

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

STONES THROW

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS made this the 7 day of June, 2002, by F.W. HUNTLEY CONSTRUCTION CO., INC., a North Carolina Corporation, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of the real property which is described in Article II hereof, and desires to create thereon a residential community of single-family homes to be named STONES THROW; and

WHEREAS, Declarant desires to insure the attractiveness of the subdivision and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the subdivision and to provide for the maintenance and upkeep of the entrances, landscaping easements and Common Area as hereinafter defined; and, to this end, desires to subject the said real property to the covenants, conditions, restrictions, easements, charges and liens hereafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Declarant has deemed it desirable, for the efficient preservation, protection and enhancement of the said subdivision and to provide for the maintenance and upkeep of landscaping easements and the Common Area, if any, to create an organization to which will be delegated and assigned the powers of maintaining said entrances and landscaping easements and owning and administering the Common Area, enforcing the covenants and restrictions, and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated or will incorporate under North Carolina Law STONES THROW HOMEOWNERS ASSOCIATION OF CABARRUS COUNTY as a non-profit corporation for the purpose of exercising and performing the aforesaid functions;

NOW, THEREFORE, Declarant by this Declaration of Covenants, Conditions and Restrictions, does declare that all of the property described in Article II, Section 1, hereof is and shall be held, transferred, sold, conveyed, and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

DRAWN BY AND MAIL TO:
Robert B. Blythe
Parham, Helms, Harris, Blythe & Morton
6310 Fairview Road, Suite 200
Charlotte, N.C. 28210

CABARRUS COUNTY NC
FILED
06/07/2002 4:03 PM
LINDA F. MCABEE
Register Of Deeds
By. TB Deputy/Asst.
EXCISE TAX \$0.00

ARTICLE I
DEFINITIONS

Section 1. "Homeowners Association" shall mean and refer to STONES THROW HOMEOWNERS ASSOCIATION OF CABARRUS COUNTY, a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, except Declarant, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including those acquiring a lot by a land purchase contract, but excluding those having such interests merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to the property described in Article II hereof, and any additions thereto as are or shall become subject to this Declaration and brought within the jurisdiction of the Homeowners Association.

Section 4. "Entrance and Landscape Easement" shall mean and refer to any easement so designated on any plat of STONES THROW now or hereafter recorded in the Cabarrus Public Registry.

Section 5. "Common Area" shall mean all real property owned by the Homeowners Association for the common use and enjoyment of the owners. Common Area shall not include open space as shown on the recorded plats unless specifically conveyed or leased to the Association.

Section 6. "Lot" shall mean and refer to any numbered plot of land, with delineated boundary lines, appearing on any recorded subdivision map of the Properties with the exception of the Common Area, if any.

Section 7. "Declarant" shall mean and refer to F.W. HUNTLEY CONSTRUCTION CO, INC.

Section 8. "Member" shall mean and refer to every person or entity who holds membership in the Homeowners Association.

Section 9. "Act" shall mean and refer to the North Carolina Planned Community Act, Chapter 47F, North Carolina General Statutes.

Section 10. "Special Declarant Rights" shall mean the rights as defined in Section 47F-1-103(28) of the Act for the benefit of a Declarant, including, but not limited to the following: to complete improvements indicated on plats or plans filed with or referenced in the Declaration; to exercise any development right as defined in the Act; to maintain sales offices, management offices, models and signs advertising STONES

THROW; to use easements through the Common Area for the purpose of making improvements within STONES THROW or within real estate which may be added to STONES THROW; and to elect, appoint or remove any officer or Board member of the Association during any period of Declarant control.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION
AND WITHIN THE JURISDICTION OF THE
HOMEOWNERS ASSOCIATION

Section 1. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Homeowners Association is located in Cabarrus County, North Carolina, and is more particularly described on map recorded in Map Book 31, at Page 28 and Book 34 at Page 52 of the Cabarrus County Public Registry.

Section 2. Additions to Existing Property. Additional land may be brought within the scheme of this Declaration in the following manner:

(a) Additional land may be annexed to the existing property by Declarant or its assigns, in future stages of development, without the consent of the Homeowners Association or its Members, provided that said annexations must occur within ten (10) years after the date of this instrument.

(b) Thereafter, additional residential property (and common area), may be annexed to the Properties and brought within the scheme of this Declaration and the jurisdiction of the Association with the consent of the members entitled to at least two-thirds (2/3) of the votes appurtenant to all Class A lots and at least two-thirds (2/3) of the votes appurtenant to all Class B lots, if any, as hereinafter defined in Article III, Section 2. The Association may participate in mergers or consolidations with other non-profit corporations organized for the same or similar purposes as the Association, thereby adding to the Association, or to a surviving homes association, the properties, rights and obligations of the non-profit corporation with which it merges or consolidates. Any such merger or consolidation shall have the assent of the members as provided above in this subsection (b), and no such merger or consolidation shall revoke, change or add to any of the provisions of this Declaration except as herein provided.

(c) The additions authorized under subsections (a) and (b) above shall be made by filing of record Supplementary Declarations of Covenants, Conditions, and Restrictions with respect to the additional properties which shall extend the scheme of this Declaration to such properties and thereby subject such additions to the benefit, agreements, restrictions and obligations set forth herein, as may be amended by such supplementary declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot which is subject to assessment shall be a Member of the Homeowners Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect to voting rights and assessments:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owner(s) of said Lot to one vote. When more than one person owns an interest (other than a leasehold or a security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any one Class A Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant, which have not been converted to Class A Lots as provided in (1) or (2) below. The Declarant shall be entitled to three votes for each Class B Lot owned by it. The Class B Lots shall cease to exist and shall be converted to Class A Lots:

(1) When the total number of votes appurtenant to the Class A Lots equal the total number of votes appurtenant to the Class B Lots; provided, that the Class B Lots shall be reinstated with all rights, privileges and responsibilities of such Class, if, after conversion of the Class B Lots to Class A Lot hereunder, additional land containing lots is annexed to the existing property pursuant to Article II above, thus making the Declarant the owner, by virtue of the newly created Lots and of other lots owned by Declarant, of a sufficient number of Class B Lots to cast a majority of votes (it being hereby stipulated that the conversion and reconversion shall occur automatically as often as the foregoing facts shall occur); or

(2) On December 31, 2012, whichever shall first occur.

ARTICLE IV

PROPERTY RIGHTS

Section 1. Owner's Easement of Enjoyment: Except as limited by Section 2 of this Article IV, every Owner shall have a right and easement of enjoyment in and to the Common Area established initially and in all future stages or sections of the development which right and easement shall be appurtenant to and shall pass with the title to every lot, subject to the following provisions.

(a) The right of the Homeowners Association to suspend the voting rights and rights to the use of the Common Area for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty (60) days for an infraction of its published rules and regulations.

(b) The right of the Homeowners Association to dedicate or transfer all or any part of the Common Area or streets to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least three-fourths (3/4) of the votes appurtenant to each Class of Lots (Class A and Class B) agree to such dedication or transfer and signify their agreement by a signed and recorded written instrument, provided that this subsection shall not preclude the Board of Directors of the Homeowners Association from granting easements to public authorities or others for the installation and maintenance of sewerage, utilities and drainage facilities upon, over, under and across the Common Area without the assent of the membership when, in the sole opinion of such Board, such easements do not interfere with the use and enjoyment of the Properties, or are necessary for the convenient use and enjoyment of the Properties;

(c) Except as provided in Subsection (b) hereinabove, Conveyance or encumbrance of Common Area shall be governed by Section 47F-3-112 of the Act which provides that portions of the Common Area may be conveyed or subjected to a security interest by the Association if persons entitled to cast at least eighty percent (80%) of the votes in the Association agree in writing to that action. Proceeds of the sale or financing of Common Area shall be an asset of the Association. The Association, on behalf of Lot Owners, may contract to convey Common Area or subject Common Area to a security interest, but the contract is not enforceable against the Association until approved as hereinabove set forth. Thereafter the Association has all powers necessary and appropriate to affect the conveyance or encumbrance, free and clear of any interest of any Lot owner or the Association in or to the Common Area conveyed or encumbered, including the power to execute deeds or other instruments. No conveyance or encumbrance of Common Area may deprive any Lot of its rights of access and support.

(d) The right of the Association to establish rules and regulations governing the use of the Common Area or portions thereof, to establish rules and regulations respecting the use of individual lots in conformity with the restrictions set forth herein and to enforce such rules, regulations and restrictions.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article IV may be exercised by members of the Owners' family who occupy the residence of the Owner within the Properties as their principal residence in Cabarrus County, North Carolina.

(b) Tenants or Contract Purchasers. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers who occupy a residence within the Properties, or a portion of said residence, as their principal residence in Cabarrus County, North Carolina.

(c) Guests. Common Area situated upon the Properties may be utilized by guests of Owners, tenants, or contract purchasers subject to the rules and regulations of the Homeowners Association, as may be established by its Board of Directors, governing such use.

Section 3. Ownership of Common Areas. Declarant shall convey the Common Areas to the Association. Notwithstanding the recordation of any map or any other action by Declarant or the Association, all Common area shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public.

Section 4. Streets. Until such time as streets and drives within the subdivision become eligible for and are accepted by the North Carolina Department of Transportation (the "NCDOT") or by any other governmental entity having street maintenance authority, such streets shall be deemed private streets, notwithstanding any designation on any recorded plat, and shall be maintained by the Association to the standards set forth by the NCDOT. The cost of such maintenance by the Association shall be assessed against the lots in the manner set forth in Article V. At such time as the streets are accepted for maintenance by the NCDOT or other governmental entity, the streets shall then be deemed to be dedicated to the public.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Homeowners Association: (1) annual assessments or charges and (2) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs and reasonable attorney's fees shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees shall be a charge on the land and shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to his successors in title unless expressly assumed by them, but shall continue to be a lien upon the property.

Section 2. Purposes of Assessments. The assessments levied by the Homeowners Association shall be used exclusively to promote the health, safety and welfare of the residents of the Properties, the enforcement of these covenants, and the rules of the Homeowners Association, and in particular, for the improvement and maintenance of the Properties and providing the services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area and any improvements thereon and other areas specifically including the streets, maintained by the Homeowners Association, including, but not limited to, the cost of repair, replacement and additions thereto, the cost of labor and equipment, materials, management and supervision thereof, the payment of taxes assessed, the procurement and maintenance of insurance in accordance with the Bylaws, the employment of attorneys to represent the Homeowners Association when necessary, and such other needs as may arise.

Without limiting the generality of the above-described purposes, the assessments levied by the Homeowners Association may be used for the acquisition, construction and improvement (including landscaping and planting) and maintenance of the facilities located or to be located in the Common Area or any easement area, entrance way, or berms.

Section 3. Maximum Annual Assessment. Until January 1, 2004, the maximum annual assessment shall be \$100.00 per lot, except Lots owned by Declarant(s) which shall be one-tenth ($1/10^{\text{th}}$) of the amount established for all other lots..

(a) Beginning January 1, 2004, the above established assessments may be increased, effective January 1 of each year, without a vote of the membership, but subject to the limitation that any such increase shall not exceed the percentage increase, if any, in the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for all Cities over the immediately preceding twelve (12) month period which ended on the previous October 1, or five (5%) percent of the maximum amount for the previous year, whichever is greater.

(b) Beginning January 1, 2004, said maximum annual assessments may be increased without limitation if such increase is approved by Members entitled to not less than two-thirds ($2/3$) of the votes (appurtenant to said Class of Lots) requested in person or by proxy at a meeting called for this purpose.

(c) The Board of Directors may fix the annual assessments at amounts not in excess of the maximum. Any annual assessment established by the Board shall continue thereafter from year to year until changed by said Board.

Section 4. Special Assessments for Capital Improvements. In addition to the monthly assessments authorized above, the Homeowners Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement upon any area maintained by the association,

including fixtures and personal property related thereto, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article.

Section 5. Assessment Rate. Both annual and special assessments must be fixed at a uniform rate for all Lots except Declarant(s) shall be assessed at ten percent (10%) of such Assessments, and may be collected on a yearly, quarterly or monthly basis, as determined by the Board of Directors.

Section 6. Notice and Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 or 4 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60%) percent of the votes appurtenant to each Class of Lots (Class A and Class B) shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment. The annual assessments provided for herein shall commence for all lots subject to this Declaration on the day of the closing of the first lot to an owner, and for new lots created thereafter on the first day of the month following the recording of a new map of the properties. Declarant shall be responsible for maintenance of the easement areas and common area, if any, until such time.

At least thirty (30) days before January 1 of each year except the year these Declarations become effective, the Board of Directors shall fix the amount of the monthly assessments against each Lot for the next year and at least fifteen (15) days before January 1 shall send written notice of such fixed assessments to every Owner subject thereto. The due dates for the payment of monthly and special assessments shall be established by the Board of Directors. The Homeowners Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Homeowners Association setting forth whether the assessments on a specified Lot have been paid.

Notwithstanding anything herein contained, the Declarant may, at its selection, postpone, in whole or in part, the date on which the assessment shall commence provided that the Declarant maintains the Common Areas for which no assessment is being collected during the period of such postponement.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Homeowners Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of eight percent (8%) per annum or rate set by the Board of Directors prior to the time of such delinquency, whichever is

greater. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of Directors of the Homeowners Association to defray the costs of late payment. The Homeowners Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, late payment fee, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No owner may avoid or otherwise escape liability for payment of the assessments by abandonment of his lot.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage, mortgages, first deed of trust, or deeds of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessment as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage, mortgages, deed of trust, or deeds of trust.

ARTICLE VI

EASEMENTS AND ENCROACHMENTS

Easements for installation and maintenance of driveway, walkway, parking area, water line, gas line, cable television, telephone, electric power line, sanitary sewer and storm drainage facilities and for other utility installations are reserved as shown or referred to on the recorded plat. Further, easements ten feet in width for such purposes are reserved over, under and through and along the rear lot lines of all lots shown on recorded plats, and easements five (5) feet in width for such purposes are reserved over, under and through and along all side lot lines of all lots shown on recorded plats, as well as easements five feet in width along the front lot lines for sidewalk construction, maintenance and repair purposes. In the event it is determined that other and further easements are required over any lot or lots in locations not shown on the recorded plat and not along rear of side lot lines, such easements may be established by the Declarant, except that if any such further easements are reserved or established after the conveyance of a lot or lots to be affected thereby, the written assent of the Owner or Owners of such lot or lots and of the trustees and mortgagees in deeds of trust constituting alien thereon shall be required. In the event Declarant has installed or had installed before the recordation of these Declarations any such utilities across, over or under or through any lot, whether or not within the above described reservation of easement area, an easement is hereby reserved to Declarant, its successor and assigns, for the continued use, maintenance and replacement of such utility. Within any such easements above provided for, no structure, plating or other material shall be placed or permitted to remain which may interfere with the installation, delivery and maintenance of public utilities, or which may obstruct or change the direction of flow of drainage channels in the easements.

Nevertheless, it is acknowledged that some existing utility lines are located across, through or under portions of lots at points where it might be necessary to locate structures. Declarant, or the Architectural Control Committee, may consent to locating structures over utility lines, and in such event the lot owner consents to the relocation of such lines to other parts of the lot if it is necessary to discontinue use of said line, and without payment of any compensation to said lot owner for the additional easement necessary to accommodate any such relocated line. Declarant may release any easements it determines is not needed.

Further, Declarant has erected or may erect fencing along all or a portion of the outer perimeter of the Property, some of which fencing is located along and within individual lots. Declarant reserves an easement over said lots for the location and maintenance of such fence, which remains the property of Declarant, shall be maintained by Declarant and which shall not be in any manner altered or removed by the lot owner.

ARTICLE VII

ARCHITECTURAL CONTROL

No building, fence, well, or other structure shall be commenced or maintained upon the Properties, nor shall any exterior addition to or change or alteration therein be made, including the erection of antennas, aerials, awnings, the installment or replacement of reflective or other material in the windows of a Homeowner's Unit or other exterior attachment, until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as a harmony of external design and location in relation to surrounding structures and topography by an architectural control committee composed of three (3) or more representatives appointed by the Declarant or by the Board of Directors of STONES THROW HOMEOWNERS ASSOCIATION OF CABARRUS COUNTY, once the Declarant assigns to it the right of appointment hereunder. In the event said committee fails to approve or disapprove such design and location within thirty (30) days after a Homeowner obtains a signed receipt by the Association duly acknowledging said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with. The Architectural Control Committee shall have the right to charge a reasonable fee for receiving such application in an amount not to exceed \$25.00. The Architectural Control Committee shall not approve any alterations, decorations, or modifications which would jeopardize or impair the soundness, safety, or appearance of any Lot or the Common Area.

ARTICLE VIII

USE RESTRICTIONS

Section 1. Land Use. Each lot shall be used solely and exclusively for single family residential use, and no structure other than one detached single family private

residence shall be erected or situated on any lot except for accessory structures customarily incidental to single family residential use.

Section 2. Structures. The principal residence located on the lot shall be limited to dwellings which are either on-site construction, modular construction, or double wide mobile construction, but no "single wide" mobile homes or trailers shall be permitted. All residences erected or placed on any lot shall be of new construction and, in the case of mobile homes shall measure at least 23 feet from front to rear and measure at least 40 feet from side to side, exclusive of open porches, breezeways, carports and garages. Any on-site or modular constructed homes shall contain a minimum of 900 square feet of heated floor space on the first level. All residences must be underpinned prior to the time it is occupied as a residence and the underpinning must consist of new brick construction. Additionally, all exterior doors on the front of any residence must have steps constructed of new brick. The front of the residence erected or situated on any lot shall face the front of the lot unless otherwise approved by the Architectural Control Committee as set forth in Article VII above. Further, all other details of the construction, including exterior siding, roof construction and location of the residence are subject to the approval and direction of the Architectural Control Committee as set forth in Article VII above.

Section 3. Time of Completion. Any mobile home or modular home placed upon the lot must be completely installed within ninety (90) days following commencement of site preparation. Any dwelling constructed on site must be completed within six (6) months from the beginning of site preparation and construction. Nevertheless, these times may be extended by the Association if deemed appropriate because of circumstances reasonably beyond the control of the owner of the lot.

Section 4. Setback lines. No building shall be erected on any residential lot nearer to the front street line than thirty (30) feet, or nearer to any side street line than fifteen (15) feet in the event of a corner lot, nor nearer to the interior and rear lot lines than ten (10) feet. With respect to corner lots, the front lot line shall be deemed the street line having the shortest frontage, and any residence erected on such corner lot shall face the front lot line. For purposes of determining compliance or non-compliance with the foregoing building line requirements, open porches, terraces, eaves, and steps shall not be considered as part of the structure. The foregoing setback requirements shall control notwithstanding any provisions of a recorded plat, but applicable zoning regulations may require stricter setback requirements and, if so, shall control. Notwithstanding the minimum setback requirements, actual location of any improvements on a lot shall be subject to the requirements of Declarant, and subsequently the Architectural Control Committee when Declarant no longer owns any lots, which location may be different from the minimum requirements. In the event of an unintentional violation of any of the setback restrictions as herein set forth, the right is reserved to declarant, by and with the mutual consent of the owner of such lot, to ease the building line restrictions set forth herein to a maximum of ten (10%) percent.

Section 5. Subdivision. No individual numbered lot shall be subdivided by sale or otherwise so as to reduce its total area as shown on the maps referred to above, except that Declarant retains the right to adjust lot lines on lots retained by Declarant. Nothing herein shall preclude an owner from combining two or more lots into a single lot, and in such event the setback requirements shall apply to the combined lot, and not to any interior lot lines.

Section 6. Fences. No fence or wall shall be erected on any building plot closer to any street right-of-way than the rear of any building erected on the lot, and shall be erected only after a residence is placed on the lot. The fence may be no higher than six (6) feet tall. Chain link or metal fencing, other than wrought iron, is not permitted, except that 2 inch x 4 inch mesh may be used with split rail fencing to contain children and animals within the rear yard. All permitted fences must, nevertheless, be approved by the Architectural Control Committee.

Section 7. Wells and Septic Systems. Lots in the development are served by private water and sewer systems at rates to be determined by the provider and paid by the owner, until such time as systems may be acquired by public utilities. Individual wells and septic tanks are prohibited.

Section 8. Prohibitions Against Nuisance and Offensive Use:
No noxious or offensive trade or activity shall be carried on upon any lot, nor shall anything be done which may be or become an annoyance or nuisance to the neighborhood; no use of any property may be made or permitted which shall be noxious or dangerous to health; no signs or billboards of any description shall be displayed in any manner upon any lot, or any part thereof, with the exception of "for rent" and "for sale" signs, which signs shall not exceed 2 feet x 3 feet in dimension unless exception is given by the Architectural Control Committee; no trailer, camper, tent, shack, barn, garage, basement, temporary building or other out-building shall be utilized on any lot in the development as a temporary or permanent residence; no structure not in conformity with these covenants shall be moved onto any lot; no lot may be used or maintained as a dumping ground for rubbish; trash, garbage or other refuse shall not be kept thereon except in sanitary containers; non-operating, unlicensed or uninsured vehicles, or any vehicle not displaying a current inspection sticker, unused objects or apparatus, or other unsightly objects shall not be permitted to remain on any lot, except that this shall not preclude storage of unlicensed vehicles in an enclosed garage; each lot owner shall maintain their lot, including all necessary mowing, so as not to create an unsightly condition for the entire community; each lot owner shall maintain and keep mowed permanent vegetative cover in any rights-of-way along its property, including the unpaved portions of the street rights-of-way; each owner shall keep his lot in an orderly condition and keep the improvements thereon in a suitable state of repair, promptly repairing any damage thereto by fire or other casualty. No offensive or noxious trade or activity shall be carried on on any tract or upon any lot, nor shall anything be done which would constitute an annoyance or a nuisance to the community. In the event that a property owner shall fail to maintain their property in accordance with these covenants,

so as to create an unsightly condition, the Association shall have the right to take corrective action and the costs thereof shall be a lien upon the owner's property.

Section 9. Pets and Animals. No animals, livestock or poultry of any kind may be raised, bred, pastured or maintained on any lot except normal household pets which must be contained within the boundaries of the lot and to the rear of the front building line of the residence. No savage or dangerous animals shall be kept or maintained on any lot or in any dwelling. If pets are allowed off the property, they must be kept on a leash. Any pet deemed a nuisance by the Association may be expelled.

Section 10. Satellite Dishes or Disks. No radio or television transmission or reception towers, antennas, or disks shall be erected on a lot unless approved by the Board or the Architectural Control Committee pursuant to Article VII hereof; provided, however, disks not exceeding one meter are permitted upon approval by the Board or the Architectural Control Committee as to location.

Section 11. Rules and Regulations. The Board of Directors shall adopt rules and regulations respecting the governing and use of the Common Areas, the streets and the entire community. Specifically, but without limitation, the Directors may establish speed limits on community streets, limit parking, control congestion and large gathering (whether on Common Area or individual lots), and control unreasonable noise and activity. The Board may provide for permitting of special events by the community and individual lot owners. These rules and regulations shall have the effect of and may be enforced as any restrictive covenant.

Section 12. Leasing and Rental.

1. Lots are to be used only for the erection or placement thereon of a residence owned only by the lot owner. No lot shall be leased or rented for the purpose of situating thereon a residence owned by or titled in the name of anyone other than the lot owner (as, for example, leasing an unimproved lot to another so that such other person may place thereon a double-wide mobile home titled in his or her name). Provided, however, that this shall not preclude Declarant from continuing to lease lots in the property to lessees to place thereon residences owned or titled in such lessee, whether or not such lessee has a land-sale or lease-purchase contract.

2. Improved lots are intended for occupancy of the Owner and not for leasing and rental as a for profit or investment property. Declarant or the Board of Directors shall have the right to establish rules and regulations respecting rental or leasing of improved property, and to require that all leases be approved by the Board of Directors. Such approval may limit the number of persons who may occupy the particular residence being leased and the minimum duration of any lease. Attempted rental of more than one improved lot by any one Owner shall be deemed, *prima facie*, that such lots are held as a for-profit or investment property and may (but not must) be rejected by the Board, provided, this shall not apply to bona-fide financial institutions holding the property as a

result of foreclosure or in lieu of foreclosure (but shall apply to their assigns), and shall not apply to Declarant.

Section 13. Conveyance of Undeveloped Lots. If any lot owner desires to sell an undeveloped lot at any time within two (2) years after the acquisition of the lot from Declarant, he shall first offer the lot to the Declarant at the same purchase price for which the property owner purchased the property from Declarant. Declarant shall have thirty (30) days from the written offer in which to accept or reject the offer to resale and, if the Declarant elects to repurchase the lot, closing shall occur within thirty (30) days after said election. If Declarant has not accepted the offer to repurchase in writing within thirty (30) days after the lot owner has offered the property to the Declarant, then the lot owner shall be entitled to proceed to sell the lot on such terms and conditions as the lot owner desires. Declarant shall furnish a statement that he has declined to accept the lot, if such be the case, upon any request by the lot owner.

ARTICLE IX

INDEMNIFICATION OF OFFICERS AND DIRECTORS

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

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

ARTICLE X

GENERAL PROVISIONS

Section 1. Enforcement. The Homeowners Association or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. The Association shall specifically have all of the powers and rights granted to it by the Act.

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

Section 3. Amendment. The covenants and restrictions of this Declaration shall run and bind the land, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of seventy-five (75%) percent of a vote of the Owners after the expiration of said twenty-five (25) year period. This Declaration may be amended during the first twenty-five (25) year period by an instrument signed by the Owners of not less than eighty (80%) percent of the lots, and thereafter by an instrument signed by the Owners of not less than seventy-five (75%) percent of the lots. Any amendment must be properly recorded. For the purpose of this section, additions to existing property as provided in Article II, Section 2 hereof shall not constitute an "amendment".

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed, this 1 day of June, 2002.

F.W. HUNTLEY CONSTRUCTION CO., INC.

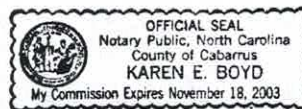
By: F. W. Huntley, Pres. (SEAL)

NORTH CAROLINA
MECKLENBURG COUNTY

This 7th day of JUNE, 2002, personally came before me -
F.W. HUNTLEY, who being by me duly sworn, says that he is the
President of F.W. Huntley Construction Co., Inc. and that said writing was
signed by him in behalf of said corporation by its authority duly given, on behalf of the
corporation, and the said F.W. Huntley acknowledged the said
writing to be the act and deed of said corporation.

Karen E. Boyd
Notary Public

My Commission Expires: Nov. 18, 2003



(NOTARY SEAL)

RBB/Stones Throw