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Hold for: Smith Debnam (Box 182)

DECLARATION OF COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS
FOR
SORRELL OAKS SUBDIVISION

THIS DECLARATION, made this the 20th day of November, 2023 by SORRELL OAKS DEVELOPMENT, LLC, a North Carolina limited liability company (hereinafter referred to as "Declarant;")

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the Counties of Franklin and Granville, State of North Carolina, commonly referred to as "Sorrell Oaks Subdivision", which is more particularly described on Exhibit "A" attached hereto (hereinafter referred to as "the Property"); and

WHEREAS, it is the desire and intention of Declarant to impose on that Sorrell Oaks Subdivision as described in Exhibit "A" attached hereto restrictions, conditions, easements, covenants and agreements under a general plan or scheme of improvement for the benefit of all Property herein described and the future owners thereof; and

WHEREAS, the Property shall be comprised of single family residential lots; and

WHEREAS, no Lot shall be conveyed before the Homeowners Association is established by filing articles of incorporation with the North Carolina Secretary of State.

NOW, THEREFORE, Declarant hereby declares that all of the Property described on Exhibit "A" shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of and which shall run with the title to, the Property and be binding on all parties having any right, title or interest in the described Property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

Submitted electronically by "Smith Debnam Narron Drake Saintsing & Myers, LLP"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Franklin County Register of Deeds.

ARTICLE I

DEFINITIONS

SECTION 1. "Articles" shall mean the Articles of Incorporation of the Association as filed with the Secretary of State, State of North Carolina, as the same may be from time to time amended.

SECTION 2. "Association" shall mean and refer to Sorrell Oaks Subdivision Homeowners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

SECTION 3. "Board" or "Board of Directors" shall mean those persons elected or appointed and acting collectively as the Board of Directors of the Association.

SECTION 4. "Bylaws" shall mean the document for governance of the Association as adopted initially by the Board and as amended by the Members.

SECTION 5. "Common Properties" shall mean all real property and any improvements constructed thereon, if any, owned by The Association for the common use and enjoyment of the Owners or members of the Association, as may be designated on any subdivision map of the Property or by the Association. Common Properties also include as determined by the Declarant in its sole discretion, all water retention and detention ponds and areas, if any, including all stormwater facilities, structures and improvement associated therewith as well as drainage improvements, and easements located on the Property serving more than one Lot which are required to handle stormwater runoff from any part of the Property and are not maintained by any governmental authority. Property designated on any subdivision map as "landscape and buffer easement", "common area" or "open space" shall also be deemed to be Common Properties. The Common Properties to be owned by the Association at the time of the conveyance of the first Lot is all of that Property other than the Lots. The Declarant may recombine any portion of the Common Properties with a Lot pursuant to the terms of Article VII, Section 16 herein.

SECTION 6. "Common Expenses" shall mean and include but are not limited to, as applicable:

- (a) All sums lawfully assessed by the Association against its members;
- (b) Expenses for maintenance of the roads, streets, rights of way, Department of Transportation right-of-way easements, and, as determined by the Association or the Board, the right-of-way easements and any amenities as provided in this Declaration.
- (c) Expenses of administration, maintenance, repair, and replacement of the Common Properties, including expenses of maintenance of, if applicable, the signs, lighting, retaining walls, gazebos, fountains, trails, pedestrian access walkways, irrigation and landscaping, the expenses of maintenance of any sign, lighting, irrigation and landscaping located on any of the Common Areas or Passive and Active Recreational Use Space within Sorrell Oaks Subdivision. The Association shall also be responsible for maintenance and repair of all retaining walls constructed by the Declarant or the Association within the Properties, whether on the Common Area or a Lot. In the event that the need for maintenance, repair and/or replacement is caused through the willful or negligent act of an

Owner or such Owner's tenants, subtenants, family members, or guest or invitees of any of them, the cost of such maintenance, repair and/or replacement shall be the responsibility of the Owner.

(d) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws;

(e) Hazard, liability, officers and director's liability or such other insurance premiums as the Declaration or the Bylaws may require the Association to purchase; or as the Association may deem appropriate to purchase;

(f) Ad valorem taxes and public assessment charges lawfully levied against Common Properties;

(g) The expense of the maintenance of private, drainage and utility easements and facilities located therein which are within the boundaries of the Property, cross Common Elements of the Property and serve both the Property and lands adjacent thereto;

(h) The expense of the maintenance of stormwater control devices, private and utility easements located on Lots and Common elements, should the Board determine it is in its best interest to do such maintenance.

(i) Maintenance of federal mail delivery system kiosk.

(j) Any other expenses determined by the Board or approved by the members to be common expenses of the Association.

SECTION 7. "Declarant" shall mean and refer to Sorrell Oaks Development, LLC, a North Carolina limited liability company, its successors and assigns, to whom the rights of Declarant hereunder are expressly transferred, in whole or in part, and subject to such terms and conditions as Declarant may impose, or any owner of the Property or Lots or remainder of those resulting from the sale of the Property, Lots or the remainder thereof at foreclosure when held by Declarant or its Successor to the rights of Declarant or resulting from the transfer in lieu of foreclosure.

SECTION 8. "Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map of the Property, as such map or maps may be from time to time amended or modified, for detached single-family residential use, designated for residential use and for separate ownership and occupancy.

SECTION 9. "Member" shall mean and refer to every person or entity that holds membership in the Association.

SECTION 10. "Notice" required to be given herein shall be in writing and mailed by U.S. mail, postage prepaid, first class to the address of any Member on the records of the Association or shall be hand delivered to the Member.

SECTION 11. "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers but excluding those having such interest merely as security for the performance of an obligation. A consumer-occupant Lot owner is a Lot owner who occupies the residence on the Lot.

SECTION 12. "Person" shall mean and refer to any individual, corporation, partnership, association, trustee or other legal entity.

SECTION 13. "Property" shall mean and refer to that certain real property herein before described on Exhibit "A" hereto attached, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

ARTICLE II

PROPERTY DEVELOPMENT REQUIREMENTS AND PROPERTY RIGHTS

SECTION 1. PROPERTY DEVELOPMENT REQUIREMENTS. The property shall be developed in accordance with a plan or modified that complies with the applicable governmental zoning regulations, rules or other land use requirements for a Subdivision as prescribed by the Franklin and Granville Counties Subdivision Regulations in effect at the time of initial development of the Property. Owners will not have the ability to require the Developer and/or Declarant to do anything above the requirements of Franklin and Granville Counties. Once Franklin and Granville County have approved the Subdivision, Declarant considers all work to be complete and accepted. HOA will indemnify and hold harmless the Developer and Declarant for the developing or managing the HOA of Sorrell Oaks Development, LLC.

SECTION 2. OWNERS' EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Common Properties together with and including the right of access, ingress and egress, on and over the Common Properties, all of which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) the right of the Association to suspend the voting rights and the right to use the recreational or other Common Element facilities, if any, by an Owner for any period during which any assessment against his Lot remains unpaid, and for a period not to exceed 60 days for any infraction of its published rules and regulations;

(b) the right of the Association to dedicate, sell, lease or transfer all or any part of the Common Properties, or any interest therein, to any public agency, authority or utility, or to any other person for purposes and subject to such conditions as may be agreed upon by the members. No such dedication, sale, lease or transfer shall be effective unless it has been approved by two-thirds (2/3) of the members and an instrument of dedication, sale, lease, or transfer properly executed by the Association has been recorded and provided the dedication, sale, lease or transfer is in compliance with applicable governmental regulations. On such instrument the Secretary of the Association shall certify that two-thirds (2/3) of the members have approved the dedication, sale, lease or transfer and that certificate may be relied upon by any third party without inquiry and shall be conclusive as to any grantee, its successors or assigns; provided, however, conveyances for general utility purposes, as specified herein, may

be made by the Association without consent of the members. Notwithstanding the foregoing, the Declarant may recombine any portion of the Common Properties with a Lot pursuant to the terms of Article VII, Section 16 herein and in accord with applicable governmental regulations;

(c) the right of the Association, in accordance with its Articles and Bylaws, to borrow money for the purpose of improving the Common Properties and facilities and in aid thereof to mortgage the Common Properties, and the rights of such mortgagee in the Common Properties shall be subordinate to the rights of the members hereunder;

(d) the right of the Association in accordance with its Articles of Incorporation or Bylaws to impose rules and regulations for the use and enjoyment of the Common Properties and improvements thereon, which rules and regulations may further restrict the use of the Common Properties.

(e) the right of Owners of Lots on additional lands annexed to the Property initially, or subsequently, to the easements of enjoyment and rights of ingress, egress and access, as specified above, to the initial Property and all lands included in subsequent phases.

(f) the right of the Association, with the assent of the Members entitled to cast two-thirds (2/3) of the votes of each class of members to borrow money for the purpose of improving the Common Elements and facilities and in aid thereof to mortgage the Common Elements, provided that the rights of such mortgagee in the Common Elements shall be subordinate to the rights of the Members and the Association hereunder.

SECTION 3. DELEGATION OF USE. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Properties to the members of his family, his tenants, or contract purchasers who reside on the Property, but may not delegate or assign responsibility for the actions of those to whom such right is delegated.

SECTION 4. TITLE TO THE COMMON PROPERTIES. While reserving the right to build and own facilities on the Common Properties and to charge reasonable fees for use of said facilities, the Declarant hereby covenants for itself, its heirs and assigns, that it will convey fee simple title to the Common Properties located within the Property to the Association, free and clear of all encumbrances and liens, prior to the conveyance of the first Lot shown on a recorded map which designates the location of Common Properties, except for encumbrances of utility, service, access, stormwater drainage and other similar service or utility easements. Any such conveyance shall be subject to taxes for the year of conveyance.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. Every record Owner of a Lot that is subject to assessment shall be a member of the Association. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot that is subject to assessment.

SECTION 2. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all Owners with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be Members; however, the vote for such Lot shall be exercised as they among themselves determine, or as set forth in the Bylaws, but in no event shall more than one vote be cast with respect to any Lot. Fractional voting is prohibited.

Class B. The Class B Member shall be the Declarant. The Class A Membership shall not be entitled to vote until the Class B membership ceases to exist and is converted to Class A Membership. Unless specifically stated otherwise, when voting rights/requirements are discussed within this Agreement it is presumed that the Class B membership has previously been converted to Class A membership. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

- (i) At such time as Declarant recorded a memorandum relinquishing its rights as both the Declarant and Class B Member; or,
- (ii) Twenty-five (25) years from the date this Declaration is recorded in the Office of the Register of Deeds, Franklin and Granville Counties, North Carolina, whichever occurs first.

SECTION 3. The right of any member to vote may be suspended by the Board of Directors for just cause pursuant to its rules and regulations and the Articles and Bylaws of the Association and according to the provisions of Article II, Section 2(a) herein.

SECTION 4. Dissolution or Insolvency of the Association. The Association shall be dissolved upon the termination of this Declaration, or upon the written assent given in writing and signed by not less than two thirds (2/3) of the Members of each class of members, or upon such more restrictive or additional conditions and in such manner as otherwise provided by the laws of the State of North Carolina. Upon dissolution or insolvency of the Association or upon loss of ownership of the Common Area (once such ownership has been acquired) by the Association for any reason whatsoever (except for exchange or dedication or conveyance of any part or all of the Common Area as allowed by this Declaration or by reason of merger and/or consolidation with any other association as allowed by this Declaration), any portion of the Common Area not under the jurisdiction and being maintained by the Association, shall be offered to Franklin and/or Granville County, North Carolina, or to some other appropriate governmental entity or public agency (as determined by the Board) to be dedicated for public use for purposes similar to those to which the Common Area and such assets were required to be devoted by the Association. If Franklin and/or Granville County or such other appropriate governmental entity or public agency accepts the offer of dedication, such portion of the Common Area and assets shall be conveyed by the Association to Franklin and/or Granville County or such other appropriate governmental entity or public agency, subject to the superior right of the Owner of each Lot to an easement (if necessary) for reasonable ingress and egress to and from such Owner's Lot and the public or private street(s) on which such Lot is located, and subject to all other applicable rights of way and easements and subject to ad valorem property taxes subsequent to the date of such conveyance.

In the event that Franklin and/or Granville County or such other appropriate governmental entity or public agency refuses the offer of dedication and conveyance, the Association may transfer and convey such Common Area and assets to any nonprofit corporation, association, trust or other entity which is or shall be devoted to purposes and uses that would most nearly conform to the purposes and uses to which the Common Area was required to be devoted by this Declaration, such conveyance to be made subject to the rights of Owners and other matters set forth in the immediately preceding paragraph.

ARTICLE IV

COVENANT FOR MAINTENANCE ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefore, whether or not it shall be so expressed in such deed, is deemed to covenant, and agree to pay to the Association: (1) annual assessments or charges which are Common Expenses, and (2) special assessments for extraordinary maintenance and capital improvements, (3) special assessments for purchase, construction or reconstruction of improvements; and (4) to the appropriate governmental taxing authority, a pro rata share of assessments for public improvement to the Common Properties and public roads if the Association shall default in payment thereof. The annual and special assessments, together with interest and costs, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

The Association shall also have the authority, through the Board of Directors to establish, fix and levy a special assessment on any Lot to secure the liability of the Owner thereof to the Association arising from breach by such Owner of any of the provisions of this Declaration which breach shall require the expenditure of time and money or both, by the Association for repair or remedy,

Each Owner covenants for himself, his heirs, successors and assigns, to pay each assessment levied by the Association on the Lot described in such conveyance to him within ten (10) days of the due date as established by the Board, and further covenants that if said assessment shall not be paid within thirty (30) days of the due date, the payment of such assessment shall be in default and the amount thereof may become a lien upon said Owner's Lot as provided herein and shall continue to be such lien until fully paid.

SECTION 2. PURPOSE OF ASSESSMENTS. The assessments levied by the Association shall be used exclusively for the paying of Common Expenses; and, in particular, but not limited to, for the acquisition, improvement and maintenance of Property, services, amenities and facilities, and for the use and enjoyment of the Common Properties, including but not limited to, maintenance of private roadways, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Properties, the providing for security to the Property, the procurement and maintenance of insurance in accordance with the Bylaws or as deemed appropriate by the Board, the employment of counsel, accountants and other professionals for the Association when necessary, and such other needs as may

arise.

SECTION 3. AMOUNT OF ASSESSMENT.

- (a) Initial Assessment. The initial community dues shall be \$75.00 per month.
- (b) Increase by Association. From and after January 1, 2024, the annual assessment imposed by this Association, effective for any year (including 2024) may be increased effectively from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership.
- (c) Increase by Members. From and after January 1, 2025, the annual assessment may be increased by an affirmative vote of two-thirds (2/3) of the Members who are voting in person or by proxy, at a meeting duly called for such purpose.
- (d) Criteria for Establishing Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs but it may not fix the annual assessment in an amount in excess of ten (10%) percent or (b) without the consent of members required by Subsection (c) of this Section 3.
- (e) Board Authority. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum.
- (f) Expenses During the Development Period. The provisions of North Carolina General Statute 47F-3-115 notwithstanding, at any time the Declarant may, but shall not be required to, lend funds to the Association or otherwise assist the Association with securing funds for either operating expenses or community improvements. Such advances shall, upon request of Declarant, be evidenced by promissory notes from the association in favor of Declarant. Declarant's failure to obtain a promissory note shall not invalidate the debt. Promissory notes payable to the Declarant may include the recoupment of any interest.

SECTION 4. Special Assessment for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Common Properties, any extraordinary maintenance, including vegetation, fixtures and personal property related thereto and any property for which the Association is responsible, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose.

The Board of Directors, at its option may declare that a Special Capital Assessment be levied against all Lots, unless ninety percent (90%) of the total vote of each class of Members vote to reject it. The Special Capital Assessment shall be in an amount not to exceed Five Hundred and no/100 Dollars (\$500.00) per lot and may be levied in emergency situations only, no more than once every two (2) years from date of the recording of this Declaration. The Special Capital Assessment shall be used to defray the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvements upon the Common Elements. This assessment may not be used for any other purposes including litigation involving the Association.

SECTION 5. Capital Reserve Fund/Common Expenses Assessment. First Owners of new dwelling (not including the Declarant) shall be required to pay an initial capital reserve fund fee of \$1,000.00 said amount to be collected at closing of such Unit. This amount shall be deposited into the Association's general operating fund and disbursed therefrom to the Association for use in covering operating expenses and other expenses incurred by the Association, including funding a reserve account, pursuant to the terms of this Declaration and the Bylaws. Declarant and the Association may take such payments into account when determining the amounts to be funded to reserves from other Association funds. Nothing in this section shall be construed as prohibiting or mandating the Association making additional payments into reserve accounts from other Association funds. Payments made pursuant to this section do not apply towards payment of annual base assessments and constitute a separate obligation. This amount shall be in addition to, not in lieu of, the annual Base Assessment and shall not be considered an advance payment of such assessment.

SECTION 6. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than 15 days or more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast thirty-three percent (33%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to a minimum seven (7) day, maximum twenty-one (21) day notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. If at a second meeting, the requirement of one-half of the required quorum is not met, then in a subsequent meeting the requirement shall be one-fourth (1/4) of the required quorum and successive meetings may be held until a quorum is maintained by successively halving the quorum requirement of the prior meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

SECTION 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and shall be collected on an annual basis or other periodic basis established by the Board.

SECTION 8. Date of Commencement of Annual Assessments; Due Dates. The annual assessments provided for herein shall commence as to all Lots 12 months after closing of the sale of a Lot from the Declarant to a Builder/Owner. The rate of assessment for a Builder/Owner shall be one hundred percent (100%) of the amount of the regular annual assessment and shall be collected quarterly or at the discretion of the Association Management Company and/or Declarant. A consumer-occupant Lot owner shall pay the pro-rata amount of the annual assessment from the date of closing on any Lot until the first day of the first calendar year following closing of that sale. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge if it deems appropriate, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of issuance.

SECTION 9. Effect of Nonpayment of Assessments; Remedies of the Association. Any

assessment not paid within thirty (30) days after the due date shall be delinquent, in default, and shall be charged a late fee as permitted by North Carolina law. The Association may bring an action at law against the Owner personally obligated to pay the late fee, plus interest, costs, late payment charges and reasonable attorneys' fees as determined by a Court of competent jurisdiction or foreclose the lien against the Lot. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Properties or abandonment of his Lot.

The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a Claim of Lien in the Office of the Clerk of Superior Court in the County in which the Property, is located in the manner provided therefore; by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time after thirty (30) days after the due date of the assessment or any installment thereof and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include all assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

SECTION 10. Subordination of the Lien to Mortgages and Ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any, institutional first mortgage and ad valorem taxes on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, but shall not abate the personal obligation of the prior owner. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 11. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and any portion of the Property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

The maintenance responsibility of the grounds surrounding the improvements on each Lot shall rest with each Lot owner. This maintenance responsibility shall include, without limitation, grounds care such as maintaining grass in grassed areas, neat cutting of grass and maintenance of shrubs, trees and flowers, with replacement of diseased or dead vegetation as necessary in the opinion of the Association to maintain the grounds surrounding the improvements on each Lot in a neat and attractive manner.

If any Owner fails to perform any of the foregoing Maintenance responsibilities, then the Association may give such Person written notice of the failure and such person must, within ten (10) days after such notice is given by the Association, performed the required maintenance. If any such person fails to perform the required maintenance within the allotted time period, the Association, acting through its authorized agent or agents, shall have the right and power (but not the obligation) to enter such person's portion of the Properties and perform such maintenance without any liability for damages for wrongful entry or trespass. Such person shall be liable to the Association for the expenses incurred by the Association in performing the required maintenance, and shall reimburse the Association for such expenses within thirty (30) days after the Association mails or delivers such Person and invoice therefor.

If any Owner fails to reimburse the Association as required, the Association shall have the same rights and remedies against such Owner and such Owner's portion of the properties, as the Association has with respect to the enforcement and collection of assessments.

In the event the Association must do any maintenance, repair, replacement or upkeep on any Lot, each Lot Owner hereby gives to the Association, and the same is hereby reserved unto the Association, its agents, servants or independent contractors, the right and easement for unobstructed access in, over and on each Lot at all reasonable times to perform such repair or replacement by the Association.

ARTICLE V

ARCHITECTURAL CONTROL

No site preparation (including but not limited to grading, elevation work, landscaping, sloping or tree work) or initial construction, erection or installation of any improvements, including but not limited to, buildings, fences, signs, walls, bulkheads, screens, landscaping, plantings, equipment, or other structures shall be commenced, erected, placed, altered or maintained upon any lot, until the plans and specifications showing the nature, kind, shape, height, materials, exterior colors, siding, location and elevations of the proposed improvements, landscaping or plantings shall have been submitted to, and approved in writing by, as to harmony of external design and location in relation to surrounding structures and topography, an Architectural Committee composed of no fewer than two (2) persons and no more than five (5) persons appointed by the Declarant so long as there is a Class B membership, or, if no Class B membership, then the Architectural Committee shall be appointed by the Board. Initial construction on all Lots shall be reviewed and approved by original Declarant Appointed Architectural Committee even after control of Association has been turned over to the homeowners or the original Declarant submits in writing specifically relinquishing its rights of approval of initial lot construction. In the event the Architectural Committee fails to approve such submission made by any Lot Owner within thirty (30) days after said plans and specifications have been received by the Committee, approval will be deemed to have been denied. Any plans and specifications that contain inaccurate or missing data or information when submitted shall not be deemed to be received or approved notwithstanding any prior approval by the Committee.

Upon request, the Association, on behalf of the Architectural Committee, shall provide any Owner with a letter stating that any such work, plans and specifications, landscaping or plantings have been approved, and the letter may be relied upon by third parties.

Approval or disapproval by the Architectural Committee of such plans, location or specifications may be based upon any grounds, including purely aesthetic and environmental, which in the sole discretion of the Committee, it shall deem sufficient. The Association, the Board, and the Architectural Committee shall not be responsible for any defects in the plans and specifications submitted to it or in any structure erected or improvements made on any Lot.

The Board and the Architectural Committee, or their appointed agents, shall have the right, at their election, but shall not be so required to enter upon any of the Lots during site preparation or construction, erection, or installation of improvements to inspect the work being undertaken and to determine that such work is being performed in conformity with the approved plans and specifications.

The Architectural Committee shall have the power to grant, and may allow, variances of, and adjustments of the restrictions established herein in order to overcome practical difficulties and prevent unnecessary hardships in application of the restrictions contained herein; provided, however, that

variances or adjustments are done in conformity with the intent and purposes hereof, and, provided also, that in every instance such variance or adjustment will not be materially detrimental or injurious to other Lots in the immediate neighborhood. Variances and adjustments may be of the height, size and setback requirements, pursuant to the terms herein, but shall not be limited thereto. No variance shall be permitted if it violates governmental minimum standards. Notwithstanding the foregoing, Declarant shall have the power to grant the above variances and adjustments so long as there is a Class B membership.

In the event of the grant of any variance in the restrictions established herein, the Declarant for so long as there is a Class B membership, and thereafter the Association on behalf of the Architectural Committee shall execute a document acceptable in substance to the Association attesting to such grant and the specific nature thereof in form suitable for recording, so that the Lot Owner may record the document in the Franklin and/or Granville County Registry. Such document shall be prepared at the cost of the Lot Owner and shall be binding upon the Declarant, the Association, its successors and assigns, and other, Lot Owners and may be relied upon by third parties to evidence the variance approval.

Any purchaser of a lot or institution financing a lot shall rely on the foregoing statement.

Declarant shall have the right to charge a reasonable architectural review fee for receiving and processing each application and the right (but not the obligation), at the expense of the Owner seeking approval of the Improvements, to employ an engineer or other professional and/or administrative fee to review the plans for the Improvements.

The Association, so long as there is a Class B membership, shall defer architectural approvals and grants of variances to Declarant unless Declarant has voluntarily relinquished control of the Association and/or the Architectural Committee. The Declarant will maintain exclusive approval rights for all new construction and if applicable variances until such time that either Sorrell Oaks Development, LLC (Declarant) either ceases to exist or Sorrell Oaks Development, LLC assigns that right to a third party.

ARTICLE VI

ANNEXATION OF ADDITIONAL PROPERTIES

SECTION I. Annexation of additional property, except as provided in Section 2 of this Article VI shall require the assent of two-thirds (2/3) of the membership present in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Members not less than 15 days nor more than 30 days in advance of the meeting setting forth the purposes of the meeting. The presence of Members or of proxies entitled to cast thirty-three percent (33%) of the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called subject to a notice requirement of a minimum of seven (7) days and a maximum of twenty-one (21) days and the required quorum shall be one-half (1/2) of the required quorum of the preceding meeting, no such subsequent meeting shall be held more than 60 days following the preceding meeting. In the event that two-thirds (2/3) of the membership is not present in person or by proxy, Members not present may give their written assent to the action taken thereat. Subsequent meetings may be held reducing the quorum requirement by one-half at each meeting until a quorum is attained.

SECTION 2. If within twenty (20) years of the date of recordation of this Declaration in the office of the Franklin and Granville County Register of Deeds, the Declarant should develop such other lands as Declarant or Affiliate or member of Declarant may hereafter acquire contiguous to the additional land, which additional land has been subjected to this Declaration, such land may be annexed by the Declarant without the consent of Members; and, in doing so, Declarant may file and record such amendments to this Declaration as are necessary without the consent of the Members in order to subject such additional lands to the terms of this Declaration and the jurisdiction of the Association. For purposes of determining contiguity of property, the rights-of-way of public or private roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise contiguous property.

SECTION 3. Annexation of additional lands shall be accomplished by recording in the Office of the Register of Deeds in the county in which the Property is located, a Declaration of Annexation duly executed by the Declarant, if the Declarant has the right to annex pursuant to Section 2 above (and by the Association if pursuant to Section 1 above), describing the lands annexed and incorporating the provisions of this Declaration, either by reference or by fully setting out said provisions of this Declaration. The additional lands shall be deemed annexed to the Property on the date of recordation of the Declaration of Annexation, and in the case of an annexation by the Declarant, no action or consent on the part of the Association or any other person or entity shall be necessary to accomplish the annexation except any local governmental authority if required by its ordinances.

SECTION 4. Subsequent to recordation of the Declaration of Annexation by the Declarant, and prior to the conveyance of the first Lot therein, the Declarant shall deliver to the Association one or more deeds conveying any Common Properties within the lands annexed as such Common Properties is developed.

SECTION 5. Should Declarant elect to annex any additional property and accordingly to subject such property to the terms and conditions of this Declaration, Declarant reserves the right to alter the restrictions as applicable to the annexed property to best suit the intended use of the annexed property. The addition of property authorized under this paragraph may increase the cumulative maximum number of lots authorized in the properties, and, therefore, may alter the relative maximum potential voting strength of the various types of membership of the Association.

ARTICLE VII

USE RESTRICTIONS

SECTION 1. Rules and Regulations. The Board of Directors of the Association shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Properties. Such rules and regulations may provide for imposition of fines or penalties for the violation thereof, or for the violation of any of the covenants and conditions contained in this Declaration.

SECTION 2. Use of Property. No portion of the Property (except for a temporary office of the Declarant and building models used by Declarant shall be used except for single-family residential purposes, town homes, and for purposes incidental or accessory thereto.

SECTION 3. Quiet Enjoyment. No obnoxious or offensive activity shall be carried on upon the Property, nor shall anything be done which may be, or may become, a nuisance or annoyance to the neighborhood.

SECTION 4. Animals. No animals, birds, livestock or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats, pet birds or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and are controlled in accordance with applicable governmental ordinances and are not a nuisance to other Owners. The location of and the materials used in the construction of any dog runs and fences are improvements, which require the review and approval of the Architectural Committee as set out in Article V herein.

SECTION 5. Insurance. Nothing shall be kept, and no activity shall be conducted on the Property that will increase the rate of insurance applicable to residential use for the Property or any Lots. No Owner shall do or keep anything, nor cause or allow anything to be done or kept on his Lot or on the Common Properties which will result in the cancellation of insurance on any portion of the Property, or Lots therein, or which will be in violation of any law, ordinance or regulation. No waste shall be permitted to remain on any portion of the Common Properties.

SECTION 6. Offensive Behavior. No immoral, improper, offensive, or unlawful use shall be made of the Property, or any part thereof. All laws, orders, rules, regulations, ordinances, or requirements of any governmental agency having jurisdiction thereof, relating to any Lot or any portion of the Property, shall be complied with, by and at the sole expense of the Owner, or the Association, whichever shall have the obligation to maintain such portion of the Property.

SECTION 7. Business. No industry, business, trade, occupation, or profession of any kind, whether commercial or otherwise, shall be conducted, maintained, or permitted on any Lot except that the Declarant or its agents may use a Lot for sales or display purposes. Declarant may maintain sales or rental office(s) on the Property. Nothing in this Section shall be construed to prohibit a Lot Owner from maintaining a home office on his Property for his personal use.

SECTION 8. Signs. No Lot Owner shall display, or cause, or allow to be displayed to public view any sign, placard, poster, billboard, or identifying name or number upon any Lot or any portion of the Common Properties, except as allowed by the Association pursuant to its Bylaws or regulations or as required by local governmental authority; provided however, that the Declarant, or its respective agents, may place "For Sale" or "For Rent" signs on any Lots for sale and in suitable places on the Common Properties approved by the Association; provided however, that during the development of the Property and the initial marketing of Lots, the Declarant may maintain a sales office and may erect and display such signs as the Declarant deems appropriate as aids to such development and marketing, provided that such signs do not violate any applicable laws. Such permitted signs shall be placed in the approximate center of a Lot and six feet from the road curb. No sign shall be nailed to trees.

SECTION 9. Fences, Walls and Hedges. No fence, wall, hedge or other mass planting shall be erected or permitted in front of a dwelling on any Lot, except as approved by the Architectural Committee pursuant to Article V herein. Treated wood fencing is specifically prohibited.

SECTION 10. Alterations. No person shall undertake, cause, or allow any alteration or construction in or upon any portion of the Common Properties except at the direction or with the express written consent of the Association.

SECTION 11. Common Properties Use. The Common Properties shall be used only for the purposes for which they are intended and reasonably suited and which are incident to the use and occupancy of the Property, subject to any rules or regulations that may be adopted by the Association pursuant to its Bylaws.

SECTION 12. Parking. Parking or storing of boats, marine craft, hovercraft, aircraft, recreational vehicles, pick-up campers, travel trailers, motor homes, utility trailers, camper bodies or similar vehicles or equipment in the driveway or front yard of any dwelling or on any public street in the Development is prohibited.

SECTION 13. Mobile Homes. No trailer, tent, mobile home, modular home or other structure of a temporary character shall be placed upon any Lot at any time, provided, however, that this prohibition shall not apply to shelters or storage units used by the contractor during the construction of a dwelling, garage or accessory building, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the Lot after completion of construction.

SECTION 14. Fuel Tanks. No fuel tanks or similar storage receptacles may be exposed to view. Any such receptacles may be installed only within an accessory building or within a screened area, or buried underground; provided, however, that nothing contained herein shall prevent the Declarant or Association from erecting, placing or permitting the placing of tanks or other apparatus, on the Property for uses related to the provision of utility or other service.

SECTION 15. Guest Facility. A guest apartment or guest facility may be included as part of a main detached single-family dwelling.

SECTION 16. Subdividing. No Lot shall be subdivided, or its boundary lines changed except with the prior written consent of the Declarant during the period of Declarant control of the Association and thereafter by the Board. However, the Declarant hereby expressly reserves unto itself, and to any successor to which Declarant makes a specific assignment of this right, the right to recombine any two (2) or more Lots and/or Common Properties (so long as replotting of the Common Properties conforms with applicable governmental regulations) shown on the plat of any subdivision of the Property in order to create one or more modified Lots; to recombine one or more Lots and/or Common Properties to create a larger Lot; to eliminate from this Declaration Lots that are not otherwise buildable or Lots and/or Common Areas that are needed for access to any area of the Property or are needed for use as private

roads or access areas, and to take such steps as are reasonably necessary to make such replotted Lots suitable and fit as a building site or access area or roadway, said steps to include, but not to be limited to the relocation of easements, walkways, and rights-of-way to conform to the new boundaries of the said replanted Lots. Any of the Common Properties recombined with a Lot, the Association shall execute all necessary documents to effect the recombination.

SECTION 17. Intentionally deleted.

SECTION 18. Satellite Dishes & Antennae. No television, radio or other electrical towers, aerials, antennae, satellite dishes, or other devices of any type for the reception or transmission of radio or television broadcasts or other means of communication shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon unless approved in accordance with Article VII hereof, except that this prohibition shall not apply to those antennae specifically covered by 37 C.F.R. Part 1, Subpart S, § 1.4000 (or any successor provision) promulgated under the Telecommunications Act of 1996, as amended from time to time ("Exempt Devices"). The Association shall be empowered to adopt rules, consistent with applicable law, governing the types of antennae that are permissible hereunder and establishing reasonable, nondiscriminatory restrictions relating to safety, location and maintenance of antennae; provided, except as necessary to protect public safety, any rules applicable to Exempt Devices shall not (a) unreasonably delay or prevent installation, maintenance or use; (b) unreasonably increase the cost of installation, maintenance or use; or (c) preclude reception of an acceptable quality signal. To the extent consistent with the foregoing, an antenna permitted hereunder may be installed only if it: (i) is located in the rear or side yard of the Lot; (ii) is not visible from any street (whether by location or screening); (iii) is integrated with the Dwelling and surrounding landscape; and (iv) except for Exempt Devices, is approved pursuant to Article IX of the Declaration.

SECTION 19. Construction Limitations. During construction, all vehicles involved, including those delivering building material, must enter the Lot on a driveway only as approved by the Board so as not to damage unnecessarily trees, street paving and curbs. During construction builders must keep the homes, garages, and building sites clean and free of debris. Builder to install gravel at lot entrance to prevent mud on streets during construction. All building debris, stumps, trees, etc., must be removed from each Lot by builder as often as necessary to keep the house and Lot attractive. Such debris will not be dumped in any area of the Property.

SECTION 20. Firearms: Hunting Prohibited. There shall be no discharging of firearms, guns or pistols of any kind, caliber, type, or method of propulsion; and no hunting of any shall be carried on or conducted on the Property.

SECTION 21. Drying Areas. Clotheslines or drying yards shall not be permitted.

SECTION 22: No above ground pools are allowed.

SECTION 23: Leasing: No lot or any portion of the Improvements situated thereon shall be leased for transient or hotel purposes. Notwithstanding the foregoing, an Owner may lease not less than the entire residential structure on its Lot, provided that the lease must be in writing, must be for a period of not less than three-hundred and sixty-five (365) days, and must provide that its subject to this Declaration and the Bylaws and that any failure by tenant to comply with such documents shall be a default under the lease. Failure to include this provision in the lease shall not relieve the tenant from complying with the Declaration and the Bylaws.

SECTION 24. Yard Maintenance. Each Lot Owner shall be responsible for the care and regular maintenance of his/her Lot. No weeds, underbrush or other unsightly growth shall be permitted to grow or remain on any Lot, and no refuse pile or unsightly objects shall be allowed to be placed or suffered to remain thereon, including vacant parcels. Should a Lot Owner fail to comply with this requirement, the Association shall promptly notify such Lot Owner in writing, by US Postal Service mail of the Lot Owner's violation of this provision and of the Association's intention to take action to remedy the situation at the Lot Owner's expense, should the Lot Owner not remedy the defect within fourteen (14) days of his/her receipt of the Association's notification.

SECTION 25. Intentionally Deleted.

SECTION 26. Watering Restrictions. Declarant and/or the Board of Directors of the Association shall have the right to promulgate and implement reasonable restrictions and/or conditions on the use of water by Owners, including the watering of lawns and gardens and washing of vehicles based upon the perceived need for such restrictions and/or conditions in addition to any restrictions and/or conditions which may be imposed by Franklin and/or Granville County concerning said uses. Said restrictions may include, but are not limited to an imposed watering schedule.

SECTION 27. Irrigation System Requirements. All plans for irrigation systems must be submitted to the Architectural Committee. Plans must include a drawing of the area to be irrigated.

SECTION 28. Removal of Trees. No trees or other vegetation, except weeds, deadwood, underbrush or grass may be cut or removed from any building site prior to or during initial construction unless written approval of Declarant is first secured. Following initial construction of improvements on any building site, no trees having a diameter exceeding four (4) inches at four (4) feet above ground level shall be removed therefrom without the prior express written approval of Declarant or Architectural Committee, unless the tree is dead or diseased or poses an imminent danger to persons or property.

SECTION 29. Solar Panels. Solar panels/collectors shall be visually integrated with the architecture of the house regarding style, location, size and color. All plans must be submitted to the Architectural Committee and follow Architectural Guidelines and Submission Requirements.

SECTION 30. Independent Covenants. Each and every covenant and restriction contained herein shall be considered to be an independent and separate covenant and agreement, and in the event any one or more of said covenants or restrictions shall, for any reason, be held to be invalid, or unenforceable, all remaining covenants and restrictions shall nevertheless remain in full force and effect.

SECTION 31. Fines Levied by Association for Willful Non-Compliance with Covenants and Restrictions. The Association shall have the right to levy a fine up to One Hundred (\$100.00) Dollars per day against any Lot Owner who willfully fails to obtain required Committee approval or commencing improvements after denial of a request by the Architectural Committee; failing to maintain property as required herein; or committing other acts amounting to a nuisance.

SECTION 32. Additional Restrictions. Declarant may include in any contract or deed hereafter made any additional covenants and restrictions that are not inconsistent with and which do not diminish the covenants and restrictions set forth herein.

ARTICLE VIII

BUILDING RESTRICTIONS

SECTION 1. Square Footage. Any dwelling erected on a detached single family residential Lot shall contain a minimum enclosed dwelling area of 2,000 square feet. In addition thereto, and unless a variance is granted therefore as provided herein, all dwellings shall have a minimum of enclosed two car garage attached to the main dwelling. The term "enclosed dwelling area," as used in this Section 1 shall mean the total enclosed area within a dwelling subject to heating and cooling, and at the Declarant's discretion may include basement space; provided however, that the term specifically does not include garages, terraces, open porches, decks, stoops and like areas regardless of heating or cooling. Variances of these square footage requirements may be granted by the Declarant or the Architectural Committee pursuant to Article V hereof, but in no case will the size be less than that required by the governmental agency having jurisdiction over the Property.

SECTION 2. Setback Lines. No building shall be located on any Lot nearer to the front or rear Lot line, or to any side Lot line, than shall be permitted under the applicable subdivision ordinances of Franklin and/or Granville County or any other governmental entity in effect at the time such building is to be constructed.

SECTION 3. Height and Accessory Building. No structure, except as hereinafter provided shall be erected, altered, placed or permitted to remain on any detached single-family residential Lot other than a detached single family dwelling not to exceed three (3) stories in height, a garage (not to exceed three (3) stories in height) and small accessory building (which may include a pool house, shed, storage building, servants' quarters, or guest facilities), provided, the use of such dwelling or accessory building does not in the opinion of the Board or Architectural Committee overcrowd the site. Such accessory building may not be constructed prior to the construction of the primary dwelling. All garages must be attached to the main dwelling, unless the Board, Declarant or the Architectural Committee pursuant to Article V hereof, approves in writing a variance permitting a detached garage. The Board, Declarant, or the Architectural Committee, pursuant to Article V hereof, may approve, in writing a variance permitting a single-family dwelling of more than three stories.

SECTION 4. Multi-Family Use Prohibited. No multiplex residence or apartment house shall be erected or placed on, or allowed to occupy, any detached single-family residential Lots, and no dwelling once approved and constructed shall be altered or converted into a multiplex residence or apartment house.

SECTION 5. Remedies. If the finished dwelling, garage, accessory building or other structure does not comply with the submitted and approved plans and specifications, the Board retains the right to make the necessary changes at owner's expense to comply with the approved plans and specifications, the right to treat such charge or cost as an assessment, the right to file under the North Carolina lien laws

as described in Article IV, Section 9 herein, a notice of liens for any costs incurred, and the further right to resort to all remedies provided under the laws of North Carolina for the recovery of such costs and the expenses of collection, including without limitation, reasonable attorneys' fees. Any changes in plans or specifications must first be reapproved by the Declarant, Board or Architectural Committee in accordance with the procedure herein specified for architectural control.

SECTION 6. Trash Receptacles. Each Lot Owner shall provide receptacles for solid waste in a screened area not generally visible from the street.

SECTION 7. Parking Spaces. Each Lot Owner shall provide space for parking two automobiles off the street prior to the occupancy of any dwelling constructed on said Lot in accordance with standards established by the Association. No parking of vehicles on grass, gravel or roadsides.

SECTION 8. Driveways. All drives shall be constructed of "poured in place" concrete and shall be finished "flush" with the road service.

ARTICLE IX

STORMWATER MAINTENANCE

SECTION 1. Stormwater Control Structure Maintenance. The Association shall be responsible for maintenance of the storm water control structures serving the property.

ARTICLE X

EASEMENTS

SECTION 1. Utility Easements. All of the Property, including Lots and Common Properties, shall be subject to such easements for driveways, walkways, parking areas, water lines, drainage, telephone and electric power line and other public utilities as shall be established by the Declarant or by his predecessors in title, prior to the subjecting of the Property to this Declaration; and the Association shall have the power and authority to grant and establish upon, over, under and across the Common Properties conveyed to it, such further easements as are requisite for the convenient use and enjoyment of the Property without approval of the membership as provided in the Articles of Incorporation and this Declaration.

SECTION 2. Easement for the Benefit of Governmental Authorities. An easement is hereby established for the benefit of any governmental authority having jurisdiction over the Property, or other governmental agency, over all Common Properties for the setting, removing and reading of water meters (which shall be separate for each Lot), maintaining and replacing water, sewage and drainage facilities, for police protection, firefighting and garbage collection and the rendering of such other services as are appropriate and necessary for the use and enjoyment of the Property. In no case shall the governmental authority or other responsible agency be responsible for failing to provide any emergency or regular fire,

police, or other public service to the Property or to any of its occupants when such failure is due to the lack of access to such area due to inadequate design or construction, blocking of access routes, or any other factor within the control of the Declarant, the Association, the Owners or occupants. All conveyances of any portion of the Property shall be subject to these limitations on the governmental authorities responsibilities.

SECTION 3. Specific Utility Easements. There is hereby reserved an easement ten (10') feet in width along the front and side property lines, and ten (10') feet along the rear property line of each Lot designated for detached single-family residential use for the purpose of installation, repair, maintenance, erection, construction and inspection of water lines, electric lines, gas lines, telephone lines, cablevision lines or other such utility or service lines and for drainage cuts. The Declarant reserves the right to subject the real property in this subdivision to a contract with Wake Electric Membership Corporation for the installation of underground electric cables and/or installation of street lighting, either or both of which may require an initial payment and/or continuing monthly payment to Wake Electric Membership Corporation by each residential customer.

SECTION 4. Recorded Easements. There are hereby reserved easements as shown on the recorded map or maps of the subdivision. In the event of a conflict in the width of any easement reserved herein or on the recorded map, the wider easement shall prevail.

SECTION 5. Drainage Easement. In addition to the foregoing reserved specific easements, the Declarant so long as it controls the Association, and thereafter the Association, may cut and create drains and drain ways both above ground and underground for the purpose of facilitating the removal of surface water whenever such action may appear to be necessary at the Declarant or Governmental authorities discretion in order to maintain reasonable standards of health, safety and appearance along, over or across any Lot.

SECTION 6. Ground Disturbance. These reservations of easements expressly include the right to cut any trees, bushes, shrubs or growth, the grading, cutting or ditching of the soil and any other action necessary to complete installation.

SECTION 7. Priority of Easements. Each of the easements referred to shall be deemed to be established upon the recordation of this Declaration and shall henceforth be deemed to be covenants running with the land for the use and benefit of the Lots, and the Common Properties, as the case may be, superior to all other encumbrances which may hereafter be applied against or in favor of the Property or any portion thereof.

SECTION 8. Declarant Easement. If any encroachment shall occur subsequent to subjecting the Property to this Declaration, there is hereby created and shall be a valid easement for such encroachment and for the maintenance of the same. Every Lot shall be subject to an easement for entry and encroachment by the Declarant for the purpose of correcting any problems that may arise at the Declarant's or governmental authorities discretion regarding utilities, grading and drainage. Upon making entry for such purpose, the affected Lot or Lots shall be restored to as near the original condition as practicable.

SECTION 9: Fence Line and Retaining Wall Easements. There shall be easements for encroachment along the rear and sides of each adjacent Lot for the placement and construction of fencing allowing any encroaching portion of a fence to be constructed in conjunction with the improvements on

the Lots to exist over and across that portion of the Lot along the rear or side property lines to any to be constructed fence which easement area is to be no more than twelve inches (12") in width and running the length of the applicable rear or side boundary line of the Lot. This easement is granted to encourage fence construction that serves and separates two adjoining lots. No Lot Owner shall erect any other improvement in the easement area and any Lot Owners whose fence so encroaches shall maintain any areas so encroached upon. The use of the area within the encroachment shall be deemed to be permissive in nature and the encroaching lot owner shall never acquire title to said area by adverse possession.

Retaining walls installed on the Properties by or on behalf of Declarant that are located on more than one (1) Lot or that are located partially on a Lot and partially on Common Elements, are Common Elements and are the property of the Association. With respect to initial construction or installation and subsequent maintenance of retaining walls, Declarant and the Association shall have all of the easements reserved for Declarant and the Association in Article I of this Declaration. Declarant, during the Development Period, and thereafter the Association, has the right to determine what constitutes a retaining wall and to resolve all issues and other matters related to retaining walls.

SECTION 10. Ground Disturbance. These reservations of easements expressly include the right to cut any trees, bushes, shrubs or growth, the grading, cutting or ditching of the soil and any other action necessary to complete installation.

SECTION 11. Emergencies. Every Lot shall be subject to an easement for entry by the Association for the purpose of correcting, repairing, or alleviating any emergency condition which arises upon any Lot that endangers any building or any portion of the Common Properties.

ARTICLE XI

INSURANCE

SECTION 1. Insurance to be Maintained by the Association. The following insurance coverage shall be maintained in full force and effect by the Association:

- (a) Public liability and property damage insurance in such amounts and in such forms as shall be required by the Association.
- (b) All liability insurance shall contain cross-liability endorsements to cover liability of the Owners as a group to an individual Owner.
- (c) Such other insurance coverage as it may determine to be desirable and necessary.
- (d) Fidelity bonds for those officers or employees having control over Association funds.
- (e) Other insurance required by law.

SECTION 2. Premiums. Premiums for insurance policies purchased by the Association shall be paid by the Association and charged ratably to Owners as an assessment according to the applicable

provisions of this Declaration.

SECTION 3. Insurance Beneficiaries. All such insurance policies shall be purchased by the Association for the benefit of the Association and the Owners.

ARTICLE XII

RIGHTS OF INSTITUTIONAL LENDERS

SECTION 1. Rights Reserved to Institutional Lenders. "Institutional Lender" or "Institutional Lenders", as the terms are used herein, shall mean and refer to banks, savings and loan associations, savings banks, insurance companies, U.S. Department of Veterans Affairs, Federal Housing Authority, Federal National Mortgage Association, and other reputable mortgage lenders and guarantors and insurers of such first mortgages. So long as any Institutional Lender or Institutional Lenders shall hold any mortgage upon any Lot, or shall be the Owner of any Lot, such Institutional Lender or Institutional Lenders shall have the following rights to request:

- (a) To be furnished with at least one copy of the Annual Financial Statement and Report of the Association, including a detailed statement of annual carrying charges or income collected and operating expenses, such Financial Statement and Report to be furnished by April 15 of each calendar year.
- (b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Amendment to the Declaration, or the Articles of Incorporation and Bylaws of the Association, which notice shall state the nature of the amendment being proposed, and to be given permission to designate a representative to attend all such meetings.
- (c) To be given notice of default in the payment of assessments by any Owner of a Lot encumbered by a mortgage held by the Institutional Lender or Institutional Lenders, such notice to be given in writing and to be sent to the principal office of such Institutional Lender or Institutional Lenders, or to the place which it or they may designate in writing to the Association.
- (d) To inspect the Books and records of the Association and the Declaration, Bylaws and any Rules and Regulations during normal business hours, and to obtain copies thereof.
- (e) To be given notice by the Association of any substantial damage to any part of the Common Properties.
- (f) To be given notice by the Association if any portion of the Common Properties is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority.

Whenever any Institutional Lender, guarantor or insurer desires the benefits of the provisions of this section requiring notice to be given or to be furnished a financial statement, such Lender shall serve written notice of such fact upon the Association by Registered Mail or Certified Mail addressed to the Association and sent to its address stated herein, or to the address of the Property, identifying the Lot upon which any such Institutional Lender or Institutional Lenders hold any mortgage or mortgages, or

identifying any Lot owned by them, or any of them, together with sufficient pertinent facts to identify any mortgage or mortgages which may be held by it or them, which notice shall designate the place to which notices are to be given by the Association to such Institutional Lender.

ARTICLE XIII

GENERAL PROVISIONS

SECTION 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Should such action(s) to enforce be necessary, all costs of said enforcement including reasonable attorneys' fees shall be awarded to the prevailing party to said action.

SECTION 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions that shall remain in full force and effect.

SECTION 3. General Amendments. The covenants and restrictions of this Declaration shall run with and bind the land, for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods often (10) years. This Declaration may be amended during the first twenty (20) year period by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners, and thereafter by an instrument signed by not less than seventy-five percent (75%) of the Lot Owners.

SECTION 4. Intentionally Deleted.

SECTION 5. Governmental Authority Amendments. No amendment which would change or delete any provision herein required by any governmental authority shall become effective until submitted to and approved by that authority; provided, however, if that authority fails to approve or disapprove such amendment within thirty (30) days after the same has been submitted to it, such approval shall not be required and this covenant shall be deemed to have been fully complied with.

SECTION 6. Recordation. No amendment shall be effective until recorded in the County in which the Property is situated.

IN WITNESS WHEREOF, the undersigned being the Declarant herein has caused this Declaration to be executed by its duly authorized official as of the day and year first above written.

SORRELL OAKS DEVELOPMENT, LLC

By: *Jeff Grote*
Jeff Grote, Manager

STATE OF NORTH CAROLINA
COUNTY OF Wake

I, the undersigned Notary Public in and of the county and state aforesaid certify that Jeff Grote personally came before me this day and acknowledged that he is Manager of Sorrell Oaks Development, LLC, a North Carolina limited liability company and that, by authority duly given and as the act of said limited liability company the foregoing instrument was freely and voluntarily by him in said capacity.

Witness my hand and Notarial Seal this 20 day of November, 2023.

Deborah L. Newman
Notary Public
Deborah L. Newman
Typed Name

My Commission Expires: 2-6-24

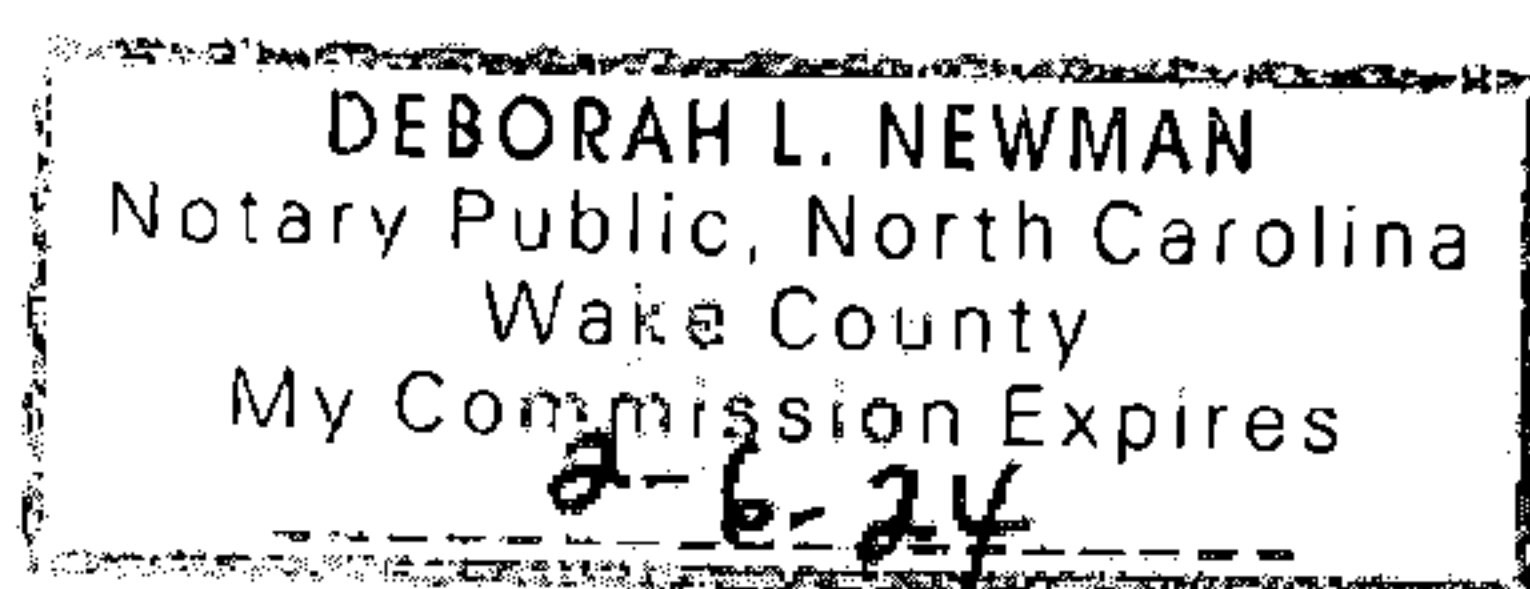


Exhibit A

Being all of that parcel containing approximately 109.769 acres as shown on those plats recorded in Plat Book 2022, Page 198, Franklin County Registry and in Plat Book 51, Page 152, Granville County Registry