

FILED
YADKIN COUNTY, N.C.

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BOOK AND PAGE
TED C. WILLIAMS
REGISTER OF DEEDS

Excise Tax Stamp

Recording Time, Book and Page

This instrument prepared by Benjamin H. Harding, Jr. Attorney at Law, Yadkinville, NC 27055

STATE OF NORTH CAROLINA

COUNTY OF YADKIN

FIRST AMENDMENTS
TO
DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
SHALLOW FORD CROSSING (SECTION ONE)

WHEREAS, on October 18, 1993, Shallow Ford Properties, Inc. caused to be filed in Book 355 at Page 132 of the Yadkin County Registry of Deeds a Declaration of Covenants, Conditions and Restrictions (the "Declaration"); and,

WHEREAS, Article Nine of said Declaration provides that the Declaration can be amended by the members of the Shallow Ford Crossing Homeowners Association (Section One), Inc. (the "Association") as set out in said Article Nine; and,

WHEREAS, certain Amendments to the Declaration were proposed by the Board of Directors of the Association acting upon a vote of a majority of the Directors; and,

WHEREAS, said proposed Amendments were transmitted in writing to the President of the Association who thereupon called a special meeting of the Members of the Association in accordance with the provisions of said Article Nine; and,

WHEREAS, the Secretary of the Association gave to each Member written notice of such special meeting as provided for in said Article Nine; and,

WHEREAS, such meeting was held on March 6, 1995, at which time a quorum of the votes eligible to be cast by the Members of the Association was present, there being present all but two of the Members of the Association, one of which absent Member was represented by proxy; and,

WHEREAS, at such meeting the Amendments proposed and set out herein were approved by the affirmative vote of a majority of the votes eligible to be cast by the Members of the Association; and,

WHEREAS, at such meeting the Amendments proposed and set out herein were approved by the unanimous affirmative vote of all the Members present and by the unanimous vote of the one Member represented by proxy, said Members voting in the affirmative constituting a majority of the votes eligible to be cast by the Members of the Association; and,

WHEREAS, upon after such approval, said Amendments were transcribed and certified by the President and Secretary of the Association as having been duly adopted and approved by the requisite percentages of Members; and,

WHEREAS, the original of these Amendments so certified and executed by said officers with the same formalities as a deed, are hereby recorded in the Yadkin County Registry, and as of the date of this recording are immediately effective.

NOW THEREFORE, KNOW ALL MEN BY THESE PRESENTS, that the Declaration of Covenants, Conditions and Restrictions recorded by Shallow Ford Properties, Inc. on October 18, 1993, in Book 355 at Page 132 of the Yadkin County Registry of Deeds are hereby amended as follows:

AMENDMENT NO. 1.

That effective on the date of the recordation of this instrument in the Yadkin County Registry of Deeds, the Declaration of Covenants, Conditions and Restrictions of Shallow Ford Crossing (Section One) as set out in that Declaration recorded in Book 335, Page 132 Yadkin County Registry is hereby amended by adding as an addition Article the following:

ARTICLE ELEVEN

ADJOINING LOTS OR PORTIONS OF LOTS OWNED BY ONE OWNERSection 1. Election To Treat Adjoining Lots or Portions of Lots as One (1) Lot.

(a) Subject to the provisions of Sections 3 and 4 of this Article Eleven, any Owner of adjoining Lots, or of a Lot and a portion of an adjoining Lot, (hereafter collectively referred to as "adjoining Lots") which together contain no more than one (1) living unit, may at the Owner's option, and upon compliance with the requirements set out in Section 2 of this Article, elect to treat the adjoining Lots as one (1) Lot for all purposes set out in the foregoing Declaration of Covenants, Conditions and Restrictions.

(b) Any Owner who elects to treat adjoining Lots as one (1) Lot pursuant to the provisions of this Article, shall be entitled to vote only one (1) vote in toto for all adjoining Lots owned by that Owner in all instances in which votes may be cast pursuant to the foregoing Declaration of Covenants, Conditions and Restrictions.

(c) Subject to the provisions of Sections 3 and 4 of this Article Eleven, any Owner who elects to treat adjoining Lots as one (1) Lot pursuant to the provisions of this Article shall be obligated to pay only one (1) assessment and only one (1) set of dues for the combined adjoining Lots in all instances in which assessments and dues may be levied pursuant to the foregoing Declarations of Covenants, Conditions and Restrictions.

Section 2. Procedure to Elect To Treat Adjoining Lots, as One (1) Lot.

(a) Any Owner of adjoining Lots which together contain no more than one (1) living unit, who elects to have the adjoining Lots treated as one (1) Lot pursuant to this Article, shall file with the Secretary of the Shallow Ford Crossing Homeowners Association (Section One), Inc., (hereinafter called Homeowners Association) on a form acceptable to the Secretary, the Owner's election to do so. The Secretary shall note the election in the corporate records of the Association and shall notify in writing all other Owners of the filing of such

election.

(b) In the absence of the filing of such election by any Owner of adjoining Lots, all adjoining Lots shall be treated as separate Lots for all purposes set out in the foregoing Declaration of Covenants, Conditions and Restrictions.

Section 3. Termination of Election To Treat Adjoining Lots As One Lot.

(a) If after electing to treat adjoining Lots as one (1) Lot pursuant to the provisions of this Article, any Owner should construct more than one (1) living unit on adjoining Lots, then the Owner's election to treat the adjoining Lots as one (1) Lot for the purposes set out in this Article Eleven shall immediately terminate and each Lot containing a dwelling unit shall be treated as a separate Lot for all purposes set out in the foregoing Declaration of Covenants, Conditions and Restrictions.

(b) If after electing to treat adjoining Lots as one (1) Lot pursuant to the provisions of this Article, any Owner should transfer title to any entity of less than the total combined acreage of the adjoining Lots, then that Owner's election to treat the adjoining Lots as one (1) Lot for the purposes set out in this Article shall immediately terminate and each Lot shall be treated as a separate Lot for all purposes set out in the foregoing Declaration of Covenants, Conditions and Restrictions.

(c) If after electing to treat adjoining Lots as one (1) Lot pursuant to the provisions of this Article, any Owner should desire to terminate said election, then that Owner shall file a notice of such voluntary termination of the prior election and each Lot shall be treated as a separate Lot for all purposes set out in the foregoing Declaration of Covenants, Conditions and Restrictions.

Section 4. Accrued Homeowner's Association Assessments and Dues.

If after electing to treat adjoining Lots as one (1) Lot pursuant to the provisions of this Article, any Owner should:

- (a) construct more than one (1) living unit on adjoining Lots, or

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(b) transfer title of less than the total combined acreage of the adjoining Lots to any entity, or

(c) voluntarily terminate that Owner's prior election to treat the adjoining Lots as one (1) Lot,

then in any of those instances, that Owner shall be liable for and shall immediately pay all dues and assessments provided for in the Declaration of Covenants, Conditions and Restrictions and actually levied by the Homeowners Association which would have been assessed against the additional adjoining Lot had said election not been made. These dues and assessments shall consist of those dues and assessments which would have accrued on that adjoining Lot from the date of that Owner's election under Section 1 of this Article to the date of the termination of said election pursuant to Section 3 of this Article Eleven.

Section 5. This Amendment Not to Affect ARTICLE FOUR of this Declaration of Covenants, Conditions and Restrictions.

The provisions of this ARTICLE ELEVEN shall in no way affect, delete, modify or amend any provision contained in ARTICLE FOUR of this Declaration of Covenants, Conditions and Restrictions. In any conflict between the provisions of ARTICLE ELEVEN and ARTICLE FOUR of this Declaration of Covenants, Conditions and Restrictions, ARTICLE FOUR shall control.

2. AMENDMENT NO. 2.

That effective on the date of the recordation of this instrument in the Yadkin County Registry of Deeds, Article Seven, Section 6 (c) (ii) of the Declaration of Covenants, Conditions and Restrictions of Shallow Ford Crossing (Section One) as set out in that Declaration recorded in Book 335, Page 132 Yadkin County Registry is hereby amended as follows:

By striking so much of said subparagraph (ii) as reads:

"Lots 1 through 16 inclusive shall be assessed pro-rationally for present and projected future repair, maintenance, and/or replacement

of Red Coat Road"

and by replacing it with the following:

"Subject to the provisions of Article Eleven herein Lots 1 through 17 inclusive shall be assessed pro-rationally for present and projected future repair, maintenance, and/or replacement of Red Coat Road".

3. AMENDMENT NO. 3.

That effective on the date of the recordation of this instrument in the Yadkin County Registry of Deeds, Article Seven, Section 6 (c) (iii) of the Declaration of Covenants, Conditions and Restrictions of Shallow Ford Crossing (Section One) as set out in that Declaration recorded in Book 335, Page 132 Yadkin County Registry is hereby amended as follows:

By striking so much of said subparagraph (iii) as reads:

Lots 11, 12, 13 and 14 shall be assessed pro-rationally for present and projected future repair, maintenance, and/or replacement of Tory Drive".

and by replacing it with the following:

"Subject to the provisions of Article Eleven herein, Lots 11, 12, 14 and 15 shall be assessed pro-rationally for present and projected future repair, maintenance, and/or replacement of Tory Drive".

IN WITNESS WHEREOF, Richard H. Foster, President of Shallow Ford Crossing Homeowners Association (Section One), Inc. and Benjamin H. Harding, Jr., Secretary of Shallow Ford Crossing Homeowners Association (Section One), Inc. do hereby certify that the foregoing Amendments to the Declaration were duly adopted and approved by the requisite percentage of the Members of the Association pursuant to the provisions of Article Nine of the Declaration at a meeting of the Members of the Association held on March 6, 1995.

IN FURTHER WITNESS WHEREOF, Shallow Ford Crossing Homeowners Association (Section One), Inc. has caused these First Amendments to Declaration of Covenants, Conditions and Restrictions for Shallow Ford Crossing (Section One) to be executed by its President

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and Secretary, and its seal hereunto affixed, pursuant to authority duly granted, as of the day and year first above written.

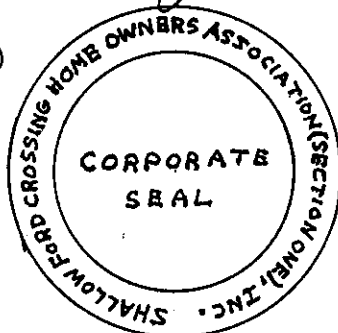
SHALLOW FORD CROSSING
HOMEOWNERS ASSOCIATION
(SECTION ONE), INC.

By: Richard H. Foster
Richard H. Foster,
President

Attest:

Benjamin H. Harding, Jr.
Benjamin H. Harding, Jr.
Secretary

(Corporate Seal)



NORTH CAROLINA

YADKIN COUNTY

I, the undersigned Notary Public of said county, North Carolina, do hereby certify that Benjamin H. Harding, Jr. personally appeared before me this day and, who, being by me first duly sworn, said that Richard H. Foster is the President and Benjamin H. Harding, Jr. is the Secretary of Shallow Ford Crossing Homeowners Association (Section One), Inc., the corporation described in and which executed the foregoing instrument; that affiant knows the common seal of said corporation, that the seal affixed to the foregoing instrument is said common seal, and the name of the corporation was subscribed hereto by said Richard H. Foster, President, and that said Richard H. Foster, President and Benjamin H. Harding, Jr. Secretary subscribed their names thereto and said common seal was affixed all by order of the board of directors of said corporation and that the said instrument is the act and deed of said corporation.

Witness my hand and notarial seal, this the 10 day of March, 1995.

Kimberly D. Lineberry
Notary Public

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OFFICIAL SEAL
NORTH CAROLINA, YADKIN COUNTY
KIMBERLY D. LINEBERRY
NOTARY PUBLIC
MY COMMISSION EXPIRES JUNE 11, 1996

NORTH CAROLINA

YADKIN COUNTY

The foregoing certificate of Kimberly D. Loebering
is certified to be correct. This instrument and this certificate
are duly registered at the time and date and in the book and page
shown on the first page hereof.

Ted C. Williams, Register of
Deeds of Yadkin County, NC

by Mary Jane Madison
Assistant Deputy

H:SHALLOWFAMENDAMENDMEN.REC

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*See Amendments
to Declaration
to Bk. 378
pg. 907*

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YADKIN COUNTY, N.C.
NO. _____
OCT 18 11 58 AM '93
BOOK AND PAGE
TED C. WILLIAMS
REGISTER OF DEEDS

Excise Tax Stamp

Recording Time, Book and Page

This instrument prepared by Benjamin H. Harding, Jr. Attorney at Law, Yadkinville, NC 27055

STATE OF NORTH CAROLINA
COUNTY OF YADKIN

DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS

KNOW ALL MEN BY THESE PRESENTS, that this Declaration of Covenants, Conditions and Restrictions (the "Declaration") is made and entered into this 30th day of September, 1993, by SHALLOW FORD PROPERTIES, INC., a North Carolina corporation, with its office and principal place of business in Yadkin County, North Carolina (herein referred to as the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of the real property described in Article One of this Declaration and desires to subject said real property to certain covenants, conditions, restrictions, charges and liens; and,

WHEREAS, Declarant has caused to be incorporated Shallow Ford Crossing Homeowners Association (Section One), Inc., a North Carolina non-profit corporation for the purpose of maintaining and administering certain common property and administering and enforcing certain covenants, conditions and restrictions and collecting and disbursing the assessment and charges hereinafter created.

NOW THEREFORE, Declarant hereby declares that the real property described in Article One of this Declaration (the "Existing Property"), and such additions thereto as may hereafter be made pursuant to Article One hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the terms and provisions of the covenants, conditions, restrictions, charges and

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liens of this Declaration, all as hereinafter set forth.

ARTICLE ONE

PROPERTY SUBJECT TO THIS DECLARATION

Section 1. Existing Property. The existing real property which is, and shall be, held, transferred, sold, conveyed and occupied subject to this Declaration is located in Yadkin County, North Carolina, and is more particularly described as follows:

All that real property described on that plat of survey entitled "Shallow Ford Crossing (Section One)" recorded in Plat Book 7 Page 57 Yadkin County Registry, (the "Recorded Plat"), which plat is incorporated herein by reference.

Section 2. Additions to Declaration. Additional real property, herein referred to as "additional units", may become subject to this Declaration by recordation of any supplemental declarations (s) by Declarant (or by any other individuals(s), firms(s) or entity(ies) who submit such additional units to this Declaration with the written consent of Declarant) wherein any such additional units are specifically made subject to and governed by all or a portion of this Declaration and such other covenants, conditions, restrictions, rights and obligations as the Declarant in its sole discretion shall deem appropriate. In the event of any such subsequent supplemental declaration(s), the rights of all original and additional Members of the Association shall be uniform.

ARTICLE TWO

DEFINITIONS

Section 1. The following words when used in this Declaration or any amended or supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

(a) "Assessments" or "assessments" or "Common Charges" shall mean and refer to the assessments and charges levied against the Owners of Lots in The Properties, as hereinafter defined, pursuant to this Declaration and the Bylaws; and the words assessments or Assessment shall be and mean the same thing as Common Charges.

(b) "Association" shall mean and refer to the Shallow Ford Crossing Homeowners Association (Section One), Inc.; and "Bylaws" shall mean and refer to the Bylaws of the Association.

(c) "Board" shall mean and refer to the Board of Directors of the Shallow Ford Crossing Homeowners Association (Section One), Inc.

- (d) "Class A Member" shall mean and refer to all Owners of Lots, other than Declarant, within the Property.
- (e) "Class B Member" shall mean and refer to the Declarant.
- (f) "Common Expense" shall mean and refer to:
 - (i) Expense of administration, maintenance, preservation, repair or replacement of the Common Properties.
 - (ii) Expense declared Common Expense by the provisions of this Declaration or by the Bylaws.
 - (iii) Expense agreed upon as Common Expense by the Association and lawfully assessed against Owners of Lots in accordance with the Bylaws or this Declaration.
 - (iv) Any valid charge against the Association or against the Common Properties as a whole.
- (g) "Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties labeled either as "Common Properties" or as "Streets, Roads or Drives" and as such intended to be devoted to the common use and enjoyment of the Owners of the Lots subject to special rights, if any, granted Owners of particular Lots, which are a part of The Properties.
- (h) "Living Area" shall mean and refer to those heated and/or air-conditioned areas within a Living Unit which shall not include garages, carports, porches, patios, storage areas, breezeways, terraces, or unheated or unfinished basements, decks, or boat houses.
- (i) "Living Unit", "dwelling", or "building" shall mean and refer to any building or portion of a building, situated upon any Lot, which is a part of The Properties, designed and intended for use and occupancy as a residence by a single family.
- (j) "Lot" shall mean and refer to any plot of land within The Properties shown upon any recorded subdivision map of The Properties, or any portion thereof, with the exception of Common Properties as heretofore defined.
- (k) "Member" shall mean and refer to all those Owners who are members of the Association including Declarant as provided in of this Declaration.
- (l) "Owner" shall mean and refer to the record owner, including Declarant, whether one or more persons or entities, of the fee simple title to any Lot situated upon The Properties, but not withstanding any applicable theory of any lien or mortgage law,

shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(m) "Prospective Purchaser" shall mean and refer to a person or entity who has signed a Memorandum of Intent to Purchase a Lot from an Owner or a Contract to Purchase a Lot from an Owner subject only to the approval by the Architectural Control Committee of his or her "Plans" as used herein.

(n) "The Properties" or "the Property" shall mean and refer to all the Existing Property and any additional units of the Declarant or others as are made subject to the Declaration by any Supplemental Declaration under the provisions of this Declaration.

(o) "Streets" or "Roads" shall mean and refer to those street, roads, and drives shown on the Recorded Plat.

ARTICLE THREE

GENERAL PROVISIONS

Section 1. Duration. The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit of, and be enforceable by, the Declarant, the Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years, unless an instrument signed by the then Owners of a majority of the Lots has been recorded, agreeing to change said covenants and restrictions in whole or in part, provided, however, that no such agreement to change shall be effective unless written notice of the proposed agreement is sent to every Owner at least ninety (90) days in advance of any action taken.

Section 2. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when delivered personally to the Member or Owner or to the residence of such Member or Owner by placing the required notice in such Member's or Owner's mailbox, or mailed, postpaid, Certified Mail - Return Receipt Requested, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing. Notice to any one of the Owners, if title to a Lot is held by more than one, shall constitute notice to all Owners of a Lot.

Section 3. Enforcement. Enforcement of these covenants and restrictions shall be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover

damages, or both, and against the Lot owned by such person(s) to enforce any lien created by these covenants; and failure by the Declarant, the Association or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 4. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

ARTICLE FOUR

ARCHITECTURAL CONTROL, RESTRICTIONS ON USE, RIGHTS OF THE ASSOCIATION AND OTHERS, STREETS AND COMMON AREAS

Section 1. Architectural Control.

(a) Purpose. The Association has established an Architectural Control Committee (the "Architectural Committee") in order to provide and maintain certain standards as to harmony of external design and location in relation to surrounding structures and topography.

(b) Architectural Control. Unless expressly authorized in writing by the Architectural Committee, no building, fence, wall, driveway, dock or other structure, nor any exterior addition or alteration to any existing structure, nor any clearing or site work shall be commenced, erected or maintained by an Owner, upon any Lot until plans and specification therefore showing the shape, dimensions, materials, basic exterior finishes and colors, location on site, driveway, parking, well, septic tank and drain field, floor plan and elevations therefore (all of which is hereinafter referred to as the "Plans"), shall have been submitted in duplicate to and approved in writing, as to harmony of external design and location in relation to any surrounding structures and topography, by the Architectural Committee, in its sole discretion. This approval shall apply to all initial construction, additions and subsequent construction. The Architectural Committee shall have the absolute and exclusive right to refuse to approve any such Plans which are not suitable or desirable in the opinion of the Architectural Committee for any reason, including purely aesthetic reasons which in the sole and uncontrolled discretion of the Architectural Committee shall be deemed sufficient.

(c) Architectural Committee.

(i) Membership. The Architectural Committee shall be composed of three (3) persons, two of whom shall be Class A Members of the Association and one of whom shall be a person

appointed by the Declarant so long as the Declarant owns any of the real property subject to this Declaration. Upon the Declarant ceasing to own any of the real property subject to this Declaration, the third member shall be a Class A Member of the Association and shall be appointed by the Board. The members of the Architectural Committee exclusive of the person appointed by the Declarant shall be appointed by the Board. The Board shall select one member of the Architectural Committee to serve as Chairman of the Architectural Committee. In the event of the death, resignation, or removal by the Board of any member of the Architectural Committee appointed by it, the Board shall have full authority to designate a successor. In addition, the Board may remove any one or more members of the Architectural Committee appointed by it at its discretion with no minimum notice. Unless otherwise approved by the Association, the members of the Architectural Committee shall not be entitled to any compensation for services performed pursuant to this Declaration. The Association shall keep, or cause to be kept, a list of the names of the persons who comprise the Architectural Committee and such list shall be available to any Owner.

If at any time there are less than two (2) Class A Members of the Association, then the Architectural Committee shall be composed of the person appointed by the Declarant only.

(ii) Procedure. At least thirty (30) days prior to the commencement of any construction, the Plans shall be submitted to the Architectural Committee, receipt of such Plans to be acknowledged, in writing by the Architectural Committee Chairman. The Architectural Committee's approval, disapproval or waiver as required in this Declaration shall be in writing. All decisions of the Architectural Committee must be by a majority vote of the Committee. In the event the Architectural Committee fails to approve, disapprove or respond within thirty (30) days after the Plans have been received by it, whether before or after construction has commenced, approval by the Architectural Committee will not be required and the related covenants and conditions of this Declaration as set out in this Article of this Declaration shall be deemed to have been fully complied with; furthermore, in the event any construction is commenced on any Lot without submission to the Architectural Committee of the Plans with respect thereto and no action or suit is instituted against the Owner of such Lot by the Declarant or by the Association within ninety (90) days after (i) the Owner has notified the Architectural Committee, in writing, that construction has commenced or (ii) the foundation work has been completed, then and in any such event, approval by the Architectural Committee will not be required and the related covenants and conditions of this Declaration as set out in Article Four Section 1 of this Declaration shall be deemed to have been fully complied with.

(iii) Voting. In all decisions made by the

Architectural Committee, the members of the Architectural Committee appointed by the Board shall be entitled to one (1) vote each. So long as Declarant is the Owner of any Lot within the Properties, the member of the Architectural Committee appointed by the Declarant shall be entitled to two (2) votes.

(iv) Prospective Purchasers. If a Prospective Purchaser desires to submit his or her Plans to the Architectural Committee for approval, disapproval or waiver prior to his or her purchasing a Lot from an Owner, that person or entity shall follow the procedure set out in this Declaration and the Architectural Committee shall act on the submission in the same manner as if submitted by an Owner.

(v) Bonding Requirements. The Architectural Committee may, in its sole discretion, require any Owner to post a bond in any amount up to \$2,500.00 prior to the commencement of any construction by such Owner as security for compliance by such Owner with such reasonable requirement as the Architectural Committee may require and for compliance with the covenant and conditions set forth in this Declaration relating to construction. This bond shall also act as security for any damage which may be done to the streets and roads within said Properties by said construction.

(vi) Application of this Article. This Article Four shall apply to any additional units (additional Lots) of the Declarant or others subsequently made subject to this Declaration and the terms and provisions of any such supplemental Declaration as well.

Section 2. Restriction on Use and Rights of the Association and Owners.

(a) Permissible Uses. No Lot shall be used except for single family residential purposes, and no building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than one single-family dwelling, including a garage and any other appurtenances customary to a single-family dwelling which for purposes of this Declaration shall include, without limitation, a barn, playhouse, gazebo, private stable, greenhouse, or shed, which shall comply with any applicable zoning regulations. Moreover, no Lot shall be used for access to any adjoining Lot or other property (except for those right of way easements shown on the Recorded Plat of the Properties, and except by Declarant over property owned by Declarant for the purpose of access to additional units) unless approved in advance by the Declarant. When construction of any building, structure, improvement, or addition, has once begun, work thereon shall be prosecuted diligently and continuously until the full completion thereof.

(b) Division of Lots by Owners Other Than Declarant. No Lot shall be further divided by any Owner, other than Declarant,

except that:

(i) Any two Owners may divide a Lot between them if such Lot is adjacent to the Lots owned by each Owner and provided further that only one single-family dwelling may be constructed on the Lot as subdivided and combined and provided further that the Lot as subdivided and combined may not be less than five (5) acres in size.

(ii) Any Owner may convey up to thirty (30) feet of his Lot to an adjoining Lot Owner if such property to be so conveyed is adjacent to the Lots owned by each Owner and provided further that only one (1) single-family dwelling may be constructed on the Lot as subdivided and combined and provided further that only one (1) single-family dwelling may be constructed on the Lot so reduced in size and provided further that neither the Lot reduced in size nor the Lot increased in size may be less than five (5) acres in size.

(iii) Any two (2) or more Lots may be combined into one (1) Lot and provided further that only one (1) single-family dwelling may be constructed on the Lots as combined and provided further that the Lots as combined shall be a total of not less than five (5) acres in size.

(c) Division of Lots by Declarant. Declarant reserves the absolute right at any time to divide, subdivide, combine or alter the boundaries of any Lot or Lots which it then owns, provided that no divided, subdivided or combined Lot or Lots, or any Lot or Lots the boundaries of which have been altered, shall be less than five (5) acres in size.

(d) All utility lines of every type, including but not limited to water, electricity, telephone, sewage and television cables, running from the main trunk line or service location to any Living Unit must be underground.

(e) Minimum Square Footage. In no event shall any Living Unit contain less than:

(i) Three thousand (3,000) square fee of Living Area on the main floor if the Living Unit has one-story;

(ii) Three thousand (3,000) square fee of Living Area if the Living Unit has two or more floors, with a minimum of two thousand (2,000) square fee of Living Area on the first floor;

(iii) Three thousand (3,000) square fee of Living Area if the Living Unit is a split-level structure, with a minimum of two thousand (2,000) square fee of Living Area on the main level.

(f) Set-Back Requirements.

(i) No building (including any eaves, steps and porches attached thereto) shall be located on any Lot, nearer to the front property line than fifty (50) feet, except that this restriction does not apply to Lot No. 5.

(ii) No building (including any eaves, steps and porches attached thereto) shall be located on any Lot nearer to the side property line than thirty (30) feet except that this restriction does not apply to Lot No. 5.

(iii) No building (including any eaves, steps and porches attached thereto) shall be located on any Lot nearer to the rear property line than twenty (20) feet except that this restriction does not apply to Lot No. 5.

(iv) For purposes of this section, eaves, steps and porches without roofs shall not be constructed to permit any portion thereof to encroach upon another Lot or to be nearer the front property line, side property line, or rear property line than set out herein except that this restriction does not apply to Lot No. 5. Measurements shall be made to exterior walls. The Declarant, the Association or the Board may, in the exercise of reasonable judgment, waive any inadvertent violation of the provisions of this section.

(v) Due to the particular dimensions and topography of Lot No. 5, the said Lot No. 5 shall not be subject to set back requirements.

(g) Temporary Structures. No structures of a temporary character shall be placed upon any portion of the Properties at any time; provided, however, that this prohibition shall not apply to shelters used by contractors during the construction of a Living Unit, or improvements or additions thereto, on any Lot, provided further that such contractor's shelters shall not be permitted to remain on any portion of the Properties following twelve (12) months from the commencement of any such construction.

(h) Committee Approval of Plans. As provided in this Declaration, no Living Unit, structure, building, appurtenance, attachment, improvement or addition shall be built, constructed or maintained unless the Plans therefor have been approved in writing by the Architectural Committee and such building or construction is completed in strict accordance with said Plans. In addition, any such Living Unit shall comply with all applicable building, plumbing, electrical and other codes.

(i) Mobile Homes. No mobile home, manufactured home, or recreational vehicle, whether attached or unattached to the realty, may at any time, be used as a temporary or permanent

residence or permitted to remain on any portion of The Properties at any time.

(j) Other Prohibitions.

(i) Vents. No obtrusive vent or other pipes or appendages may extend from the front of any Living Unit, unless screened from public view by a screening material or shrubbery approved by the Architectural Committee.

(ii) Exterior HVAC Equipment. Any exterior air-conditioning or heating equipment must be screened from public view by a screening material or shrubbery approved by the Architectural Committee.

(iii) Down Spouts. Down spouts and gutters must be so constructed as to not promote the erosion of the soil of any Lot. Down spouts shall be piped underground to remove drain water from the building.

(iv) Outdoor Recreational Areas. Tennis courts, swimming pools, and other outdoor recreational areas of such nature must be screened from public view by a screening material approved by the Architectural Committee. Any lighting used to illuminate such facilities must be so shielded as to cast no direct light upon adjacent Lots such that it is obtrusive or offensive and such lighting plan must be approved by the Architectural Committee.

(v) Cement or Cinder Blocks. No Living Unit shall be built which contains cement or cinder blocks which are visible from outside the Living Unit.

(vi) Commercial Vehicles. No commercial vehicles shall be parked or stored on any Lot or on the Property.

(vii) Driveways. All driveways shall be paved with concrete, plant-mix asphalt, tar and gravel or brick. No gravel driveways shall be permitted on any Lot.

(k) Garbage and Storage Receptacles. Each Owner shall provide receptacles for garbage, and all garbage receptacles, tools and equipment for use of the Lot of any Owner or otherwise shall be placed in a fenced/screened area in accordance with reasonable standards established by the Architectural Committee to shield the same from general visibility from roads abutting the Lots. No fuel tanks or similar storage receptacles may be exposed to view and such fuel tanks or similar storage receptacles may be installed only within the main dwelling house, or an accessory building, or buried underground.

(l) Debris. No leaves, trash, garbage or other similar debris shall be burned. No garbage, trash, construction debris or

other unsightly or offensive materials shall be placed upon any portion of the Properties, except as is temporary and incidental to the bona fide improvement of any portion of the Properties and during construction the use of an adequate sized dumpster must be arranged on site with appropriate periodic emptying.

(m) Antennas and Satellite Dishes. No television antennas, radio receiver or sender or other similar devices shall be attached to or installed on the exterior portion of any Living Unit, structure or any Lot or Common Properties within the Properties if the same shall be visible from any of the Common Properties or other Lots. Any satellite dish receivers (other than a "mini-dish" receiver) installed on any Lot must be screened from public view by a screening material approved by the Architectural Committee.

(n) Sewage Disposal. Prior to the occupancy of any Living Unit located on the Properties, proper and suitable provisions shall be made by the Owner for the disposal of sewage by means of a septic tank or tanks constructed on such Lot. No sewage disposal system shall be used unless such system is designed, located, constructed and maintained in accordance with the requirements, standards and recommendations of the appropriate public health authority. Each septic tank and the nitrification field related thereto shall be maintained in good condition so that its use and existence shall not constitute a nuisance to any other Owner.

(o) Unsightly Conditions. It is the responsibility of each Owner to prevent any unclean, unsightly, or unkept conditions of a Living Unit or on the grounds of a Lot of any Owner which shall tend to substantially decrease the beauty of the Properties specifically and as a whole. This responsibility includes but shall not be limited to mowing, lawn debris, trash, unkept landscaping, exterior building maintenance (staining and repair, etc.) appearance of infrequently used vehicles, etc. The Board shall review any such complaint(s) and shall request that such Owner remedy the problem(s) immediately. If an Owner does not remedy a problem identified by the Board within thirty (30) days of his receipt of written notice of the same, the Board may itself remedy the problem and bill the Owner for all expenses incurred by the Association in connection with the remedial action taken by it. Payment of the bill is due within thirty (30) days from the date of billing. An Owner late in paying such bill will be subject to such penalties and/or late payment charges as may be provided in the Bylaws.

(p) No Offensive Activity. No noxious or offensive activity shall be carried on upon any portion of the Properties, nor shall anything be done tending to cause embarrassment, discomfort, annoyance or nuisance to any Owner, tenant or guest thereof, in any portion of the Properties. These activities

include social activity(ies) and apply to Owner(s) and/or guest(s) and/or renters. These activities include the noxious or offensive use of vehicles, boats, recreational equipment, yard tools, radios, and other sound equipment, bands, musical instruments, etc. These activities apply to noxious or offensive engine noise, including vehicles, lawn tractors, boat engines, etc. The Board may enforce these prohibitions directly or through a committee as determined by the Board and all costs of enforcement shall be borne by the violator/property owner. All Owners shall be fully responsible for any guest or renter of such Owner who violates these restrictions. No motorized heavy commercial construction equipment may be used on Sunday unless under emergency conditions or unless approved by the Board.

(q) Animals and Pets. No pets, animals or devise or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other Lots or Common Property by any Owner, and any tenants and guests thereof may be maintained. No animal, livestock or poultry of any kind shall be raised, bred or kept on any Lot, except that dogs, cats or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose. Horses may be raised, bred and kept, but not for commercial purposes, if the prior written approval of the Board is first obtained. Any pet(s), of whatever kind, of any Owner shall be kept on such Owner's Lot and any damage or waste caused to another Owner's property shall be the sole responsibility of the pet's owner to repair or clean.

(r) Discharge of Firearms. Hunting and trapping of wild animals, fowl and game and the discharge of firearms and/or bows and arrows within the Properties is prohibited, except by Declarant on property owned by Declarant.

(s) Waterways. Use of any waterways located on Properties or adjoining the Properties will be governed by rules and regulations as are hereafter approved, promulgated and published by the Board.

(t) Motorized Vehicles. All motorized vehicles and boats operating within or adjoining the Properties must be properly muffled so as to eliminate noise which might be offensive to others. Minibikes and all terrain vehicles (two, three and four wheel ATVs) are prohibited from being used or operated or within the Properties, unless the prior written consent of the Board is first secured.

(u) Signs. No sign of any kind shall be displayed to the public view on any Lot except one (1) sign with dimensions of not more than three (3) feet by two (2) feet advertising any Lot or residence for sale and except during the construction of a residence during which time as many as two (2) additional signs

with surface areas totaling twelve (12) square feet may be used. All signs (including those permitted during construction) on any Lots must be approved in writing by the Architectural Committee. Signs shall be ordered at the Lot Owner's expense, within the scope of the design alternatives specified by the Architectural Committee. The Architectural Committee may deny the use of any other signs in its total discretion.

(v) Construction of Living Units on Lots. Construction of a Living Unit on a Lot shall be deemed to have commenced on the date when clearing or grading begins, or any other activity which evidences construction or pre-construction activity. All construction shall be completed within eighteen (18) months of the date of commencement of construction, unless the Board agrees to an extension of time because of extenuating circumstances. Such agreement, if extended, shall be in writing. The Board may assess a penalty in the amount of One Hundred Dollars (\$100.00) per month against the Lot Owner for each month after the eighteenth (18th) month if construction is not complete. In addition, the Board may assess a penalty in the amount of One Thousand Dollars (\$1,000.00) per month against any Lot Owner beginning on the first day of the twenty-fourth (24th) month after the date of commencement of construction if construction is not completed by the twenty-fourth (24th) month after commencement of construction.

Construction shall be deemed completed on the date that the Lot Owner receives a certificate of occupancy and the Living Unit is an a finished liveable status as reasonably interpreted by the Board.

Each Owner shall do all things possible on the Owner's Lot during construction to maintain the Lot in a neat condition and to prevent siltation and runoff of water and silt.

(w) Screening of Boats, Boat Trailers and Campers. All boats, boat trailers and campers stored on the Properties must be screened from public view by a screening material approved by the Architectural Committee.

(y) Street Right of Ways. No drainage ditches or swales constructed within the street right of ways bordering any Lot may be filled or altered in such a manner that impedes the flow of water within the right of way or which impedes the flow of water to a catch basin, drainage easement or stream or which otherwise results in water flowing from any Lot onto the street right of way. No plastic pipes shall be used under driveways within street right of ways. Only materials approved by the North Carolina Department of Transportation shall be used within the street right of ways.

(z) Cutting of Trees. No Owner of a Lot, except Declarant as to property owned by Declarant, shall remove more than fifty per cent (50%) of the trees standing on said Lot when

originally conveyed by the Declarant. The Declarant reserves the right to cut any trees on property owned by the Declarant.

Section 3. Streets, Roads and Drives.

The Declarant at an appropriate time will convey those streets, roads and drives shown on said Recorded Plat to Shallow Ford Crossing Homeowners Association (Section One), Inc. which Association will be solely responsible for all maintenance of said streets from the time of such conveyance. Upon the conveyance of said streets to the Association, then Shallow Ford Crossing Homeowners Association (Section One), Inc. shall assume all responsibility for the maintenance of said streets and Declarant shall have no obligation for future maintenance of said streets. Declarant shall at that time also convey to the Association the right to convey said streets to the North Carolina Department of Transportation if the streets are acceptable on the State highway system for maintenance if the Association shall choose to do so at a future time.

Section 4. Private Driveway to Access Lots Nos. 4, 5 and 9.

Lots Nos. 4 and 5 are provided access to Cornwallis Drive by a private driveway shown as Lot A on the Recorded Plat and said Lots will be conveyed subject to a Joint Driveway Maintenance Agreement set out herein among the Owners of Lots Nos. 4, 5 and 9 who shall jointly be responsible for the maintenance of said private driveway as herein set out.

Lot No. 9 has direct access to Cornwallis Drive and is also provided access to Cornwallis Drive over the first one hundred (100) feet of Lot A running from the cul de sac at the end of Cornwallis Drive in a southwardly direction a distance of one hundred feet.

Declarant will convey to each of the Owners of Lot Nos. 4 and 5, a one-half undivided interest in Lot A, subject to a right of way easement to Lot No. 9 over the first one hundred feet of Lot A.

Until such time as both Lots Nos. 4 and 5 are conveyed, by Declarant, Declarant shall retain an undivided interest in said Lot A and shall be treated as an Owner of Lot A for the purpose of the maintenance of said private driveway pursuant to the Joint Driveway Maintenance Agreement set out herein.

Section 5. Joint Driveway Maintenance Agreement for Lots Nos. 4, 5 and 9.

Lots Nos. 4, 5 and 9 will be conveyed by Declarant subject to the following Joint Driveway Maintenance Agreement:

(a) the Owners of Lots Nos. 4, 5 and 9 shall equally share in the expense of maintaining the first one hundred (100) feet of the private driveway shown as Lot A on the Recorded Plat and running from the cul de sac at the end of Cornwallis Drive in a southward direction a total distance of one hundred feet.

(b) the Owners of Lots Nos. 4 and 5 shall equally share in the expense of maintaining the balance of the private driveway shown as Lot A on the recorded plat.

(c) The private driveway shall be maintained in a useable condition for all weather and all seasons.

(d) The Owners of Lots Nos. 4, 5 and 9 shall meet from time to time and agree upon the maintenance work to be performed on the first one hundred feet of said private driveway.

(e) The Owners of Lots Nos. 4 and 5 shall meet from time to time and agree upon the maintenance work to be performed on the balance of said private driveway.

(f) In the event that the Owners of said Lots can not agree upon the maintenance work to be performed, any one of the Owners of said Lots may refer the issue of the necessary maintenance work to be performed to the Directors of the Shallow Ford Crossing Homeowners Association (Section One), Inc. for arbitration. The decision of the Directors of said Association shall be binding upon all said Owners and its decision may be enforced by law.

(g) Each Owner shall individually be responsible for the repair costs to said private driveway caused by construction vehicles associated with that Owner's particular Lot.

(h) So long as Declarant is the Owner of any of Lots Nos. 4, 5 or 9, Declarant shall be bound by this Agreement and shall pay its prorata share of said maintenance cost.

(i) This Agreement is for the benefit of the real property owned by the Owners of Lots Nos. 4, 5 and 9 and shall be appurtenant to and run with their respective tracts.

Section 6. Private Driveway to Access Lots Nos. 1, 2 and 3

Lots Nos. 1, 2 and 3 are provided access to Red Coat Road by that thirty (30) foot right of way shown on the Recorded Plat and by a thirty (30) foot private driveway right of way easement over Lots Nos. 1 and 2 as shown on said Recorded Plat. (Lot No. 1 also has direct access to Red Coat Road.)

Lots Nos. 1 and 2 will be conveyed by Declarant subject to this right of way easement for said private driveway.

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This private driveway will not be a part of the Common Properties of the Association.

Lots Nos. 1, 2 and 3 will be conveyed subject to a Joint Driveway Maintenance Agreement among the Owners of Lots Nos. 1, 2 and 3 who shall jointly be responsible for the maintenance of that portion of the thirty (30) foot right of way shown on said Recorded Plat which crosses Lot No. 1 and for that thirty (30) foot private driveway right of way easement over Lots No. 1 and 2 as shown on said Recorded Plat.

Declarant shall not be responsible for constructing or maintaining any portion of said private driveway.

Section 7. Joint Driveway Maintenance Agreement for Lots Nos. 1, 2 and 3.

Lots Nos. 1, 2 and 3 will be conveyed by Declarant subject to the following Joint Driveway Maintenance Agreement:

- (a) the Owners of Lots Nos. 1, 2 and 3 shall equally share in the expense of maintaining that portion of that thirty foot right of way which crosses Lot No. 1 as shown on said Recorded Plat.
- (b) the Owners of Lots Nos. 2 and 3 shall equally share in the expense of maintaining the balance of said private driveway shown on the Recorded Plat.
- (c) The private driveway shall be maintained in a useable condition for all weather and all seasons.
- (d) The Owners of Lots Nos. 1, 2 and 3 shall meet from time to time and agree upon the maintenance work to be performed on that portion of the right of way which crosses Lot No. 1.
- (e) The Owners of Lots Nos. 2 and 3 shall meet from time to time and agree upon the maintenance work to be performed on the balance of said private driveway.
- (f) In the event that the Owners of said Lots can not agree upon the maintenance work to be performed, any one of the Owners of said Lots may refer the issue of the necessary maintenance work to be performed to the Directors of the Shallow Ford Crossing Home Owners Association (Section One), Inc. for arbitration. The decision of the Directors of said Association shall be binding upon all said Owners and its decision may be enforced by law.
- (g) Each Owner shall be individually be responsible for the repair costs to said private driveway caused by construction vehicles associated with that Owner's particular Lot.

(i) This Agreement is for the benefit of the real property owned by the Owners of Lots 1, 2 and 3 and shall be appurtenant to and run with their respective tracts.

Section 8. Common Areas.

Declarant at an appropriate time will convey those Common Areas shown on said Plat to Shallow Ford Crossing Homeowners Association (Section One), Inc. Upon the conveyance of said common areas to the Association, Shallow Ford Crossing Homeowners Association (Section One), Inc. shall be solely responsible for the improvement, construction and maintenance of said Common Areas and Declarant shall have no obligation for any improvement, construction or maintenance of said Common Areas.

ARTICLE FIVE

MEMBERSHIP AND VOTING RIGHTS
IN THE ASSOCIATION AND BOARD OF DIRECTORS

Section 1. Membership. Every person or entity who is a record Owner of a fee simple interest in any Lot is subject by this Declaration to assessment by the Association and shall be a member of the Association; provided, however, that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a member. The requirement of membership shall not apply to any mortgagee or trust beneficiary acquiring title by foreclosure or otherwise, pursuant to the mortgage or deed of trust instrument, or deed in lieu of foreclosure.

Section 2. Voting Rights. The Association shall have two classes of voting membership.

(a) Class A Members. Class A members shall be the owners of Lots (other than Declarant) within the Property and shall be entitled to one (1) vote for each Lot in which they hold an interest required for membership by Section 1 of this Article. When more than one person or entity holds such an interest in any Lot, all such persons shall be members and the vote for such Lot shall be exercised as they among themselves determine and such persons shall designate one (1) person to vote for their Lot, but in no event shall more than one vote be cast with respect to any such Lot.

(b) Class B Member. The Class B member shall be the Declarant who shall be entitled to three (3) votes for each Lot owned. 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:

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(i) When the total votes outstanding in the Class A membership equals the total votes outstanding in the Class B membership, or;

(ii) At such time as Declarant shall elect by written notice to the Association to convert its membership to Class A membership.

ARTICLE SIX

PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment. Subject to the provisions of Section 3 of this Article, every Member shall have a right and easement of enjoyment in and to the Common Properties and such easement shall be appurtenant to and shall pass with the title to every Lot.

Section 2. Title to Common Properties. Legal title to any Common Properties shall be held by the Association. Unless transferred to the appropriate government agency or authority by the Association, the roads and streets shown on said Plat shall, upon conveyance by Declarant to the Association, be Common Properties and the expense of maintenance shall be borne by the Association as set out herein.

Section 3. Extent of Members' Easements. The rights and easements of enjoyment created herein shall be subject to the following:

(a) The right of the Board as provided in its Articles or Bylaws, to suspend the enjoyment rights of any Owner for any period during which any assessment remains unpaid, and for any period not to exceed 180 days for any infraction of any published rules and regulations adopted by the Board; and

(b) The Declarant reserves to itself and to the Association, upon the conveyance of the Common Properties and the roads and streets shown on the Recorded Plat to the Association, their successors and assigns, a perpetual alienable and releasable easement and right of way on, over and under the ground to erect, maintain and use water, sewer, electric, multi-media, television and telephone systems, wires, cables, and conduits for the purpose of bringing public services to the Properties, on, in or over ten (10) feet of each Lot line fronting on a street, ten (10) feet along the side lines of each Lot, and fifteen (15) feet along the rear line of each Lot, and such other areas as are shown on any recorded plats of the Properties.

The Declarant reserves to itself and to the Association, upon the conveyance of the Common Properties and the roads and streets

shown on the Recorded Plat to the Association, their successors and assigns, a perpetual alienable and releasable right to cut, at Declarant's or Associations's expense, drainways for surface water wherever and whenever such action is required by applicable health or sanitation authorities in order to maintain reasonable standards of health, safety and appearance.

In the event of any additions to the Properties, as provided herein by the Declarant or others with the consent of the Declarant, the easements created hereby shall exist on the Lots in such additions to the Properties.

All claims for damages, if any, arising out of the construction, maintenance and repair of utilities, or on account of temporary or other inconvenience caused thereby, against the Declarant, or any utility company, or governmental agency, or any of its or their agents or servants are hereby waived by any Owner accepting a deed to a Lot.

These easements and rights reserved to Declarant and to the Association expressly include the right to cut any trees, bushes or shrubbery, take or add any soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation or to maintain reasonable standards of health, safety and appearance.

Provided, however, that the reservation of these easements and rights shall not impose on Declarant any duty or obligation to provide any water, sewer, or other utility to any lot or to provide road maintenance.

(c) The right of the Association or the Declarant to dedicate or transfer all or any part of the Common Properties (which includes streets and roads) to any public agency, authority or utility, or to sell or dispose of all or any portion of the Common Properties to someone other than a public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members, provided that no such dedication or transfer, determination as to the purposes or as to the conditions thereof, shall be effective unless no less than two-thirds of the Members, at a special meeting of the Members called in accordance with the Bylaws, agree to and approve of such dedication, transfer, sale, purpose or condition.

ARTICLE SEVEN

COVENANT FOR PAYMENT OF ASSESSMENTS

Section 1. Purpose of Assessments. The assessments levied by the Association shall be for the purpose of promoting the health, enjoyment, safety or welfare of the residents in the Properties and in particular for the improvement and maintenance

of properties and facilities located in, and related to the use and enjoyment of, the Common Properties and of the Living Units situated upon the Properties, including, but not limited to: (i) the payment of taxes and insurance on the Common Properties and repairs, replacements and additions thereto, and (ii) the repair and maintenance of any streets or roads owned by the Association within the Properties.

Section 2. Creation of the Lien and Personal Obligation for Assessments. Each owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay to the Association:

(i) annual or special assessments or charges as herein or in the Bylaws permitted or provided, and

(ii) any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorney's fees) incurred by the Association incidental to the enforcement of any Rules and Regulations, collection of assessments (both annual and special) or collection of damages or charges arising under the Bylaws. The annual and special assessments and any liquidated damages or summary charges as herein or in the Bylaws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who is the Owner of such Lot at the time when the assessment fell due.

Section 3. Annual Dues and Assessments for Common Properties, Exclusive of Streets and Roads, for the Years 1995 and 1996.

Commencing with the calendar year beginning January 1, 1995, and for the calendar years 1995 and 1996, the annual assessment for the maintenance and upkeep of Common Properties, exclusive of streets and roads, for both Class A and Class B Members shall be One Hundred Twenty Dollars (\$120.00) per calendar year (or a pro rata amount for any Owner who owns any Lot for less than a calendar year) for each Lot within the Properties.

Section 4. Annual Dues and Assessments for Common Properties, Exclusive of Street and Roads, Beginning in the Calendar Year 1996.

Commencing with the calendar year beginning January 1, 1997, and each year thereafter, the assessment applicable to each Lot owned by either a Class A Member or a Class B Member and to be paid by each Member to the Association for the maintenance of Common Properties, exclusive of Street and Roads, shall be the projected

total funds needed for the Common Expenses of the Association, exclusive of funds needed for future maintenance of the streets and roads owned by the Association, as established by the Board, divided by the number of platted Lots in the Properties owned by Members, but not to exceed the sum of \$500.00 per Lot for Class A Members and the sum of \$100.00 per Lot for Class B Members.

The total assessment payable by any Owner may be divided into such installments as the Board shall deem appropriate, but until notice from the Board to the contrary is received, the Owner of each Lot shall pay his or its proportionate share as herein determined on an annual basis, in advance on the first day of the next succeeding month after receipt of notice from the Board, as to the amount of the annual assessment due by such Owner.

Section 5. Assessments for Streets and Roads for the Years 1995 and 1996.

Commencing with the calendar year beginning January 1, 1995, and for the calendar years 1995 and 1996, the annual assessment for the maintenance and upkeep of the streets and roads for both Class A and Class B Members shall be One Hundred Twenty Dollars (\$120.00) per calendar year (or a pro rata amount for any Owner who owns any Lot for less than a calendar year) for each Lot within the Properties.

Section 6. Assessment for Current and Future Maintenance of Streets and Road Beginning in the Calendar Year 1997 .

(a) After conveyance of the streets and roads shown on said Recorded Plat by the Declarant to the Association and so long as any of said streets or roads remain "private streets or roads" and have not been dedicated or transferred to an appropriate governmental agency or authority by the Association, all lots owned by Class A and Class B Members may be assessed a separate "road maintenance fee" that shall be held in separate and distinct interest bearing accounts solely for the purpose of the repair, maintenance, and/or replacement of said private streets or roads.

(b) This assessment shall be the projected total funds needed for current maintenance of the streets and roads owned by the Association and an amortized portion of the projected total funds to be need for future maintenance of the streets and roads owned by the Association. This Assessment shall be set by the Board but shall not exceed a total of Five Hundred Dollars (\$500.00) per Lot per year unless increased with the consent of a majority of the votes of all of the Association Members at a meeting duly called for this purpose, written notice of which shall be sent to all Members in accordance with the provisions of the Bylaws for special meetings.

(c) This assessment shall be charged and pro-rated among the

various Lots as follows:

(i) Lots 1 through 16 inclusive shall be assessed proportionally for present and projected future repair, maintenance, and/or replacement of Red Coat Road.

(ii) Lots 4, 5, 7, 8, 9, and 10 shall be assessed proportionally for present and projected future repair, maintenance, and/or replacement of Cornwallis Drive.

(iii) Lots 11, 12, 13 and 14 shall be assessed proportionally for present and projected future repair, maintenance, and/or replacement of Tory Drive.

Section 7. Special Assessments for Capital Improvements. In addition to the annual assessments authorized by this Article, the Association may levy in any assessment year, a special assessment, on Class A Members applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repairs or replacement of any capital improvement located upon the Common Properties. In the event that such assessments for a particular calendar year exceeds in the aggregate, \$5,000.00, then in such event there shall be required the consent of a two-thirds (2/3) vote of all of the Association Members at a meeting duly called for this purpose, written notice of which shall be sent to all Members in accordance with the provisions of the Bylaws for special meetings.

Class B Members shall not be assessed any amount for Capital Improvements.

Section 8. Change in Basis and Maximum Amount of Annual Dues and Assessments. Subject to the limitations of Sections 3, 4, 5 and 6 and for the periods therein specified, the Association may change the maximum amount and basis of the dues and assessments of Class A and Class B Members fixed by this Article prospectively for any period provided that any such change shall be approved, at a meeting duly called for that purpose by a two-thirds (2/3) vote of all Members owning Lots.

The assessments for any year shall become due and payable upon fifteen (15) days notice from the Board as to the amount of such annual assessment.

The due date of any special assessment under this Article or any assessment against any particular Lot or Lots, permitted by this Declaration shall be fixed in the resolution authorizing such assessment.

Section 9. Duties of the Board of Directors. Commencing with the 1995 assessment, the Board of Directors of the Association shall fix the date of the commencement, and the amount of the

assessment against each Lot, for each assessment period at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the Office of the Association, or at any other place designated by the Board upon notice to the Members, and shall be open to inspection by any Owner. Written notice of the assessment thereupon shall be sent to every Owner subject thereto.

The Association shall, upon demand, furnish at any time to any Owner liable for said assessment, a certificate in writing, signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 10. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner; The Lien; Remedies of Association. If the assessments are not paid on the date due (being the dates specified in this Article), then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as herein after provided, thereupon become a continuing lien on the Lot or Lots when filed of record in the Office of the Clerk of Superior Court of Yadkin County, North Carolina in the manner provided by Article 8 of Chapter 44 of the North Carolina General Statutes, which shall bind such Lot or Lots in the hands of the then Owner, his heirs, devisees, personal representatives, successors and assigns. This lien shall apply to all assessments and penalties as prescribed by the Board or by the Committee.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of interest set by the Board, not to exceed the maximum rate permitted by law, and the Board acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot or Lots, and there shall be added to the amount of such assessment the cost of such action and reasonable attorney's fee or other cost incurred by the officers of the Association pursuant to authority of the Board. In the event a judgment is obtained against any Owner for such assessments, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the Court, together with the costs of the action.

Section 11. Subordination of the Lien to Mortgages or Deeds of Trust. The lien of the assessments provided for herein shall be absolutely subordinated to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot, or Lots, subject to assessment. The subordination shall not relieve any Lot, or Lots from liability for any assessments now or hereafter due and payable, but the Lien thereby created shall be secondary

and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage, irrespective of when such first mortgage or deed of trust was executed and recorded.

Section 12. Exempt Property. The following property subject to this Declaration shall be exempted from the assessments, charges and liens created herein:

(a) all Common Properties as defined in Article Two hereof; and,

(b) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption. Homestead exemptions shall not be considered an exemption.

ARTICLE EIGHT

EXTERIOR MAINTENANCE

Section 1. Exterior Maintenance. In addition to maintenance on the Common Properties and after thirty (30) days written notice to any Owner which shall specify the required maintenance, the Board shall have the right but not the obligation to provide (a) maintenance upon vacant Lots and (b) maintenance upon every improved Lot which is subject to assessment under Article Seven hereof. Such maintenance may include paint, repair, replacement and care of roofs, gutters, downspouts, and exterior improvements on any Living Unit. Such maintenance as to a vacant Lot may include the mowing of grass and weeds, the trimming of shrubs, or the removal of trash and litter, or such other action as may be determined by the Board to be appropriate to maintain minimum standards of appearance and/or to protect against damage of Common Properties or other Lots at the total expense of the Lot Owner whose Lot is being maintained.

Section 2. Assessment of Cost. The cost of any such maintenance shall be assessed against the Lot upon which such maintenance is done and shall be added to and become part of the annual assessment or charge to which such Lot is subject and, as part of such annual assessment or charge, it shall be a lien against any such Lot or Lots as heretofore defined and limited, and a personal obligation of the Owner and shall become due and payable in all respects as provided herein.

Section 3. Construction by Owners. In the event that any construction activities which have commenced on any Lot but have not been completed and have ceased to be carried on for a period of thirty (30) days or more, in the sole discretion of the Committee, said Committee may give notice to the Owner of the Lot on which the construction activities were being carried on to: (i) continue with the construction activities, and/or; (ii) clean up

the premises and/or; (iii) maintain presentable grounds. If these requirements are not complied with, the Committee may proceed to undertake remedial actions, any expense for which shall be the sole responsibility of the Lot Owner. In addition, the Board may assess a penalty fee of up to \$500.00 per month, or portion thereof, for the failure of the Owner to adequately maintain the appearance of the premises and proceed with the construction activity.

ARTICLE NINE

AMENDMENT OF DECLARATION

This declaration may be amended in the following manner:

An amendment to this Declaration may be proposed by the Board acting upon a vote of a majority of the Directors, or by the Members of the Association entitled to cast a majority of the votes on any matter whether meeting as Members or by instrument in writing signed by them. Upon any Amendment to this Declaration being proposed by the Board or Members, such proposed Amendment shall be transmitted in writing to the President of the Association, or other officer of the Association in the absence of the President, who shall thereupon call a special meeting of the Members of the Association for a date not sooner than twenty (20) days nor later than sixty (60) days from receipt by him of the proposed Amendment. It shall be the duty of the Secretary to give to each Member written notice of such special meeting, stating the time and place, and reciting the proposed Amendment in reasonably detailed form, which notice, if mailed, shall be mailed not less than ten (10) days nor more than thirty (30) days before the date set for such special meeting. If mailed, such notice shall be deemed to be properly given when deposited in the United States Mail addressed to the Member at his address as it appears on the records of the Association, the postage thereon prepaid. Any Member may, by written waiver of notice signed by such Member, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Member. At the meeting, the Amendment proposed must be approved by the affirmative vote of a majority of the votes eligible to be cast by the Members of the Association in order for such Amendment to become effective; provided, however, that no Amendment shall be effective to amend or delete any provision herein requiring a two-thirds vote of the Members unless such Amendment is also approved by no less than two-thirds of the votes eligible to be cast by the Members of the Association. At any meeting held to consider such Amendment, the written vote of any Member of the Association shall be recognized if such Member is not in attendance at such meeting or represented there at by proxy, provided such written vote is delivered to the Secretary of the Association prior to such meeting or at such meeting. If so approved, such Amendment of this Declaration shall be transcribed and certified by the President and

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Secretary of the Association as having been duly adopted and approved by the requisite percentages of Members. The original or an executed copy of such Amendment so certified and executed by said officers with the same formalities as a deed, shall be recorded in the Yadkin County Registry, and no such Amendment to this Declaration shall be effective until so recorded. If any Amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

The invalidation by any court of any restriction contained in this Declaration shall in no way affect the other restrictions, but they and each of them shall remain in full force and effect.

ARTICLE TEN

CAPTIONS, INTRODUCTIONS AND GENDER

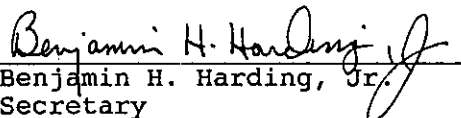
The captions and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed by its President and Secretary, and its seal hereunto affixed, pursuant to authority duly granted, as of the day and year first above written.

SHALLOW FORD PROPERTIES INC.

By: 
Richard H. Foster,
President

Attest:


Benjamin H. Harding, Jr.
Secretary

(Corporate Seal)



NORTH CAROLINA

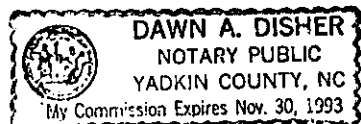
YADKIN COUNTY

This 18th day of October, 1993, personally came before me, Dawn A. Disher, a Notary Public, Benjamin H. Harding, Jr., who being by me duly sworn, says that he knows the corporate seal of Shallow Ford Properties, Inc., and is acquainted with Richard H. Foster, who is the President of said corporation, and that he, the said Benjamin H. Harding, Jr. is the Secretary of the said corporation, and saw the said President sign the foregoing instrument and saw the said corporate seal of said corporation affixed to said instrument by said President, and that he, the said Secretary, signed his name in attestation of the execution of said instrument in the presence of said President of said corporation.

WITNESS my hand and notarial seal or stamp, this the 18th day of October, 1993.

Dawn A. Disher
Notary Public

My Commission Expires:
Nov. 30, 1993



NORTH CAROLINA

YADKIN COUNTY

The foregoing certificate of Dawn A. Disher is certified to be correct. This instrument and this certificate are duly registered at the time and date and in the book and page shown on the first page hereof.

Ted C. Williams, Register of
Deeds of Yadkin County, NC

by Ted C. Williams
Assistant/Deputy

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