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RESIDENTIAL DECLARATION OF WEAVER VILLAGE

Pulliam/WeavervillePartners/Easements/ResDecV2.2

Prepared by: Steven I. Goldstein
Box to: Patla, Straus/ #35

This Residential Declaration of Weaver Village is made and entered into as of the 2nd day of May, 2012 by Weaverville Partners, LLC, a North Carolina limited liability company, for itself (as Developer) and the Residential Lot Owners (as defined below).

Whereas, all capitalized terms herein have the meanings set forth in Section 1 below or as otherwise stated below; and

Whereas, Developer is the owner of the Property, upon which certain improvements have been or will be made, as hereinafter set forth; and

Whereas, Developer has already commenced developing the Commercial Residential Lots (as defined in the Prior Declaration); and

Whereas, Developer herein provides for the development of the Residential Lots (as defined below); and

Whereas, the development will be operated and managed by the Residential Association, but only as set forth herein; and

Whereas, the Residential Association, which is responsible in accordance herewith for the care and maintenance of the Common Areas, will be, in effect, controlled by the Developer through the Release Date; and

Whereas, the Developer intends for the Development to be developed pursuant to a general scheme of development which will provide benefits to all Residential Lot Owners; and

Whereas, Developer intends to be able to convey and/or demise the Residential Lots in accord with this document, as well as in accord with the Prior Declaration; and

Whereas, a CCR Agreement is recorded in Buncombe County Book 4874 at page 1934 (the "CCRs"), and is modified by the First Modification to CCR Agreement which is recorded in Buncombe County Book 4919 at page 304 (the "Modification"); and

Whereas, the CCRs and Modification are, collectively, the "Prior Declaration"; and

Whereas, this document is the Residential Declaration, as set forth in Section A (xl) of the CCRs; and

Whereas, the Prior Declaration, as incorporated herein, plus that which is set forth herein, constitutes the "Restated Residential Declaration".

Now, therefore, in consideration of the foregoing and for other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, Developer, for itself and the other Residential Lot Owners, hereby declare as set forth hereafter.

1. All definitions contained in the Prior Declaration, and as the same may be hereinafter further modified and defined constitute the defined terms of the Restated Residential Declaration.

2. Any reference in the Prior Declaration to "townhomes" shall be hereinafter considered references to freestanding and detached dwellings (each, a "House"), as Developer intends to sell Residential Lots per a Plat (for future construction of a detached home), and not as a Residential Lot with a townhome on it. A "Residential Lot Owner" is an Owner who owns a Residential Lot. The Residential Tract is shown on the plat recorded in Buncombe County Plat Book 132 at page 129 (the "Residential Plat"), but the same may be hereafter modified by Developer without the joinder of anyone, except any Residential Lot Owner (or under contract to be a future Residential Lot Owner) whose ownership is to be modified as a result of the said recording and the adjacent Residential Lot's Owner. The Residential Plat is a Plat. All future plats put on record in Buncombe County by or for Developer are "Future Residential Plats", each of which is a Residential Plat.

3. The Term "Common Areas" shall, in addition to those items set forth in CCRs Section A (xiii), in addition, include all portions of the Development now or hereafter owned by the Residential Association. Further, the portion of the Common Areas which are shown hereafter on any Plat placed of record as "Common Areas" shall be a part thereof. At present, it is anticipated that the Residential Tract roadways, the sign indicating the same, and the stormwater detention pond which serves the Residential Tract shall all be Common Areas.

4. The Residential Association hereby adopts the Bylaws which are attached hereto and incorporated herein by reference as its Bylaws.

5. The "Easement" shall be the non-exclusive rights, subject to the Residential Association's control thereof, of all Residential Lot Owners utilize the roadways and other Common Areas providing benefits, directly or indirectly, to the Residential Lots.

6. The Residential Association, which shall hereafter periodically elect its Board, shall designate which of its three (3) board members shall serve as the two (2) Residential Directors provided for in the Prior Declaration.

7. A "Holder" is a lender holding a deed of trust on a Residential Lot. While the term is singular, a negative vote by any Holder against an amendment hereto shall cause the Residential Lot or Residential Lots encumbered by such Holder's deed of trust vote (the Residential Lot Owner's vote) to be negative on such issue.

8. Every Residential Lot Owner and the Developer acknowledge and agree that the Common Areas shall remain undivided and no Residential Lot Owner shall bring any action for partition (or sale in lieu thereof), it being agreed that this restriction is necessary in order to preserve the rights of the Residential Lot Owners.

9. Each Residential Lot shall only be occupied and used as a parcel for use as a residence comprised of a single family detached dwelling, for residential purposes, each of which may have a home office use and which may only be occupied and used in accordance with the provisions of this Restated Residential Declaration and for no other purposes. Any Owner who acquires a Residential Lot has no present obligation to construct a House thereon, but such Lot may not be used for other purposes. Notwithstanding the foregoing, Developer has the right at all times prior to the Release Date to use the Residential Lots owned and/or leased by it as a sale's office(s) and/or for model or demonstration purposes. An Residential Lot Owner, other than Developer, that leases, rents, offers to lease or rent, or seeks an occupant or occupants of a Residential Lot on a short-term (anything less than one (1) year) basis for any remuneration in excess of the actual out-of-pocket utility reimbursement, is making an unpermitted, non-residential use of the Residential Lot.

10. None of the Residential Lot Owner shall own or be deemed to own any pipes, wires, conduits or other public utility lines or public convenience facilities running through in and/or under a Residential Lot or the improvements located thereon, so long as the same provide service to more than one (1) Residential Lot. Each Residential Lot is subject to an easement in favor of Developer, the Residential Association, and their designees for location, repair, replacement and/or maintenance of the same.

11. The Residential Lot Owners must, from time to time, take such actions as are reasonable necessary to keep the Residential Lot (owned by such Residential Lot Owner) exterior in sightly and sound condition. The Residential Lot Owners recognize that the lawn services, including mowing and landscaping, is the obligation of and will be performed by the Residential Association. The Residential Lot's Owner does not have the right or power to waive such service. The Residential Association shall provide reasonable advance notice to each Residential Lot Owner of the schedule of work to be done in furtherance thereof. Each Residential Lot Owner shall keep such Owner's yard clear of items prior to lawn services being performed (the lawn service is not obligated to, nor being paid to, remove such items). In addition, such Residential Lot Owner or Residential Lot Owners must constantly keep the Residential Lot insured both as to liability coverage (no less than \$1,000,000 of coverage) and full value (100%) All Risk coverage on its improvements, and must provide evidence of, both to the Residential Association. If the Residential Lot Owner fails to provide such evidence, and if such Residential Lot Owner fails, after being notified by the Residential Association of the lack of appropriate insurance being carried by such Residential Lot Owner, then the Residential Association may, but is not required to, place in force such insurance with the sole cost thereof being an obligation of the said Residential Lot's Owner (and not as a general charge to the Residential Lot Owners of all Residential Lots as a part of the Assessment due and owing therefrom).

12. Unless consented to by the Architectural Review Committee, as defined below, no structural or other changes to a Residential Lot that are externally visible may occur without the prior consent thereto, in writing, from a majority of the Architectural Review Committee. The "Architectural Review Committee" shall initially (through the Control Period) be made up of Winston W. Pulliam, Jr. and Gregory M. Phillips or such other person or persons as the Developer may select, from time to time.

Subsequent to the Control Period, the members of the Architectural Review Committee shall be selected by the Residential Association Board.

13. The Developer, prior to Release Date and Residential Association thereafter, shall have the right to waive unintentional violations of the limitations set forth herein.

14. The Residential Association and the Developer shall have, at all times hereafter, an easement for the performance of the abovementioned lawn duties, as well as an easement for the installation, location, reinstallation relocation, repair, and/or maintenance of utility lines, five (5) feet along all side interior Residential Lot lines and ten (10) feet along all front and rear Residential Lot lines, as such locations may be shown on a Plat or as otherwise set forth herein. The foregoing empowers Developer to convey such easement rights to the suppliers of the service(s) and/or utilities. Without limiting anything contained elsewhere herein, Developer is aware that some of the water meters for some of the Residential Lots are located on an adjacent Residential Lot. While Developer shall attempt to place in each deed of conveyance for a Residential Lot upon which is located a water meter which provides service to another Residential Lot, an easement for said meter to remain in place and the right of the Residential Lot benefitting therefrom to make reasonable use thereof, regardless of whether the same is done, if any Residential Lot contains the water meter which provides service to another Residential Lot, then the Owner of the Residential Lot so served, as well as the Residential Association and the Developer shall each have the right, from time to time, to reasonably deal with said water meter in the same manner as if it were located within the bounds of the Residential Lot served by such meter.

15. Developer retains the right to change grades and swales to properly control water run-offs, the right utilize portions thereof to afford access to the remainder of the Property, or to such adjacent properties as may now or hereafter be owned by the Developer and/or to provide utility services and ingress, egress, and regress thereto, and the right to grant reasonable easements to other persons firms and corporations over and across the Common Areas and Residential Lots in furtherance of the foregoing.

16. Developer retains the right to subject the Residential Lots and the Development to a contract with any power company providing electric power to the Development for the installation of underground electric cables and/or area lighting either or both of which may require an initial payment and/or a continuing monthly payment to such power company by each Residential Lot Owner directly or as a component of the Assessment.

17. Each Residential Lot Owner, by virtue of being a Residential Lot Owner, is automatically a member of the Residential Association and shall remain a member of the Residential Association until such time as such person's ownership of the Residential Lot ceases for any reason, at which time the said Residential Lot Owner's membership in the Residential Association shall automatically cease. No Residential Lot Owner is exempt from liability to pay Assessments by waiver of the use of enjoyment of any of the Common Areas or by the abandonment of the Residential Lot Owner's Residential Lot.

18. The administration and maintenance of the Development, including the sale, lease, use and/or encumbrance of any Residential Lot, must be in accordance with the provisions of this Declaration, the Bylaws and the Rules and Regulations, as the same may now exist or as they may be in force, as hereinafter amended. The failure of an Residential Lot Owner or any occupant of a Residential Lot to comply with all the foregoing shall be grounds for an action (initially by the Residential Association and then by any Residential Lot Owner), to recover damages, including fines to the full extent permitted by the Act, and/or injunctive relief brought by the Residential Association and/or (later) by any other Residential Lot Owner against the Residential Lot Owner of the Residential Lot from which the failure to comply stems. Notwithstanding the foregoing, the Residential Association shall have the exclusive right, for the period of thirty (30) days after it has been notified of a claimed failure by a Residential Lot Owner

to comply herewith, to commence proceedings against the offender. If the Residential Association so commences and prosecutes, no other Residential Lot Owner shall maintain an action arising out of the same failure to comply. No mobile home, doublewide, tent, shack, detached garage, other outbuilding or other temporary structure may at any time be used as a residence, either temporarily or permanently.

19. Each Residential Lot Owner is responsible to keep the exterior of the Residential Lot in reasonably good condition, properly repaired, maintained and replaced, excluding the landscaping and mowing thereof, which shall be performed by the Residential Association. Upon the failure of any Residential Lot Owner to comply with the foregoing, the Residential Association may, at the (offending) Residential Lot Owner's expense, keep, at the (offending) Residential Lot Owner's expense, the said portions of the Residential Lot not being properly repaired, maintained and replaced by its Residential Lot Owner, in reasonably good repair, maintenance and replacement, at the sole cost of the Residential Lot's Owner. No Residential Lot Owner shall repair, paint, replace or otherwise externally affect the Residential Lot, unless expressly authorized by the Residential Association. In addition, no lawn service and/or no Residential Lot Owner or anyone working directly or indirectly for such Owner shall order, be involved in or otherwise cause any construction (including mowing) to occur within the Residential Tract (including, on such Owner's Residential Lot) before 8:30 A.M. or after 8:00 P.M. on any day. In the event of such Residential Lot Owner's failure, the Residential Association may assess, and the said Residential Lot Owner shall pay, the reasonable additional cost resulting from said failure.

20. The Residential Association has, and shall have, an easement over and across all portions of the Residential Lots in order for the Residential Association to be able to repair, maintain, and replace the exterior of the Residential Lots for the purposes set forth herein. The Residential Association may (but need not) require a uniform color scheme or schemes throughout the Development. The Residential Association shall keep the Common Areas in reasonably slightly condition. No Residential Lot Owner, other than Developer and the Residential Association, shall remove any vegetation having a trunk diameter of six (6) inches or more at a point within four and one half (4 ½) feet above ground level, unless such vegetation has been declared dead or diseased by the Architectural Review Committee. That no activity shall be conducted or permitted to exist on any part of the Development which is reasonably deemed to constitute a nuisance by Developer, prior to the Release Date, or by the Residential Association at any time. Any Residential Lot Owner or anyone occupying a Residential Lot Owner's Residential Lot which is deemed in violation of the foregoing by the Developer or the Residential Association shall cease and desist immediately upon notice thereof from Developer or the Residential Association.

21. At the earlier to occur of (i) the conveyance of a Residential Lot by Developer or (ii) the occupancy of a House within a Residential Lot by Developer, or by the Developer's tenants thereof, the regular monthly Assessment thereon shall be due. Developer has no obligation to pay Assessments on Residential Lots owned by it until at least one of the foregoing events has occurred, but Assessments shall be based on a per Residential Lot (not per Residential Lot sold) budget; and if the Assessments against Residential Lot Owners obligated to pay the same is insufficient to pay the budget costs, the Developer shall have the option to either pay the regular levied Assessment on each Residential Lot owned by it or to pay the shortfall between the amount required to satisfy Residential Association obligations and the amounts of the Assessments against Residential Lot Owners obligated to pay the same.

22. At the closing of a sale by Developer of a Residential Lot for the first time, in addition to the first regular monthly Assessment, the purchaser (or Developer if it is a then unsold but actually occupied Residential Lot) shall pay an amount equal to two months of the regular monthly Assessment against such Residential Lot to the Residential Association, to be deposited as a portion of the Residential Association's reserve. From and after the date that the first regular monthly Assessment is due on a Residential Lot, the said Residential Lot's Owner shall be obligated to pay Assessments on or before the first day of each successive month (or quarter, if so established by the Residential Association thereafter).

If the date the first regular Assessment is due is not the first day of a month, the Assessment shall be appropriately prorated. Except as otherwise set forth herein, each Residential Lot Owner shall timely pay the Residential Association all Assessments levied against such Residential Lot Owner by the Residential Association. All Assessments made pursuant hereto shall be a charge and lien upon the Residential Lot against which the Assessment is made. Each Assessment shall also be the personal financial obligation of the person, or persons, who was, or were, the Residential Lot Owner or Residential Lot Owners, of such Residential Lot at the time the Assessment became due. The personal financial obligation for delinquent Assessments shall not pass to successors in title to any Residential Lot, unless expressly assumed by such purchaser; however, the same shall be and remain a lien upon the Residential Lot until satisfied, except as may be herein otherwise provided.

23. All Residential Lot Owners shall be Assessed an amount that should be sufficient for the Residential Association to pay the Assessments. The insurance policies abovestated shall require that the policy not be terminable unless the Residential Association and the Residential Lot Owner are first given at least thirty (30) days advance notice thereof. The Residential Association shall be named as an additional insured; as the Residential Lot's Owner must restore the improvements to no less condition than existed prior to the casualty. If such Residential Lot Owner does not do so, the Residential Association shall be provided with the insurance proceeds in order that the Residential Association may use the same to perform the restoration. If any Residential Lot Owner wishes to insure a House's contents, the Residential Lot Owner may do so at the Residential Lot Owner's sole expense. All Residential Lot Owners shall comply with the Rules and Regulations established, from time to time, by the Residential Association for garbage storage and pickup, etc. If the Residential Lot's Owner does not comply with such Rules and Regulations, the Residential Association may cause such compliance and the cost thereof shall be part of such Residential Lot Owner's Assessment. Other than if due to damage caused by a Residential Lot Owner, each Residential Lot shall be Assessed equally so that all Residential Lots shall bear the same Assessment. Any Assessment, which is not paid when due, shall be delinquent. Each Residential Lot Owner, by acceptance of a deed to a Residential Lot, hereby expressly vests in the Residential Association, and/or its agents, the right and power to file liens and to bring all actions against such Residential Lot Owner and/or such Residential Lot Owner's property personally for the collection of such Assessment by methods available for the enforcement of contractual liabilities and liens, including lien foreclosure by an action brought in the name of the Residential Association. The lien provided for in this section shall be in favor of the Residential Association and shall be for its benefit and thus (indirectly) the benefit of all Residential Lot Owners. The Residential Association, acting on behalf of the Residential Lot Owners, shall have the power to bid at any foreclosure sale and to acquire and hold, lease, mortgage and convey any Residential Lot, and to subordinate so much of its right to such liens as may be necessary or expedient. No sale or transfer of any Residential Lot shall affect the Assessment lien. However, the sale or transfer of a Residential Lot pursuant to a mortgage or deed of trust foreclosure or any formal, legal proceeding in lieu thereof, shall extinguish the lien (but not the personal obligation of the previous Residential Lot Owner) of the Assessments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Residential Lot and its Residential Lot Owner from liability for all Assessments thereafter becoming due. The extinguishment of said lien shall permit the allocation of the unpaid Assessment (or so much as is necessary) as a common expense of all other Residential Lot Owners.

24. Registered Office and Agent: Winston W. Pulliam, Jr., whose address is 2 Walden Ridge Drive, Suite 70, Asheville, NC 28803, is hereby designated as initial agent for the service of process of Developer and Residential Association pursuant to the General Statutes of North Carolina. Such appointment may be revoked, and another agent appointed, in the manner provided by law. Said office shall be the Developer's Registered Office.

25. Compliance and Duration: This Declaration is intended to comply with the requirements of the Act, as defined below, and all other laws of North Carolina and the United States of America. The

provisions hereof shall run with the land and shall be binding on Developer, the Residential Association, all Residential Lot Owners and all others claiming under them until December 31, 2037, at which time they shall be automatically extended for successive ten (10) year periods, unless by vote of no less than eighty percent (80%) of the then Residential Lot Owners (one (1) vote per Residential Lot owned), it is agreed to amend or to terminate the same. Prior to the Release Date, no termination hereof shall occur without the consent of Developer. Invalidity of any part hereof shall not serve affect or invalidate of the other parts hereof.

26. The "Act" is N.C.G.S. 47F.

27. Rules and Regulations: The present Rules and Regulations are as set forth below:

Rules and Regulations

a. No pet or other animal, fish, bird, reptile or other wildlife of any kind or nature shall be kept, stored or otherwise be allowed to occupy any part of any Residential Lot, except as follows:

(i) Tropical fish, goldfish, parakeets, canaries, or other such customary, domestic pets, that remain at all times inside a structure, so long as the same does not constitute a nuisance.

(ii) No more than two (2) cats or two (2) dogs or any combination of cats and dogs, so long as the sum total thereof does not exceed two (2), may be kept, so long as none of them constitutes a nuisance. No commercial breeding operation is or shall be permitted. No dog is to be allowed off a leash outside of the Residential Lot Owner's Residential Lot. All solid waste of any animal must be immediately removed or disposed of in a sanitary manner by the Residential Lot Owner of the Residential Lot where the animal is being kept, using a shovel, scoop or the like. No pet of any kind may be kept if the same is deemed a nuisance by the Board. No animal shall be allowed to roam outside the Residential Lot owned by the animal's Residential Lot Owner.

b. No garbage, trash or refuse of any kind or nature shall be stored, kept, deposited or allowed to remain outside the House on a Residential Lot by any Residential Lot Owner or Development occupant, other than the placement of garbage in the containers designated therefor by the Board. No Residential Lot may be used as a dumping ground for rubbish, trash or garbage and all storage containers for rubbish, trash or garbage must be kept inside the House (other than the day of pickup), and in a clean and sightly condition.

c. No loud noises, offensive odors or other nuisance shall exist on, about, or be permitted to emanate from any Residential Lot.

d. At such time as any facilities intended to be for common use are placed into operation by the Residential Association or the Developer, the Residential Association may, from time to time, establish specific rules and regulations governing the use thereof.

e. Should any Residential Lot Owner have any motor home, recreational vehicle, boat or other similar or dissimilar large object (whether permitted or not), the same must be stored inside the garage of the House, or in such other area as is designated by the Residential Association. All garages must have the doors thereof kept in closed condition at all times, except during the time a vehicle is entering or exiting. The speed limit on roadways inside the Development is fifteen (15) miles per hour. The Residential Association and/or the Association may erect signs making Owners aware of the same, but need not do the same. All drivers of vehicles inside the Development must be properly licensed by

the driver's State of residence. All parking of vehicles in the Residential Tract shall be inside the garage of the House. Street Parking is permitted for (occasional) parties and for other special occasions, but lawn parking is never permitted.

f. The provisions of these Rules and Regulations may be amended, without the necessity of recording the same in the office of the Register of Deeds, in the manner set forth elsewhere in the Restated Residential Declaration, from time to time.

g. No sign of any kind shall be displayed to the public or otherwise externally visible on any Residential Lot except one (1) sign of no more than five (5) square feet which may advertise, in a tasteful way, such Residential Lot being for sale or rent, and signs used by a building contractor or lender during the construction and sales period of a house on a Residential Lot. Notwithstanding the foregoing, Developer may, at any time and from time to time, place signs on all Residential Lots owned by it, so long as the same do not violate any laws or ordinances.

h. No clotheslines or drying yards shall be placed within the Development so as to be visible from any Common Area (other than in the immediate vicinity thereof) or any adjacent Residential Lot.

i. No firearms, weapons or fireworks of any variety shall be discharged or set off within the Development. Without limiting the foregoing, firearms include BB guns and pellet guns.

j. No RV's, campers, boats or boat trailers are permitted in the Development, unless consented to by the Residential Association in writing. No externally visible vehicle maintenance or repair work is permitted. All vehicles parked or otherwise kept within the Property's bounds by, for or through the occupants of a Residential Lot must be reasonably maintained, in working condition, and with a current license tag. All said vehicles are subject to being towed by the Residential Association if in violation of any of the foregoing and not corrected within five (5) days of written notice. No parking space shall be marked as reserved in any way, other than those designated for handicap use, or as otherwise provided herein.

In witness whereof, the foregoing is duly executed.

Weaverville Partners, LLC

By: 

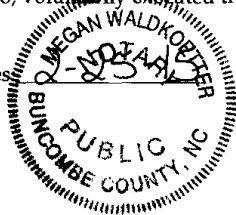
Member/Manager

Copy

State of North Carolina - County of Buncombe

I, a Notary Public of said County and State certify that Greg Phillips, being personally known to me, personally came before me this 2nd day of May, 2012, and each acknowledged that he is a Member/Manager of Weaverville Partners, LLC, a North Carolina limited liability company, and being duly authorized to do so, voluntarily executed the foregoing on behalf of the limited liability company, as its act and deed.

My Commission Expires




Notary Public

9

Bylaws
(of Weaver Village Residential Association, Inc.)

Article I
Plan of Residential Lot Ownership

Section 1: All terms defined in the Restated Residential Declaration, of Weaver Village Development (to which these Bylaws are appended) shall be deemed so defined herein and shall be used without further definition. The Residential Association is incorporated.

Section 2: The Development is located in Buncombe County, North Carolina and has been restricted as a Planned Community, as set forth in the Restated Residential Declaration.

Section 3: The provisions of these Bylaws are applicable to the Residential Lots and the occupancy and use thereof.

Section 4: All Residential Lot Owners, invitees, licensees, tenants, future tenants, or their employees or any other person that might occupy and/or use a Residential Lot in any manner, are subject to the provisions of these Bylaws and to any Rules and Regulations adopted, from time to time, pursuant to the Restated Residential Declaration.

Section 5: The acquisition and/or occupancy of any of the Development hereafter shall constitute acceptance of these Bylaws, the Agreement, the Rules and Regulations and amendments thereto and an agreement to comply therewith.

Article II
Voting, Majority of Owners, Quorum, Proxies

Section 1: Except as otherwise set forth below, each Residential Lot Owner shall have one (1) vote in all matters to be considered by the Residential Lot Owners. Where a Residential Lot is owned by more than one person or entity, such persons or entities shall designate, by agreement in writing filed with the Board, the person entitled to cast the vote (or votes) for the Residential Lot. Notwithstanding the foregoing, prior to the Release Date, Developer shall have the foregoing regular votes (per Residential Lot(s) owned), plus eighteen (18) votes.

Section 2: Except as otherwise provided in these Bylaws, the presence in person or by proxy of a Majority of Residential Lot Owners at any meeting shall constitute a quorum. Subsequent to the Release Date, a quorum that meets the North Carolina statutory requirements for a quorum shall be sufficient to constitute a quorum. Prior to the Release Date, Developer must be present at any meeting.

Section 3: Votes may be cast in person or by proxy. Proxies must be in writing and filed with the Secretary before the appointed time of any meeting.

Section 4: Subsequent to the Release Date, in the event of deadlock between conflicting interests, the same shall first sought to be resolved by mediation. Prior to the Release Date, since Developer has a majority of the votes, no deadlock is possible.

Section 5: In lieu of formal meetings, all actions of the Residential Association and the Board may be taken by unanimous consent of the Residential Association, its Board or Residential Lot Owners, as applicable, with written evidence thereof to be filed with the Residential Association

Section 6: It is the intent hereof that the Association, as defined in the CCRs, need not deal directly with the Residential Lot Owners, but rather deal only with the two (2) Residential Directors who are designated as directors of the Association. The foregoing does not bar the Association from dealing with the Residential Lot Owners, but is intended to ease matters.

Article III Administration

Section 1: The Residential Association, generally acting through its Board, will have the responsibility of administering the Residential Tract, approving its annual budget, establishing and collecting monthly assessments, and arranging for the management of the Residential Tract, which may be pursuant to an agreement containing provisions relating to the duties, obligations, removal and compensation of a management agent. Except as otherwise provided, decisions and resolutions of the Residential Association shall require approval by a Majority of Residential Lot Owners. The Residential Association shall have all powers necessary to administer the Residential Tract and provided for a non-profit corporation pursuant to the laws of the State of North Carolina.

Section 2: Meetings of the Residential Association shall be held at the principal office of the Residential Tract or such other suitable place convenient to the Residential Lot Owners as may be designated, from time to time, by the Board.

Section 3: The first annual meeting of the Residential Association shall be held on the 1st day of December 2012. Thereafter, the annual meetings of the Residential Association shall be held on the first day of December of each succeeding year, unless this shall be a Sunday or legal holiday, in which case the meeting shall be held on the next business day. At such meetings, the Board shall be elected by ballot of the Residential Lot Owners in accordance with the requirements of these Bylaws. The Residential Lot Owners may also transact such other business of the Residential Association as may properly come before them.

Section 4: The President shall call a special meeting of the Residential Lot Owners if so directed by a resolution of the Board, or if requested on a petition signed by Residential Lot Owners entitled to cast one-third of the outstanding votes and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice thereof, unless consented to by Residential Lot Owners having the right to cast three fourths of the then outstanding votes.

Section 5: The Secretary shall mail a notice of each annual or special meeting stating the purpose thereof as well as the time and place where it is to be held to each Residential Lot Owner at least ten (10) but not more than sixty (60) days prior to such meeting. Notice shall be personally delivered or mailed, postage prepaid, to the Residential Lot Owner's address within the Residential Tract or at such other address, as a Residential Lot Owner shall have specified to the Residential Association in writing. A notice mailed shall be deemed delivered the third day following mailing.

Section 6: If any meeting of Residential Lot Owners does not have a quorum present, the Residential Lot Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight hours from the time the original meeting was called, notice of which shall be provided to all Residential Lot Owners not then present.

Section 7: The order of business at all meetings of the Residential Lot Owners shall be as follows, unless otherwise agreed:

- a. Roll Call

- b. Proof of Notice of Meeting or Waiver of Notice
- c. Reading of minutes of preceding meeting
- d. Reports of Officers
- e. Reports of Committees
- f. Election of Directors (when so required)
- g. Unfinished business
- h. New business.

Section 8: The Residential Association shall make available, within a reasonable time, upon reasonable request therefor, copies of the Agreement, these Bylaws, the Rules and Regulations and the books, records and financial statements of the Residential Association to Residential Lot Owners. In addition, if called upon to do so, the Residential Association shall, within a reasonable time of request therefor, verify Assessments due and reasonably aid in the transfer of ownership. The Residential Association may charge, and every requesting party shall pay, a reasonable amount to compensate it for the copying costs, assessment verification and aid in transfer.

Section 9: The Residential Association shall represent the Residential Lot Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Areas, or part thereof and each Residential Lot Owner appoints the Residential Association as the Residential Lot Owner's attorney-in-fact for such purposes. In the event of a taking or acquisition of part of all the Common Areas by a condemning authority, the award or proceeds of settlement shall be payable to the Residential Association, for the use and benefit of the Residential Lot Owners as required by the Restated Residential Declaration.

Article IV Board of Directors

Section 1: The affairs of the Residential Association shall be governed by the Board. The Board shall be composed of three (3) persons (or votes as set forth herein). Prior to the Release Date, Developer shall appoint two (2) of the three (3) Residential Directors. The remaining Residential Director, prior to the Release Date, shall be selected by the majority vote of the Residential Lot Owners, other than Developer (if any exist). If no other Residential Lot Owners exist, the Developer shall appoint said third (3rd) Director. Each member of the Board shall be either the owner of a Residential Lot, have an interest therein, or be proposed by one of the foregoing. Subsequent to the Release Date, Developer shall have no extraordinary voting rights or appointment rights, and at that time the Residential Directors shall be elected by the majority vote of the Residential Lot Owners of Residential Lots, including Developer (if it owns any Residential Lots).

Section 2: The Board shall have the powers and duties necessary for the administration of the affairs of the Residential Association and may do all such acts and things as are not by law prohibited or by these Bylaws directed to be done by the Residential Lot Owners.

Section 3: In addition to the duties elsewhere imposed by these Bylaws or by resolutions of the Residential Association, the Board shall be responsible for overseeing the following:

(a) Care, upkeep and protection of the Residential Tract in the manner provided herein. It is the intention of Developer and all Residential Lot Owners that the obligations of Residential Lot Owners to pay the Assessments should never fail for lack of a standard to measure or for a lack of clarity as to what is to be maintained. By acceptance hereof and of a deed to a Residential Lot, all Residential Lot Owners waive any and all right to claim the non-enforceability of Assessments for lack of a standard or clarity. Residential Lot Owners shall have the right to receive information as to such matters, but not to claim any lack of enforceability;

(b) Hiring and firing of personnel for the maintenance and operation of the Residential Tract;

(c) Fiscal management of the Residential Association, including but not limited to the determination of and collection of all Assessments in accordance with the Restated Residential Declaration;

(d) Borrowing money for the purpose of improving the Residential Tract; and in aid thereof, to mortgage and grant liens secured by such assets as the Residential Association may have, but subject to the Restated Residential Declaration, with no such mortgage to be granted without the affirmative vote of all three (3) Directors.

Section 4: The Board may contract with or employ any person, firm or corporation, including the Developer, to serve as management agent for the Development and the Residential Association, at a reasonable compensation established by the Board.

Section 5: The Developer shall have the right to designate all members of the Board prior to the first annual meeting of members. Notwithstanding anything to the contrary elsewhere herein, at the first annual meeting following the Release Date, the term of office of one (1) Residential Director shall be fixed to expire upon the date of the second annual meeting of the Residential Association thereafter, the term of one (1) Residential Director shall be fixed to expire upon the date of the third annual meeting and the term of the third Residential Director shall be fixed to expire upon the date of the fourth annual meeting of the Residential Association thereafter. No Director shall be elected for longer term than three (3) years (but Directors may serve consecutive terms). At the expiration of the initial term of office of each respective Director, the successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting. The Residential Directors shall serve three (3) year terms.

Section 6: Vacancies on the Board caused by any reason other than the removal of a Director by a vote a Majority of Residential Lot Owners shall be filled by vote of the majority of the then remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be Director until a successor is elected at the next annual meeting of the Residential Association.

Section 7: At any regular or special meeting of the Residential Association duly called, any one or more of the Directors previously elected by the Residential Lot Owners may be removed, with or without cause, by a Majority of Residential Lot Owners. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

Section 8: The first meeting of a newly elected Board shall be held within five (5) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, providing a majority of the Board shall be present.

Section 9: Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of Directors. Notice of regular meetings of the Board shall be given to each Director, personally or by mail, email, telephone or telegraph, at least ten (10) days prior to the date named for such meeting.

Section 10: Special meetings of the Board may be called by the President on three (3) days' notice to each Director given personally or by mail, email, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of meeting. Special meetings of the Board shall be

called by the President or Secretary in like manner and on like notice on the written request of a majority of the Directors.

Section 11: Before or at any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

Section 12: At all meetings of the Board, a majority of the Directors then in office shall constitute a quorum for the transaction of business and acts of the majority of the Directors present at a meeting at which a quorum is present shall be acts of the Board, except as provided hereafter. If at any meeting of the Board there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, and business which might have been transacted at the meeting as originally called may be transacted without further notice, but notice of the adjourned meeting shall be provided to the directors not present.

Section 13: The Board shall require that all officers and employees of the Residential Association handling or responsible for Residential Association funds shall furnish adequate fidelity bonds; provided, however, that this provision shall not require that the Treasurer be bonded if, under the terms of any management agreement in effect from time to time, the person, firm or corporation serving as management agent is responsible for collecting and disbursing Assessment funds and is required to account to the Residential Association for said funds at least annually. The premiums on necessary fidelity bonds shall be paid by the Residential Association as a part of the Residential Costs.

Section 14: No member of the Board shall receive any compensation for serving in said capacity, nor shall the expenses of meeting be borne by the Residential Association.

Article V Officers

Section 1: The principal officers of the Residential Association shall be a President, a Vice President, a Secretary and Treasurer, all of whom shall be elected by the Board. The directors may appoint an Assistant Treasurer and an Assistant Secretary and such other officers as in their judgment may be necessary.

Section 2: The officers of the Residential Association shall be elected annually by the Board at the organization meeting of each new board, and they shall hold office at the pleasure of the Board.

Section 3: Upon affirmative vote of a majority of the members of the Board, any officer may be removed, with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose.

Section 4: The President shall be the Chief Executive Officer of the Residential Association. The President shall preside at all meetings of the Residential Association and of the Board and shall have all of the general powers and duties which are usually vested in the office of President of an Residential Association, including but not limited to the powers to appoint committees from among the Residential Lot Owners, from time to time.

Section 5: The Vice President shall take the place of the President and perform such duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is

able to act, the Board shall appoint some other members of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be delegated by the Board.

Section 6: The Secretary shall keep the minutes of all meetings of the Board and the minutes of all meetings of the Residential Association; shall have charge of such books and papers as the Board may direct; and shall, in general, perform all the duties incident to the Office of Secretary.

Section 7: The Treasurer shall have responsibility for Residential Association funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Residential Association, and shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of the Residential Association, in such depositories as may from time to time be designated by the Board; provided, however, that the Treasurer shall not be responsible for such of the foregoing matters as have been delegated to the management agent pursuant to the provisions hereof.

Section 8: All agreements, contracts, deeds, leases, checks, notices and other instruments to be executed on behalf of the of the Residential Association shall be executed by any two officers (for the purposes hereof, an attesting officer shall be deemed an executing officer) of the Residential Association or by such other person(s), firm(s) or corporation(s), including the management agent, as may be designated by the Board. In no event shall any such document only be signed by one signatory.

Section 9: No officer shall receive any compensation for serving in said capacity, nor shall the expenses of meeting be borne by the Residential Association.

Article VI

Fiscal Management of the Residential Association

Section 1: The Board shall use the following guidelines in the fiscal management of the Residential Association:

(a) Receipts and disbursements of the Residential Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

(i) Current maintenance and administrative expenses, including a reasonable allowance for current contingencies and working funds other than expenditures chargeable to reserves, and amounts necessary to make up any deficiencies in expenses for any prior year. Any balance in this fund at the end of each year shall be applied to reduce the Assessments for current expenses for the succeeding year or shall be transferred to the appropriate reserve fund or general operating reserve, hereinafter provided for, as determined by the Board.

(ii) A general reserve fund for the purpose of performing the Commercial Costs items and for such other purposes as may, from time to time, be determined by the Board to be necessary.

(iii) A general operating reserve for the purpose of providing a measure of financial stability during periods of special financial stress, which may be used to meet deficiencies from time to time as a result of delinquent payment of Assessments by Residential Lot Owners and other contingencies, may be established, from time to time, if so desired by the Board.

(iv) The amounts to pay the premiums of insurance policies obtained and maintained pursuant to other portions hereof.

(v) Repayment of any loans to the Residential Association.

(b) The Board shall adopt a budget for each calendar year that shall include the estimated funds required to provide and maintain funds for the foregoing accounts. Said budget shall be based upon the costs set forth in any management agreement in effect pursuant hereto to the extent that said agreement is applicable to the accounts established above. If no such agreement is in effect, the budget shall be determined by the Board, except that the amount for any budgeted item may not be increased by more than fifteen percent (15%) over the preceding year's amount unless approved by a Majority of Residential Lot Owners.

Section 2: Copies of the budget and proposed Assessments shall be transmitted to each Residential Lot Owner on or before November 1 preceding the calendar year for which the budget applies. If the budget is amended subsequently, a copy of the amended budget shall be furnished to each member.

Section 3: Assessments against the Residential Lot Owners for their shares of the items of the budget shall be made for the calendar year annually, at the annual meeting of the Residential Association preceding the year for which the Assessments are being made. Such Assessments shall be due in twelve (or less if so voted by the Board) equal installments payable monthly (or quarterly or semi-annually if so voted by the Board) on the first day of each calendar month (quarter or semi-annual period, if so voted) during said year. In the event the annual Assessment proves to be insufficient, the budget and the amount of the Assessments may be amended at any time during the year by the Board; subject, however, to the limitations imposed above. The unpaid Assessment, as amended, for the remaining portion of the calendar year, shall be divided by the number of months remaining in the year and such necessary increased amount shall be payable monthly for the balance of the installments for the budgeted year.

Section 4: If an Residential Lot Owner shall fail to timely pay any installment of an Assessment, the Residential Association may accelerate the remaining installments of the current year's Assessments, upon notice to such Residential Lot Owner, and then the unpaid balance of the current year's Assessment shall come due upon the date stated in the notice, but not less than ten (10) days after the forwarding of the notice to the Residential Lot Owner.

Section 5: Assessments for expenses that are not included in the budget shall be made only after notice of the need for such is given to the Residential Lot Owners. After such notice, and upon approval by the Board at its next meeting, the Assessment shall become effective, and it shall be due after thirty (30) days' notice, in such manner as the Board may require in the notice of Assessment.

Section 6: All unpaid Assessments shall bear a late charge computed at a rate of twelve percent (12%) per annum after thirty (30) days from the time the same are due. In addition, fines may be levied from the Assessment's original due date. In addition, delinquent Residential Lot Owners shall be liable for fines levied by the Residential Association per the Act, the costs to the Residential Association, including reasonable attorneys' fees, of collection of such unpaid Assessments. Unpaid Assessments may be collected by the Residential Association in any manner permitted by law, and during the pendency of an action brought to foreclose a lien for an unpaid Assessment on a Residential Lot, the property's Residential Lot Owner shall be required to pay reasonable rental to the Residential Association for such Residential Lot Owner's usage of the property, and the Residential Association may obtain the appointment of a receiver to collect the same.

Section 7: The Board shall be required to obtain and maintain, to the extent obtainable, the insurance required by the Agreement or otherwise selected by the Board in its discretion. All such policies shall provide that adjustment of loss shall be made with the Board or its designated representatives. All policies of physical damage insurance shall contain waivers of subrogation and

waivers of any defense based on co-insurance or of invalidity arising from any acts of the insured, and shall provide that such policies may not be canceled or substantially modified without at least ten (10) days' prior written notice to all of the insureds.

Section 8: Residential Lot Owners must at all times, and at their own expense, carry All-Risk Hazard insurance in the amount of the replacement cost and reasonable liability insurance. All Residential Lot Owners individual policies must contain waivers of subrogation; and the liability of the carriers issuing insurance obtained by the Board must not be affected or diminished by reason of any such additional insurance carried by any Residential Lot Owner. All Residential Lot Owners must, as required by the Agreement, provide the Residential Association evidence of the insurance being in effect at all times.

Section 9: While the Residential Association shall deal with matters affecting the Residential Lots, to the extent that the same affect the portions of the Commercial Costs which the Residential Association is obligated to pay towards, the provisions of the Association shall control.

Section 10: While the word "Assessment" is used, it is intended to refer to the amount billed, from time to time, by the Residential Association to the Residential Lot Owners. It is not referring to the ten percent (10%) of the overall Assessments levied, from time to time, by the Association. Assessments, as used herein, are the amounts levied by the Residential Association to the Residential Lot Owners to enable the Residential Association to pay said ten percent (10%) to the Association.

Article VII Leasing and Time Sharing

Section 1: No tenant or other non-Owner occupant shall be allowed to enter into possession of any Residential Lot except pursuant to a written lease. Except for leases from Developer, no lease shall be for a period of less than one (1) year. Copies of leases for the Residential Lots shall be furnished to the Residential Association at or prior to the time of the tenant's occupancy.

Section 2: No time sharing type occupancy, whether created by deed or otherwise, may be utilized in connection with any part of the Residential Tract.

Article VIII Liability of Officer and Directors of the Residential Association

The officers of the Residential Association and members of the Board designated or elected as provided in these Bylaws, shall not be liable to Residential Lot Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Residential Lot Owners shall indemnify and hold harmless each of the officers and members of the Board against all contractual liability to others arising out of contracts made by the officer and/or Board on behalf of the Residential Association unless any such contract shall have been made in bad faith or contrary to the provisions of the Agreement or of these Bylaws. It is intended that the officers and members of the Board shall have no personal liability with respect to any contract made by them on behalf of the Residential Tract. It is also intended that the liability of any Residential Lot Owner arising out of any contract made by the officers and/or Board or out of the aforesaid indemnity in favor of the officers and/or members of the Board shall be limited to such proportion of the total liability thereunder as such Residential Lot Owner's property's value bears to all other such values. Every agreement made by the officers or members of the Board or the management agent or by the manager on behalf of the Residential Tract shall provide that the officers, members of the Board, management agent or manager, as the case may be, are acting only as agents for the Residential Lot Owners and shall have no personal liability thereunder (except as they may have as an Residential Lot Owner).

Article IX
Amendment

These Bylaws may be amended by the affirmative vote of at least thirteen (13) Residential Lot Owners. Notwithstanding the foregoing, no amendment hereof shall occur prior to the Release Date without the approval of Developer. No amendment hereof shall occur without notice of the proposed amendment being provided in the notice of the meeting. No amendment hereof which could reasonably affect a Residential Lot.

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