address unforeseen expenses.

10.5. Special Individual Assessments. In addition to the regular annual Assessments and the Special Assessments described above, the Association may levy, from time to time, on a particular Lot or Dwelling Unit rather than on all Lots, Dwelling Units or types of Lots or Dwelling Units in the Property, Special Individual Assessments, immediately due and payable, consisting of any fines assessed for an Owner's violations of the terms and conditions of any Declaration, the Bylaws or the rules and regulations of the Association; any liquidated damages or summary charges imposed thereunder, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association; any costs (including reasonable attorneys' fees) incurred in correcting or repairing anything on the Lot which is not in compliance with any Declaration or any rules and regulations; any costs (including reasonable attorneys', engineers' or other professionals' fees) incurred in any legal dispute with any Owner; or the pro rata share apportioned to such Lot or Dwelling Unit of the expenses incurred by the Association in maintaining Limited Common Properties for which the Neighborhood Association governing the Neighborhood to which the Lot or Dwelling Unit belongs has failed to properly maintain, repair, replace, landscape, insure, or otherwise keep up, all of the foregoing of which shall comprise "Special Individual Assessments." Any expenses incurred by the Association with attorneys, consultants, engineers, contractors or other third parties caused by or related to any dispute or disagreement with any Member or related to any violation by any Member shall be assessed against that Member's Lot as a Special Individual Assessment without the necessity of any hearing or other notice.

10.6. Association to Handle Collection of All Assessments. The Master Association shall generally bill and collect all Assessments of any nature due from all Owners, whether such Assessments arise under this Declaration or under a Neighborhood Declaration. Neighborhood Associations shall not engage in collections activity or legal actions against any Owner to collect Assessments, and all such activities shall be conducted by the Master Association on behalf of itself and any Neighborhood Associations. All sums collected shall be allocated to the applicable Association after deduction of any costs of collection.

10.7. Date of Commencement of Annual Assessment; Due Dates. The regular annual Assessments provided for herein shall be paid (as determined by the Board) in monthly, quarterly, semiannual, or annual installments. The payment of the regular annual Assessment by Owners shall commence as to each Lot or Dwelling Unit, on the first day of the month following the conveyance of that property by the Declarant. The first regular annual Assessment shall be adjusted according to the number of months remaining in the calendar year. The Board shall fix the amount of the annual Assessment at least fifteen (15) days in advance of each regular annual Assessment period. Written notice of the regular annual Assessment shall be sent to every Member subject thereto. The due dates shall be established by the Board. The Association, upon any qualified demand (as determined by the Board) at any time, shall furnish a certificate in writing signed by an officer of the Association setting forth whether any specific Assessment has been paid. The Association may charge a reasonable fee for the issuance of such certificate. Such properly executed certificate of the Association as to the status of the Assessment is binding upon the Association as of the date of its issuance. The first Assessments levied against any additions to the Property not now subject to Assessment, at a time other than the beginning of any Assessment period, shall be an amount which bears the same relationship to the regular annual Assessment as the remaining number of months in that year bear to twelve. The due date of any special Assessment under Section 10.4 or any other Assessments permitted by the Declaration shall be fixed in the resolution or resolutions authorizing such Assessment.

10.8. Duties of the Board of Directors.

a. The Board shall fix the amount of the Assessment or Assessments against each Member, for each Assessment period, at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Members and Assessments applicable thereto which shall be kept in the office of the Association, or at any other place designated by the Board upon notice to the Members, and which shall be open to inspection by any Member. Unless otherwise provided by the Board, the annual Assessment Period shall be deemed the calendar year commencing January 1<sup>st</sup> and ending December 31<sup>st</sup> of any year. The Board shall have the right to change the Annual Assessment Period to a fiscal year other than a calendar year by vote of the Board.

b. Within thirty (30) days after adoption of any proposed budget of the Association, the Board shall provide to all Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. There shall be no requirement that a quorum be present at the meeting. The budget shall be deemed ratified at the meeting unless at that meeting a majority of the votes in the Association reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners (or the initial budget if no other budget has been ratified by the Owners) shall be continued until such time as the Owners ratify a subsequent budget proposed by the Board.

c. Assessments to pay a judgment against the Association may be made only against the Lots or Dwelling Units in the Property at the time the judgment was entered, in proportion to their Common Expense liabilities. If Common Expense liabilities are reallocated, Common Expense Assessments and any installment thereof not yet due shall be recalculated in accordance with the reallocated Common Expense liabilities.

10.9. Effect of Non-Payment of an Owner's Assessment.

a. If the Assessments of an Owner are not paid within thirty (30) days following the date due, then such Assessments shall become delinquent and shall, together with such interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot(s) or Dwelling Unit(s), as appropriate, from and after the time of the filing of a claim of lien with the Clerk of Superior Court of Forsyth County, which lien shall bind such Lot(s) or Dwelling Unit(s), as appropriate, in the hands of the then-Owner, his/her heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then Owner to pay such Assessment shall remain his/her personal obligation for the statutory period; and, in addition, shall pass to his/her successors in title if a lien has been filed unless expressly waived by the Board. In addition to all remedies contained herein for non-payment, lawn care (see paragraph 10) and communications service provided through the Communications infrastructure (see Section 7.8) may be discontinued as of day 31 following the due date until all Assessments are current or as otherwise directed by the Board.

b. If the Assessment(s) is not paid within thirty (30) days after the due date, the Assessment(s) shall bear interest from the date of delinquency at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by law, whichever is less), and the Board, acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to file a claim of lien and foreclose such lien against any such Lot(s) or Dwelling Unit(s), as appropriate, in like manner as a mortgage on real estate under power of sale under Article 2A of Chapter 45 of the North Carolina General Statutes, and there shall be added to the amount of such Assessment, the costs of such action and reasonable attorneys' fees or other cost incurred by the officers of the Association pursuant to authority of the Board. The Board may appoint a trustee to conduct the foreclosure sale, petition the Clerk of Court to appoint a commissioner to conduct the same, or otherwise conduct the foreclosure sale in any manner provided by law. A claim of lien shall specify the name and address of the Association, the name of the record owner of the Lot or Dwelling Unit at the time the claim of lien is filed, a description of the Lot or Dwelling Unit, and the amount of the lien claimed. In the event a judgment is obtained against any Owner for such Assessments, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. In addition, the Board may set a schedule of late fees also due and payable if an Assessment is not paid within thirty (30) days after the due date, which late fees shall be in addition to the other charges described herein. The Board shall adopt a written collections policy setting forth in more detail the procedures that its officers, agents and attorneys shall use in collecting assessments, fines and other charges from owners.

10.10. Subordination of the Lien on an Owner's Property to Mortgages or Deeds of Trust. The lien on an Owner's property of the Assessments provided for herein shall be absolutely subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot or Dwelling Unit. The subordination shall not relieve any Lot or Dwelling Unit from liability for any Assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage, irrespective of when such first mortgage or deed of trust was executed and recorded. The sale or transfer of a Lot or Dwelling Unit shall not affect any lien for Assessments. However, the sale or transfer of a Lot or Dwelling Unit that is subject to a first mortgage or first deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such Assessments as to the payment thereof which became due prior to such sale or transfer. The extinguished Assessments shall be collectable as a Common Expense from all Owners. No such sale or transfer shall relieve a Lot or Dwelling Unit from liability for any assessments thereafter becoming due, or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any such first mortgage or first deed of trust.

10.11. Exempt Property. The following property subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

- a. all Common Properties as defined in Article Three of this Declaration;
- b. all Limited Common Properties as defined in Article Three of this Declaration; and
- c. all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption. (Homestead exemptions shall not be considered an exemption.)
- d. No Lot or Dwelling Unit shall be exempt from said Assessments, charges or liens except as described in Sections 10.12 and 10.13 hereof.

10.12. Declarant's Obligations for Assessments. The Declarant's obligation for Assessments on unsold Lots subject to this Declaration will be limited to the difference between the actual operating costs of the Association and the Assessments levied on the existing Members other than the Declarant. Such advances by Declarant shall, at the request of Declarant, be evidenced by promissory notes from the Association in favor of Declarant, but the failure of Declarant to request the same shall not invalidate the debt to Declarant.

10.13. Builders' Obligations for Assessments. Notwithstanding anything to the contrary in this Article Ten, the annual Assessments on Lots or Dwelling Units owned by Approved Builders who do not intend to live in the improvements they are constructing or causing to be constructed shall accrue annually at a rate equal to half (50%) of the rate applicable to Owners (other than the Declarant) (such discounted rate herein called the "Builder Rate") from

the date of the Builder's purchase of the applicable Lot until two (2) years after such purchase, after which Assessment shall accrue at the full rate. Once a Lot or Dwelling Unit is sold by an Approved Builder to any third party which is not an Approved Builder, the new Owner thereof shall pay Assessments at the full rate. Any builder who is not an Approved Builder shall pay assessments at the full rate.

10.14. Annual Assessment. The annual Association Assessments shall be as determined by the Declarant during the Declarant Control Period, and thereafter by the Board in its annual budget for the Association, adopted pursuant to the procedure set forth in the Act. The annual budget may be amended prior to the adoption of the next year's budget in a like manner. Assessments shall be assessed yearly but may be due monthly, quarterly, or upon such other payment schedule as the Board may determine in its discretion; provided, however, that the Board may accelerate and make due and payable as a lump sum per year the payments of any Member whose account with the Association is not current, it being understood that the privilege of paying in installments shall be available only to creditworthy Members.

10.15. Neighborhood Assessments Separate from Master Assessments. Owners are hereby reminded that Assessments described hereunder are different from and in addition to any and all assessments established in any Neighborhood Declaration affecting their Lot or Dwelling Unit, and the levying and payment of Assessments pursuant to this Declaration does not diminish, replace, or alter the levying and payment of assessments by and to a Neighborhood Association as described in a Neighborhood Declaration affecting an Owner's Lot.

10.16. Attorneys' Fees. In any action brought by the Association to enforce any provisions of the Articles of Incorporation, this Declaration, the Bylaws, or the duly-adopted rules and regulations of the Association, the court may award reasonable attorneys' fees to the prevailing party.

10.17. Contributions of Owners. The first purchaser of any and all Dwelling Units in the Property hereby covenants and agrees to pay to the Association a sum equal to six (6) months' of the regular monthly assessment for that Lot at the purchaser's closing on such Dwelling Unit in order to fund the operating capital of the Association. Such contribution shall not be prorated, shall be collected by the closing attorney at closing and forwarded to the Association at its regular mailing address and shall be collectible as an Assessment herein if not paid.

## ARTICLE ELEVEN EXTERIOR MAINTENANCE AND INSURANCE

11.1. Exterior Maintenance. After thirty (30) days written notice from the Association to an Owner specifying any maintenance required to a Lot or Dwelling Unit pursuant to this Declaration, the Association shall have the right but not the obligation to provide such maintenance. Such maintenance includes (but is not limited to) painting, repairing, replacing and care of roofs, gutters, downspouts, removal of improvements or signs erected in violation of this Declaration, and exterior improvements on any Dwelling Unit. Such maintenance may include the mowing of grass and weeds, the trimming of shrubs, or the removal of trash and litter.

11.2. Assessment of Cost on Exterior Maintenance. The cost of any such maintenance, plus an administrative fee of twenty-five percent (25%) of such cost, shall be assessed against the Lot or Dwelling Unit upon which such maintenance is done and shall be treated as a Special Individual Assessment, and shall be a lien against any such Lot or Dwelling Unit upon filing a claim of lien with the Clerk of Court, and a personal obligation of the Owner and shall become due and payable in all respects as provided herein.

11.3. Maintenance of Dwelling Units. Each Owner of a Dwelling Unit within the Property, by acceptance of a deed therefor, whether or not it shall be expressed in said deed or by exercise of any act of ownership, is deemed to covenant:

a. To build or restore such Dwelling Unit in the event of damage thereof and to apply the full amount, to the extent necessary, of any insurance proceeds to the restoration or repair of such Dwelling Unit or to demolish the damaged Dwelling Unit and leave the Lot in a clean and orderly condition; and

b. To keep the Dwelling Unit in good and aesthetically pleasing repair as required by any Declaration, the Bylaws, or any rules and regulations promulgated thereunder.

#### ARTICLE TWELVE RECREATIONAL FACILITIES

The Declarant may construct certain recreational amenities upon certain Common Areas in the Property (areas so designated and the improvements erected thereon referred to herein as the "Recreational Facilities"). Certain Recreational Facilities may be only for the use of Owners and their guests within one or more Neighborhoods. The Recreational Facilities shall be managed, operated, repaired, serviced, replaced, renewed and maintained as part of the Common Properties, and such costs thereof shall be Common Expenses; however, ownership and these duties and expenses may be delegated to the Recreational Association as described below. The Declarant or the Board may impose reasonable regulations regarding the use of any such Recreational Facilities to insure accessibility, safety, harmony and preservation of any such Recreational Facilities. The Recreational Facilities shall be designed and constructed in the sole discretion of the Declarant, and any representations or depictions thereof shown on any site plan, recorded plat or other material, and any description of details or features of the same shown on any documents or materials other than documents recorded by the Declarant are conceptual only and subject to change without notice. Some or all of the rights and duties of the Association with regard to some or all of the Recreational Facilities may be delegated to the Recreational Association as described in Article Two hereof. The Board of the Master Association shall appoint the Board of Directors of the Recreational Association from among the Members of the Master Association, one member of the Board of the Master Association serving as the chairperson of the Board of the Recreational Association. The Master Association shall collect the assessments due from the Members of the Master Association applicable to the Recreational Association as a portion of each Member's regular assessments and shall cause the budget of the Recreational Association, as proposed by the Board of the Recreational Association but finally adopted and approved by the Board of the Master Association, to be funded. The Master Association may enter into agreements with private parties to provide certain recreational amenities to the Community or to any Neighborhood and may include the costs thereof in the assessments against the applicable Members.

#### ARTICLE THIRTEEN AMENDMENT TO DECLARATION

13.1. Owner/Member Initiated. An amendment to this Declaration may be proposed upon a majority vote of the Owners (except as provided below with regard to approval by Declarant), whether meeting as Owners or by instrument in writing signed by them. Any proposed amendment to this Declaration shall be transmitted in writing to all current Owners and Declarant during the Declarant Control Period, and there shall be called a special meeting of the Owners for a date not sooner than ten (10) days nor later than sixty (60) days from date of notice. It shall be required that each Owner and Declarant during the Declarant Control Period be given written notice of such special meeting, stating the time and place, and reciting the proposed amendment in reasonably detailed form. Such notices shall be made in compliance with the provisions of Section 4.2 hereof, and after made in compliance therewith, shall be deemed to be properly given. Any Owner may, by written waiver of notice signed by such Owner, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Owner. At the meeting, the amendment proposed must be approved by an affirmative vote of sixty-seven percent (67%) of the votes (with the votes being calculated as provided in Sections 8.2 and 8.3 hereof) of the Association (except as provided below with regard to approval by Declarant), entitled to vote in order for such amendment to become effective. If so approved, such amendment of this Declaration shall be properly transcribed and certified by two (2) officers of the Association as having been duly adopted and approved by the requisite percentage of Owners. The original or an executed copy of such amendment, properly executed with the same formalities as a deed, shall be recorded in the Office of the Register of Deeds of Forsyth County, and no such amendment to this Declaration shall be effective until so recorded. If any amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

13.2. By Declarant. Declarant hereby reserves unto itself for so long as it owns any interest in any Lot in the Property the right, without further notice and without the joinder or consent of any Owner, (i) to add real estate to the Property, (ii) to create Lots, Units, Common Elements or limited Common Elements or to reallocate property

among such categories, (iii) to subdivide Lots or Units, (iv) to realign or change the boundaries of any Lots or Common Elements, (v) to withdraw real estate from the Property or from the Common Elements, and (vi) to amend this Declaration in order to ensure development of the Property in accordance with Declarant's development plan for the Property, or for the exercise of any other development right or Special Declarant Right set forth herein. Without the prior written consent of the Declarant (during the Declarant Control Period), there shall not be allowed any Owner/Member-initiated amendments to this Declaration. This limitation shall in no way limit or diminish Declarant's rights to make amendments to any part of the Declaration under the powers reserved in Article Seven of this Declaration. No amendment may disturb any of the rights allocated to Declarant by this Declaration or any other declaration recorded for the Property, including but not limited to rights incident to the Declarant's control of the Board, rights included in the Special Declarant Rights, and the Development Rights of Declarant.

ARTICLE FOURTEEN  
SEVERABILITY; EXECUTION; VARIANCES

14.1. If any provision of this Declaration is found to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions hereof, and for the purposes hereof all covenants as contained herein shall be deemed to be severable each from each other without qualification. This Declaration and the separate provisions thereof shall be construed and enforced in accordance with the laws of the State of North Carolina without regard to principles of conflict of laws.

14.2. The parties executing this Declaration other than the Declarant do so only to subject the portions of the Property owned by the them to the provisions of this Declaration and do not join in any of the substantive provisions hereof or have any right or duty of enforcement of the same except as otherwise provided herein.

14.3 Lender subordinations to this Declaration will be recorded separately immediately after the recordation of this Declaration and are intended to be incorporated herein as Exhibit B as if directly attached hereto.

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

14.5 Welden Phase II, LLC, a North Carolina limited liability company, joins in this Declaration solely in order to submit certain real property owned by it to this Declaration, and does not enter into any of the representations, warranties, duties or obligations of this Declaration as Declarant or in any other manner.

SIGNATURES ARE ON THE FOLLOWING PAGE.

IN WITNESS WHEREOF, the Declarant and other parties joining in this Declaration have caused this Declaration to be duly executed by authority duly granted as of the date first above written.

PM DEVELOPMENT, LLC

By: [Signature]

STATE OF NORTH CAROLINA

FORSYTH COUNTY

I, a Notary Public of <sup>Stokes</sup> Forsyth County, North Carolina, certify that Stuart C. Parks personally came before me this day and acknowledged that he is Manager of PM Development, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed in its name by him as Manager. Witness my hand and official stamp or seal, this 7<sup>th</sup> day of March, 2017

Denise M. Gupton  
Notary Public

My commission expires: Nov. 15, 2018

[NOTARIAL SEAL]

Denise M. Gupton  
NOTARY PUBLIC  
Stokes County, North Carolina

WELDEN PHASE II, LLC

By: [Signature]

STATE OF NORTH CAROLINA

FORSYTH COUNTY

I, a Notary Public of <sup>Stokes</sup> Forsyth County, North Carolina, certify that Stuart C. Parks personally came before me this day and acknowledged that he is Manager of Welden Phase II, LLC, a North Carolina limited liability company, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed in its name by him as Manager. Witness my hand and official stamp or seal, this 7<sup>th</sup> day of March, 2017

Denise M. Gupton  
Notary Public

My commission expires: Nov. 15, 2018

[NOTARIAL SEAL]

Denise M. Gupton  
NOTARY PUBLIC  
Stokes County, North Carolina



**EXHIBIT A****Legal Description of the Property**

Lying and being in Abbotts Creek Township, Town of Kernersville, Forsyth County, North Carolina and being more particularly described as follows:

**TRACT I:**

**PARCEL NO. 6884-67-3002**

Beginning at an existing iron pin in the western right of way line of NC Highway 66, South, said iron pin being the southeastern corner of Thomas Farrell Hussey and wife (Tax Lot 49A in Block 5643, Book 1468 page 805) in the western right of way line of said highway; thence from said point of Beginning and with the western right of way line of NC Highway 66, South 03 degrees 31 minutes 47 seconds West 259.66 feet to a new iron pin, the northeast corner of Tax Lot 49D; thence North 87 degrees 49 minutes 48 seconds West 837.79 feet to an existing iron pin in the line of Terry Michael Calhoun and wife, (Tax Lot 126); thence North 03 degrees 29 minutes 30 seconds East 30.03 feet to an existing iron pin; thence North 87 degrees 49 minutes 48 seconds West 100.59 feet to an existing iron pin; thence North 84 degrees 08 minutes 43 seconds West 486.61 feet to an existing iron pin; thence North 84 degrees 05 minutes 09 minutes West 7.18 feet to an existing iron pin, the southeast corner of Carolyn C. McKaughan et al; thence North 08 degrees 31 minutes 12 seconds East 380.61 feet to an existing iron pin in the southern line of Michael W. Phipps; thence South 86 degrees 12 minutes 37 seconds East 1207.63 feet to an existing iron pin, the northwest corner of Thomas Farrell Hussey and wife, thence with their line South 02 degrees 45 minutes 38 seconds West 123.95 feet to an existing iron pin; thence South 81 degrees 07 minutes 17 seconds East 189.96 feet to an existing iron pin in the western right of way line of NC Highway 66 (South) the point and place of Beginning. Containing 12.516 acres according to a survey made by Harris Baker Gupton, PLS, dated 12/21/2004, bearing Project No. 11987-04D. Being currently shown on the Forsyth County Tax Maps as Tax Lot 49C in Block 5643. Together with all right title and interest in and to the access easement along the southern line of the tract a part of which is 60 foot in width on this property and a part of which is 30 foot on this property. See Book 1868 page 2302 through 2335 and 1843 page 3221 Forsyth Registry.

EXHIBIT A

## Legal Description of the Property

Lying and being in Abbotts Creek Township, Town of Kernersville, Forsyth County, North Carolina and being more particularly described as follows

**TRACT II****PARCEL NO. 6884-66-6626**

BEGINNING at an existing iron pin in the southern line of a 60-foot access easement, said iron pin being located the following two courses and distances from the Town of Kernersville Geodetic Survey Disk "Ethel", NAD-83, N-848,536.2215, E-1,684,445.5380, NGVD-29, Elevation 965.72: South 45° 56' 53" East 2,438.61 feet to an existing iron pin in the 60-foot access easement referenced above, and South 3° 29' 49" West 30.03 feet to the point and place of beginning, and running thence from said point and place of beginning, the following courses and distances: South 87° 49' 30" East 837.79 feet to an iron pin in the western right-of-way line of NC Highway 66 (South); thence with the western right-of-way line of NC Highway 66 (South), South 03° 32' 18" West 260.10 feet to an iron in the northern property line of John Henry Calhoun (now or formerly); thence North 87° 49' 21" West 624.22 feet to an iron; thence North 87° 49' 04" West 213.58 feet to an iron; thence North 3° 32' 21" East 260.05 feet to the point and place of BEGINNING, containing 5.001 acres, more or less, as shown on a survey by Gupton & Associates, P.A. dated October 10, 2006, Project No. 12200-06C.

TOGETHER WITH AND SUBJECT TO THE RIGHTS OF OTHERS in and to a 60-foot access easement more particularly described as follows:

BEGINNING at a new iron pipe in the west margin of the right of way of Highway 66 South said point being distance South 05° 33' 03" West 259.66 feet from the southeast corner of the property of Thomas F. Hussey as described in Deed Book 1468 at Page 805, Forsyth County Registry; thence from the point of Beginning and running with the north boundary of the 5.001 acre tract above described North 85° 48' 59" West 837.74 feet to a new iron pipe; thence North 05° 33' 03" East 60 feet to a point; thence running parallel with the south boundary of this easement South 85° 48' 59" East 837.74 feet to a point in the west margin of the right of way of Highway 66 South; thence with the west margin of the right of way of Highway 66 South, South 05° 33' 03" West 60 feet to the point and place of Beginning.

EXHIBIT A

## Legal Description of the Property

Lying and being in Abbotts Creek Township, Town of Kernersville, Forsyth County, North Carolina and being more particularly described as follows

TRACT III

PARCEL NO. 6884-66-4493

BEGINNING at an existing iron pin in the north margin of a private easement known as Indian School Road at the southeast corner of the property of Terry Michael Calhoun as described in Deed Book 2109, Page 22 87, Forsyth County Registry; thence with the east line of said Terry Michael Calhoun property, North 05 degrees 33 minutes 34 seconds East 197.02 feet to an existing iron in the south line of the property of St. Basil Ostrog Serbian Church as described in Deed Book 2366 Page 4029, Forsyth County Registry; thence with the south line of said church property South 85 degrees 48 minutes 59 seconds East 218.86 feet to an iron stake, a new corner with the property of John Henry Calhoun; thence a new line with said Calhoun property South 05 degrees 33 minutes 34 seconds West 202.30 feet to an iron stake in the north margin of Indian School Road and further being a private easement as more particularly described in Deed Book 1306 Page 216 and also described in Deed Book 1497, Page 394, all of Forsyth County Registry; thence with the north margin of the aforesaid private road, North 84 degrees 26 minutes 04 seconds West 218.80 feet to the point and place of BEGINNING containing 1.00 acre more or less and being a portion of Tax Lot 49 H and Tax Lot 128 in Block 5643, Abbotts Creek Township, on the Forsyth County Tax Maps and further being a portion of the property described in Deed Book 1306, Page 214, Forsyth County Registry according to a survey made by David A. Wiseman, PLS, March 28, 2005 entitled "A Tract to be conveyed to Jeffrey Wayne Calhoun" and being Job No. 05100.035.

TOGETHER with a right of ingress, egress and regress to and from the aforesaid property to and from the west margin of N.C. Highway 66, said easement being 230 feet in width and more particularly described in Deed Book 1306 Page 216 as well as in Deed Book 1497, Page 394, all of Forsyth County Registry, to which reference is hereby made for a more particular description thereof and further being subject to the rights of others in and to the use of said easement.

The aforesaid property was formerly owned by Evelyn McKaughan Calhoun and being a part of a 14 acre tract as more particularly described in Deed Book 1306, Page 214, Forsyth County Registry. Evelyn McKaughan Calhoun dies on February 15, 2004 and her Last Will and Testament dated November 7 1997 which has been duly probated in the office of the Clerk of Superior Court of Forsyth County, North Carolina in Estate File 04 E 506 devised all of the above-described property to her husband, John Henry Calhoun.

EXHIBIT A

## Legal Description of the Property

Lying and being in Abbotts Creek Township, Town of Kernersville, Forsyth County, North Carolina and being more particularly described as follows

TRACT IV

PARCEL NO. 6884-66-0575

Beginning at an existing iron pin in the north right of way line of Indian School Road, a private roadway, the southeast corner of Johnny Ray Calhoun and wife S. Lynne Calhoun (Tax Lot 127 in Block 5643; Book 2109 page 2290), the point and place of Beginning; thence from point of Beginning and with the east line of Johnny Ray Calhoun North 06 degrees 56 minutes 34 seconds East 486.59 feet to a point in the center line of a private access easement; thence with the center of line of said access easement South 84 degrees 08 minutes 25 seconds East 160.47 feet to an existing iron pin; thence South 87 degrees 56 minutes 01 second East 100.59 feet to an existing iron pin (said iron pin being distant South 45 degrees 56 minutes 53 seconds East 2,438.61 feet from Town of Kernersville Geodetic Survey Disk "ETHEL" NAD-83, N-848,536.2215 and E-1,684,445.5380, NGVD-29, Elev. 965.72); thence leaving the center line of the access easement South 03 degrees 29 minutes 49 seconds West 30.03 feet to an existing iron pin in the southern right of way line of the access easement, the northwest corner, now or formerly, of St. Basil of Ostrog Serbian Orthodox Church (Book 2366 page 4029); thence with the Church's west line South 03 degrees 32 minutes 21 seconds West 260.05 feet to an existing iron pin, the southwest corner of the Church; thence South 87 degrees 49 minutes 04 seconds East 213.58 feet to an existing iron pin, the northwest corner, now or formerly, of Jeffrey Wayne Calhoun; thence with his west line South 03 degrees 32 minutes 51 seconds West 196.95 feet to an existing iron pin in the northern right of way line of Indian School Road (private); thence with the northern right of way line of said road North 86 degrees 26 minutes 32 seconds West 503.29 feet to an existing iron pin, the Point and Place of Beginning. **Containing 4.00 acres** in accordance with a survey made by Harris Baker Gupton, PLS dated April 10, 2006. Being currently shown as **Tax Lot 126 in Block 5643**, on the Forsyth County Tax Maps.

Together with all right, title and interest in an to the easement known as Indian School Road (Private) Book 1306 page 216, and Access Easement 1 and 2 described in Book 1868 page 2319, Forsyth County Registry and together with any and all other easements and rights the grantor may have an interest in which are a benefit to this property.