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Alamance, NC
David Barber Register of Deeds
BK 4375 PG 463-481

ATTN: KIM NICHOLS
SHUGART HOMES
221 JONESTOWN RD
WINSTON SALEM, NC 27104

Prepared by Philip E. Searcy

NORTH CAROLINA

ALAMANCE COUNTY

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR STABLES AT HARRIS FARM SUBDIVISION

THIS DECLARATION, made by Clayton Properties Group, Inc., a Tennessee corporation, hereinafter referred to as "Declarant" on behalf of itself and its successors and assigns:

WITNESSETH

WHEREAS, Clayton Properties Group, Inc. is the owner of certain real property in Alamance County, North Carolina, which is more particularly described in **EXHIBIT A**, attached hereto and incorporated herein by reference, and

WHEREAS, Declarant hereby declares by this Declaration that property described in **EXHIBIT A**, and any property subsequently annexed, shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, liens and charges which are for the purpose of enhancing and protecting the value and desirability and attractiveness of, and which shall run with the real property and be binding on all parties having any right, title or interest in the property described in **EXHIBIT A**, identified as Stables at Harris Farm.

NOW, THEREFORE, Declarant hereby declares that all of the land described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants, conditions, liens and charges which shall run with the real property described in **EXHIBIT A** and be binding on all parties having any right, title or interest in the described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Association" shall mean and refer to Stables at Harris Farm HOA, Inc., its successors and assigns.

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Section 2. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities of a fee simple title to any lot that is a part of the Properties as defined herein, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Properties" shall mean and refer to that certain real property described on Exhibit A, and such additional land as may hereafter be brought within the jurisdiction of the Association by annexation, if any.

Section 4. "Common Area" shall mean all real property, including open space, common element and/or easements owned by the Association for the common use and enjoyment of the Owners. Limited Common Area shall be a part of the common area that is designated for the use of a lot or lots that is serviced thereby to the exclusion of other lots owners. The Common Area shall be maintained, repaired and replaced at the expense of the Stables at Harris Farm HOA, Inc. Limited Common Area, if any, shall be maintained, repaired and replaced by the user or users of such area.

Section 5. "Common Expenses" shall mean and include:

(a) All sums lawfully assessed by the Association against its Members;

(b) Expenses of administration, maintenance repair or replacement of the Common Area including expense for lighting that may be in the road rights of way, if any;

(c) Expenses described to be Common Expenses by this Declaration and/or the Bylaws of the Association (the "Bylaws");

(d) Hazard, liability or such other insurance premiums for such coverage the Association may desire and/ or as the Declaration, the Bylaws or applicable laws or ordinances may require the Association to purchase;

(e) Expenses agreed by the Members to be Common Expenses of the Association; and,

(f) Ad valorem taxes and governmental assessments levied against the Common Areas, if any.

Section 6. "Lot" or "lot" shall mean and refer to any Lot designated by a number on the recorded or revised plat(s) of Stables at Harris Farm that has been subjected to this Declaration.

Section 7. "Declarant" shall mean and refer to Clayton Properties Group, Inc, as well as its successors and assigns, pursuant to an express assignment or conveyance of any special

Declarant rights hereunder to such successor or assign, all of which rights, including Declarant's voting, architectural review, easement and development rights, shall be assignable in whole or in part and may be apportioned on a lot-by-lot basis.

Section 8. "Member" shall be every Owner of a Lot as set forth in Article III of this Declaration.

Section 9. "Board of Directors" or "Board" shall mean the Board of Directors of the Association.

Section 10. "Architectural Control Committee", "Committee" or "ARC" unless otherwise stated shall mean and refer to the Architectural Control Committee.

ARTICLE II
PROPERTY RIGHTS

Section 1. Enjoyment of Common Area. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

(a) The right of the Declarant, in its sole discretion, and at no cost to any Owner, to use any of the Common Area for the installation of utility lines of all types, drainage ditches or swales, lighting, to grade and pave roadways or easements of access, and to do all things and acts necessary to develop the properties to final development, together with the right to grant easements to the proper utility and/ or governmental authority for such use without the joinder of any Member or the Association.

(b) The right of the Association to charge reasonable admission and other fees for the use of any recreational facilities, if any, situated upon the Common Area.

(c) The right of the Association to suspend the voting rights and right to use of the recreational facilities of an Owner, if any, for any period during which any assessment against his Lot remains unpaid.

(d) Subject to the right of the Declarant to grant easements in the development of the property without the joinder of the Association the Association has the right through its President to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed by the Members. No such dedication or transfer shall be effective unless approved by sixty percent (60%) of Class A and B Members present in person or by proxy at a duly called and noticed meeting where one of the stated purposes of the meeting will be a vote on the granting of such dedication or transfer. At such meeting, a quorum for this purpose shall be no less than sixty per cent (60%) of the Class A and B Members. Provided, in the event the required quorum for this

purpose is not present, a subsequent meeting may be called and noticed and at such meeting a quorum shall constitute thirty percent (30%) of the Class A and B Members and two thirds (2/3rds) of the Members present in person or by proxy at such meeting may approve such dedication or transfer. Such subsequent meeting shall not be held later than sixty (60) days beyond the originally called meeting.

(e) The right of the Association through the Board of Directors to impose rules and regulations for the use and enjoyment of the Common Area and Lots and improvements thereon, which regulations may further restrict the use of the Common Area and Lots, and to impose fines and/or methods of enforcement for compliance.

Section 2. Delegation of Use. Any Owner may delegate his rights of enjoyment of the Common Area and facilities to the Members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Title to Common Area. The Declarant hereby covenants for itself, its successors and assigns, that it will convey title to the Common Area or a common easement to the Association, free and clear of encumbrances and liens except utility easements, other prior easements and the easements, restrictions, covenants and conditions set forth herein and the deed of conveyance and if ad valorem taxes for the current year have been separately assessed against the Common Area, the same shall be prorated between Declarant and the Association as of the transfer date; otherwise such taxes shall be paid by Declarant.

Section 4. Declarant Signs. The Declarant has the right to place signs on the Common Area and Lots to promote the sale of Lots and lots improved with dwellings.

Section 5. Emergency. There is hereby reserved, without further consent or approval, a general easement to police, security guards employed by the Declarant or the Association, firemen, medical and other emergency personnel to enter upon any Lot or common area in the exercise of their respective duties.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS

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

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

Class A. Class A Members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such, persons shall be Members. The vote such Lot shall be exercised as

they among themselves determine, but in no event shall more or less than one vote be cast with respect to any Lot on any matter upon which a vote is taken.

Class B. The Class B Member(s) shall be the Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership when the last lot subjected to the Declaration is sold to Owners other than the Declarant or on or before twenty (20) years from the date of the recording of this Declaration, whichever comes first subject to the Declarant's right to assign in whole or in part on a lot by lot basis the Declarant's rights.

ARTICLE IV
COVENANT FOR MAINTENANCE ASSESSMENTS

Section 1a. Creation of the Lien ad Personal Obligation for Assessments. The Declarant for each Lot owned, within the Property 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 Association: (1) annual assessments or charges, (2) special assessments for capital improvements such assessments to be established and collected as hereinafter provided, and (3) direct assessments as hereinafter defined. The annual, special and direct assessments, 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 and when filed of record in the Office of the Clerk of Superior Court of Forsyth County, North Carolina, shall be a lien upon the land to all who acquire an interest therein. Each such assessment together with interest, costs and reasonable attorney's fees shall also be the personal obligation of the person who was the Owner of such Property at the time when the assessment fell due and any heir or devisee shall be deemed to have consented to make such payments. The personal obligation for the delinquent assessments shall not pass to his successors in title by deed unless expressly assumed by them.

Section 1b. Direct Assessments. Each Owner shall have the obligation to maintain and keep in good repair and replace the improvements on his Lot, including, but not to the exclusion of other items, the roof, gutters. windows, doors, shutters and exterior walls of the dwelling unit thereon, and any other exterior improvement such as garden walls, carports or garages and landscaping, including the routine cutting of grass, trimming of shrubs and other maintenance and replacement to present a good exterior appearance. If any Owner shall fail to properly comply with the provisions of this subsection and in the opinion of the Architectural Control Committee of the Association as established under Article V, of this Declaration, such failure impairs the aesthetic harmony of subdivision, the Association may make demand upon such Owner to comply. In the event such Owner shall, after written notice has been given, fail to take necessary steps to comply within ten (10) days of the date of the notice, the Association may proceed to remedy such Owners default, but does not have the obligation to do so. If the correction requires additional time to correct due to its nature, such additional reasonable time shall be granted and any expense incurred by the Association for such purposes, including labor, materials and professional fees, shall

become a lien upon the Lot of such Owner and the personal obligation of the Owner, collectible as other assessments are provided for herein. Amounts incurred in the foregoing manner shall be deemed "Direct Assessments" and shall be in addition to any other assessments herein provided for and shall be due immediately upon demand. Interest shall accrue at the rate of ten percent (10%) per annum on any unpaid direct assessment not paid within the ten (10) days from date of demand for payment.

Section 2. Purpose of Assessment. The assessments levied by the Association shall be used exclusively to promote recreation, health, security, safety and welfare of the residents in the Properties and in particular for the acquisition improvement and maintenance of property, services and facilities devoted to this purpose for the maintenance, use and enjoyment of the Common Area, including, but not limited to the cost of repairs, replacements and additions, the cost of labor, equipment, materials, related to the any landscaping and/or common easement areas, the storm water retention pond and any private drainage system related to it, common signage, common utilities, security, lighting, including decorative lighting, if any, mail kiosk, management and supervision, the payment of taxes, if any, assessed against the Common Area, the procurement and maintenance of insurance related to the Common Area, its facilities and use, the employment of attorneys and other professionals to represent the Association when necessary, and such other common needs as may arise.

Section 3. Maximum Annual Assessments. Until the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be One Thousand Three Hundred Dollars ($1,300.00) per Lot. No assessment shall be due for a vacant lot or a lot containing an unoccupied unsold dwelling, however such lot shall be maintained by the owner thereof to give a good appearance. Once a dwelling is occupied the assessment shall not thereafter be released due to the dwelling being unoccupied. From January 1, of the calendar year immediately following the first conveyance of a Lot to an Owner the maximum annual assessment shall be established by the Board of Directors and they shall consider all current costs and expenses of the Association, accrued debts, and reserves for future needs and the annual budget. The Board shall have the right to increase the assessment by ten percent (10%) of the prior year assessment without approval of the Members, provided if increase is to be more than ten percent (10%) above the prior year assessment then the excess increase over ten percent (10%), shall be approved by a majority of the Members present at the annual meeting or a meeting called at which one of the items on the agenda is to consider the budget.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy special assessments for the purpose of defraying in whole or in part, the cost of construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of Members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 4a. Working Capital Assessment. In addition to the annual and special assessments authorized above, at the time of the closing of the first sale of each Lot improved with a dwelling for which a certificate of occupancy has been issued the purchaser(s) thereof shall pay to the Association the sum of Two Hundred Dollars ($200.00). Such funds shall be used by the Association to establish a separate fund, the purpose of which is to ensure that the Association will have monies available to meet unexpected operational needs as opposed to routine expenses. Payments made to the Working Capital Fund shall not be considered payment of advance or current regular assessments. These funds are to be used in accordance with the direction of the Board of Directors.

Section 5. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots subject to assessment as stated in Section 3, and may be collected on a monthly, quarterly or annual basis in advance or as the Board of Directors may direct, except as herein provided.

Section 6. Notice and Quorum for any Action Authorized under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than fifteen (15) days not more than thirty (30) days in advance of the meeting. At the first such meeting called the presence of Members or of proxies entitled to cast sixty percent (60%) of all votes of each class of membership entitled to vote 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 Assessment Due Date. Annual assessments provided for herein may be collected on a monthly, quarterly, semi annual or annual basis as determined by the Board of Directors from time to time and shall commence as to each Lot on the first day of the month following the conveyance of the lot to an owner other than the Declarant or its affiliates and the issuance of certificate of occupancy by the governmental authority having jurisdiction for the dwelling constructed thereon. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. At least thirty (30) days in advance of each annual assessment period, a majority of the Board of Directors shall fix the amount of the annual assessment against each Lot, and if such amount is not in excess of ten percent (10%) more than the prior year assessment no further approval is necessary. If the Board recommends an increase in excess of ten percent (10%) of the prior year assessment, then the approval of the majority of the Membership present at the meeting shall approve the budget. If the same is not approved, then the assessment shall remain the same as the prior period plus then ten percent increase the Board can approve until a revised budget is approved. The Board of Directors may at any time during the calendar year called for a revised budget and assessment if they determine that funds are not adequate for current or anticipated expenses and the majority of the Members at a called meeting shall approve the increase. The due dates shall be established by the Board of Directors.

Section 8. Effects of Nonpayment of Assessments; Remedies of the Association. Any assessments not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of ten percent (10%) per annum, and the Board of Directors may impose a reasonable late payment fee. The Association may bring an action at law against the Owners personally obligated to pay the same and/or foreclose the lien against the Property, and interest, costs, fees and reasonable attorney's fees for such action or foreclosure shall be added to the amount of such assessment. No Owner may waive nor otherwise escape the liability for any of the assessments provided for herein by inability to use or nonuse of the Common Area or abandonment of his Lot. Election to sue a defaulting Owner shall not bar subsequent filing of lien and foreclosure. The Association may pursue either or both remedies without bar to the other remedies. A prospective purchaser or lender may request a written certificate from the Association as to the status of assessments on any Lot they are concerned with, and such statement of the Association shall be binding on the Association as of the date of issuance. The Association may charge a fee for such certificate if it advises the requesting party of the charge before or at the time of delivery of the certificate.

Section 9. Subordination of the Lien to Mortgagee. The liens provided for herein shall be subordinate to the lien of any first mortgage or deed of trust filed prior to the filing of a lien for assessments by the Association. Sale or transfer of any Lot which is subject to any first mortgage or deed of trust pursuant to a foreclosure thereof or any proceeding conveyance or assignment in lieu of foreclosure thereof that is not junior to a prior lien for assessments being filed, shall extinguish the lien of such assessment as to the payment thereof which became due prior to such sale or transfer, but the personal obligation of the Owner of the Property when the assessment fell due shall survive. No such sale or transfer shall relieve such Lot from liability for any assessments which thereafter become due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust filed prior to a lien for assessments being filed.

ARTICLE V
ARCHITECTURAL CONTROL

Section 1. Architectural Control.

(a) *Purpose*. The Declarant desires to establish an Architectural Control 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 Control Committee (the "Committee" or "ARC") no building, fence, wall, driveway or other structure nor any exterior change, addition or alteration to any existing structure, nor any clearing or site work shall be commenced, erected or maintained upon the designated property, until plans and specifications therefore showing the shape, dimensions, materials basic exterior

finishes and colors, location on site, driveway, parking, floor plan, and elevations therefore (all of which is hereinafter referred to as the "Plans"), shall have been submitted to and approved in writing, as to the harmony of external design and location in relation to any surrounding structures and topography, by the Committee. The Committee shall have the absolute and exclusive right to refuse to approve any such Plans and specifications which are not suitable or desirable in the opinion of the Committee for any reason, including purely aesthetic reasons which in the sole and uncontrolled discretion of the Committee shall be deemed sufficient. If the Committee denies a request, it shall articulate its reasons for denial and the ruling may be appealed to the Board of Directors for modification, approval or denial. If the request is denied by the ARC and the Board no further action is required.

(c) *The Architectural Control Committee.* The Architectural Control Committee (ARC) shall be composed of three (3) persons appointed by the Declarant until all Lots are sold and closed. Upon the sale and closing of the last lot by the Declarant the Board of Directors shall have the authority to appoint the Committee and it shall be composed of at least three (3) persons, but not more than five (5) persons. In the sole discretion of the Declarant, any portion or all of the responsibilities and authority of the Architectural Control Committee may be earlier surrendered to the Board of Directors of the Association. Any such delegation would require written documentation, signed by the Declarant. In no event shall representatives such as Executors or Trustees be entitled to be members of the Committee.

(d) *Architectural Control Committee; Decisions Relating to Declaration.* Any covenant, conditions or restrictions herein set forth under Article V may be removed, modified or changed by written consent signed by a majority of the Committee members and kept with the records of the Committee, which such written consent may be given or withheld within the uncontrolled and sole discretion of the Committee, or its successors. In the event of disagreement among members of the Committee, a Committee decision shall require the assent of a majority of the members of the Committee.

(e) *Architectural Control Committee Plans Review Procedure.* Prior to the commencement of any construction on a Lot including, but limited to, the grading thereof, the Plans shall be submitted to the Committee. The Committee's approval, disapproval or waiver as required in these covenants shall be in writing and the decision of a majority of the Committee Members, in case of any disagreement among Committee members, shall be controlling. The Committee shall make its decision within thirty (30) days from the date the Plans are submitted to it. If the Committee fails to act within such thirty (30) day period, the Plans shall be deemed accepted. The Member submitting the Plans shall obtain a written dated receipt from the Committee member to whom the plans were submitted or a return receipt for the submission by Certified U. S. Mail. If additional materials or information are requested by the Committee the time for approval shall be extended for an additional thirty (30) days after all the materials or information requested are delivered to the Committee.

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

(a) *Permissible Uses.* No Lot shall be used except for residential purposes, and no building of any type shall be erected, altered, or placed, on any Lot other than one single-family dwelling, including garage and any other appurtenances customary to a single-family dwelling which shall comply with applicable zoning regulations and ARC approval. No Lot shall be used for access to any adjoining Lot or other Property except as approved by the Declarant. When construction of any building, structure, improvements, or addition has once begun, work thereon shall be pursued diligently and continuously, and completion shall occur within twelve (12) months. No living unit shall be built which contains cement or cinder blocks which are visible from the outside, provided slab construction is allowed with exposure of the concrete. Above ground fuel tanks or similar storage units may not be used.

(b) *Division of Lots.* No Lot shall be further divided, without the prior consent of the ARC. The boundary lines of any Lot as shown on any recorded plat of the Properties, shall not be changed, without written consent of the Declarant.

(c) *Building Set-Back Lines.* All structures shall be set back and be placed in accordance with the applicable zoning and building codes as the same may be adjusted, modified or amended.

(d) *Temporary Structures.* No structure 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 mobile offices, shelters or huts used by contractors during the construction of a dwelling or improvements or additions thereto, on any Lot. Temporary shelters, tents, recreational vehicles, trailers (whether attached or unattached to the realty), and detached storage buildings may not at any time, be placed on any portion of a Lot or Property without the prior written approval of the Architectural Control Committee.

(e) *Other Prohibitions or Requirements.*

(i) Any dwellings shall comply with all applicable building, plumbing, electrical and other codes.

(ii) No vent or other pipes or appendages may extend from the front of any dwelling unless screened from public view by a screening material or shrubbery approved by the Committee.

(iii) Any exterior air conditioning or heating equipment must be screened from public view by a screening material or shrubbery approved by the ARC.

(iv) Downspouts and gutters must be placed and constructed so as not to promote the erosion of the soil of any Lot.

(v) Parking on private drives and any common land shall be subject to rules and regulations adopted from time to time by the Board of Directors of the Association. Routine parking on the public streets should be avoided and the Board of Directors is granted the right to regulate Member parking on the public streets in the development.

(vi) Mail delivery will be to a mail kiosk. If in the future mail delivery should be otherwise made then the Board shall have authority to establish the type of receptacle, the costs thereof and who shall pay for such.

(vii) No outbuildings shall be allowed on any Lot without prior written approval of the Architectural Control Committee

(viii) No above ground pools (children's wading pools may be temporarily used to the rear of the dwelling) shall be located on any Lot in the subdivision

(ix) No above ground fuel tanks will be permitted on any Lot.

(x) All utility lines of every type including but not limited to water, electricity, telephone, sewage, internet, television running from the main trunk line of service location to any dwelling or other structure on the Lot must be underground unless variances are made by the ARC.

(xi) Approved outdoor recreational areas must be screened from public view by a screening material approved by the Architectural Committee. Moreover, any lighting used to illuminate such facilities must be so shielded as to cast no direct light upon adjacent Lots to the extent that it is obtrusive or offensive and such lighting plan must be approved by the ARC.

(f) *Screening*. Erection of clothes lines, the maintenance of any exterior garbage cans, the storage of boats, campers, and trailers in view of the street or common properties or recreational areas shall not be permitted. Each Owner shall provide receptacle for garbage, and all garbage receptacles, tools and equipment for use on the Lot of any Owner or otherwise shall be placed in a place in accordance with reasonable standards established by the ARC to shield same from general visibility from roads abutting the Lots.

(g) *Antennas*. In the event cable television service is available to the Properties, no television antennas, radio receiver or sender, or other similar device shall be attached to or installed on the exterior portion of or detached from any dwelling. Satellite dishes, not to exceed 25" in diameter, are allowed, subject to approval of the location by the Architectural Control Committee. No large, short-wave radio or other types of antennas shall be permitted.

(h) *Unsightly Conditions*. It is the responsibility of each Owner to prevent any unclean unsightly or unkept conditions on the grounds of a Lot of any Owner which shall tend to substantially decrease the beauty of the Properties specifically and/ or as a whole.

(i) *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 on any portion of the Properties

(k) *General and Animals and Pets*. Except as otherwise permitted herein, or in any supplementary declaration hereto, no plants, animals, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly. unpleasant, or of a nature as may diminish or destroy the enjoyment of other Lots by any Owner, tenants, or guests thereof, may be maintained. No animals, livestock or poultry of any kind shall be raised bred or kept on any Lot or permitted to become a nuisance to the neighborhood. Dogs, cats and other household pets shall be confined and maintained as in accordance with rules and regulations from time to time adopted by the Board of Directors.

(l) *Driveways and Fences*. Any driveway located on a Lot must be paved with concrete or asphalt or other material approved by the Architectural Control Committee, at a width of at least ten (10) feet. Without the prior consent of the Architectural Control Committee, no fencing may be located closer to any street than the rear wall of the dwelling to any such street. No chain link, woven wire or barbed wire fencing shall be allowed on any lot. Wood and other fencing materials not exceeding six (6) feet in height may be allowed on a Lot subject to the approval of the Architectural Control Committee.

(m) *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.

(n) *Signage*. 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 two (2) feet by three (3) feet advertising the Lot for sale. All other signs on any Lots must be approved in writing by the ARC. If any state or federal law provides for certain signs to be allowed, such as political signs, then such law will prevail.

(o) *Trees and Hedgerows*. Trees may be removed for the construction of driveways and residences if located within thirty (30) feet of the house or garage foundation or swimming pool.

(p) *Garages and Carports*. Garages must be attached to or built within a dwelling and must be fully enclosed. No carports shall be allowed.

(q) *Vehicles*. No commercial vehicle, motor home, mobile, or stationary trailer of any kind shall be kept or permitted to remain on any Lot, unless approved by the Architectural Control Committee and stored in an enclosure away from view, which definition "away from view" shall be in the sole discretion of the Architectural Control Committee. A request for approval may be applied for prior to purchase of a Lot. Specific description, photographs, if available, and uses of the vehicle must be presented with the request.

(r) *Motorized Vehicles*. All motorized vehicles (including motorcycles) must be properly muffled so as to eliminate noise which might be offensive to others. Minibikes and all-terrain vehicles are prohibited from being used or operated on or within the Properties unless prior written approval of the Board is first secured.

ARTICLE VI
MAINTENANCE, ORDINARY REPAIRS AND ALTERATIONS

Section 1. By the Association. The Association shall maintain, repair and replace all parts of the Common Areas and Facilities, if any, except as may be otherwise stated herein.

Section 2. By the Owners. Each Owner shall maintain, repair, and/or replace all improvements located on the Owner's Lot and those associated with the Owner's Lot and all pipes, wires, conduits and machinery associated with and servicing only the Owner's Lot, wherever located. Each Owner shall maintain, repair and replace the landscaping between his Lot and the pavement of any private drive or public street. Each Owner shall be responsible for keeping his property in a neat, clean and proper manner. Such maintenance shall include routine mowing and necessary watering of the grass and plantings, trimming at shrubs and other landscaping items, and the removal of all trash and debris.

Section 3. By the Owner and Association. All damages to the Common Area and facilities intentionally or negligently caused or resulting by an Owner, his or her family, tenants, guests, invitees, agents, servants, employees or contractors, shall be repaired promptly at the expense of such Owner, except to the extent such damage or loss is covered by insurance proceeds received by the Association, if any.

Section 4. Restrictions on Owners. No Owner shall perform or cause to be performed any maintenance repair or replacement work upon a Lot which disturbs the rights of other Owners. If any Owner shall cause any work so performed, which in the sole opinion of the Board of Directors violates the terms of this paragraph, it shall be immediately corrected, and such Owner shall refrain from recommencing or continuing such work without written consent of the Board. An Owner shall not repair, alter, replace, add to or move any of the Common Areas and Facilities or landscaping at any location without the prior written consent of the Board.

Section 5. Duty to Report. Each Owner shall promptly report in writing to the Board or its agent any known defect or need for repairs to or replacement of any Common Areas or Facilities for which the Association is responsible.

Section 6. Default of Owner. If the Owner defaults in any obligations under this Article and such default is not cured within ten (10) days from written demand by the Association or a longer period specified in the Notice, then the Association may, but is not obligated to perform the necessary maintenance, repair, and/or replacement or remove an unauthorized repair, alteration or addition and the costs thereof shall be assessed against the Owner and Lot of the Owner and the Association may in addition to the actual cost, add an administrative fee of up to fifteen percent (15%) of such costs as an additional cost and direct assessment to the Owner which is due on demand. Such assessment shall be the obligation of the Owner and a lien on the Lot and may be collected as other assessments are.

Section 7. Alterations to Common Areas and Facilities. The Board of Association is authorized to make minor improvements and alterations to the improvements located in and on the Common Areas and Facilities as Common Expense however, no major improvements or alterations costing in excess of $2,000.00 shall be made by the Association without first obtaining approval of at least sixty percent (60%) of the Owners present at a duly called and noticed meeting of the members where the notice advised of the item to be considered. This Section does not apply to required repair, maintenance and replacement of Common Areas Facilities.

Section 8. Approval of Payment. All vouchers for payment of expenses incurred by the Association in the maintenance, repair, alteration and replacement of the Common Areas and Facilities shall be approved in writing jointly by The President and Treasurer of the Association. In the absence of the President or Treasurer, the Vice President or Assistant Treasurer may perform the duties. Notwithstanding the foregoing, the Board may authorize any officer, Member, committee or manager to approve and pay all vouchers for payment of routine expenses incident to the maintenance, repair, alteration or replacement of the Common Areas or Facilities, so long as the resolution granting such authority specifically states those items that may be so paid.

Section 9. Erosion Control. Lot Owners are responsible for the maintenance and implementation of erosion control with respect to the Owners Lot. The Declarant retains the right to pass on the fine to the Owner in the event the Declarant is fined for erosion control issues with respect to the Owners Lot. The Declarant retains the right to enter onto the Owner's property to install or correct any erosion control violation and will pass that cost and expense, including reasonable attorney fees through to the Owner.

ARTICLE VII
EASEMENTS

Section 1. Utility Easements. Easements for installation and maintenance of utilities aid drainage facilities are reserved as shown on the recorded plat and the properties shall be further

subject to such additional easements for installation and maintenance of utilities and drainage facilities as are reasonably necessary for the construction of dwelling units by Declarant and purchasers of undeveloped Lots from Declarant. Within these easements no structure, planting or other materials shall be placed or permitted to remain which may interfere with the utilities or which may change the direction of flow or drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels. Easements as required to correct and install drainage and utility installations are reserved by the Declarant over the Common Area and for a distance of five (5) feet along and with all Lot lines until development with dwellings is complete and functional. If corrections are necessary over a Lot that has been conveyed and improved, the party performing the correction shall repair and replace any damage to the landscaping and improvements in a reasonable manner and extent.

Section 2. Easements Reserved to Declarant. Declarant reserves and retains nonexclusive easements for ingress, egress and regress and for the installation of all types of utilities and drainage over the Common Area and Lots necessary and desirable in the development of the subdivision to completion and for access over all roads until the Property is totally developed with dwellings on each lot.

ARTICLE VIII
COVENANTS OF OWNER TO KEEP UNITS INSURED AGAINST LOSS, TO REBUILD AND TO KEEP IN GOOD REPAIR

The Declarant covenants with the Association, on behalf of itself and on behalf of each subsequent Owner of a Lot within the Properties, and each Owner of any Lot within the Properties, by acceptance of a deed therefore whether or not it shall be so expressed in said deed, or by exercise of any act of ownership, is deemed to covenant:

(a) To keep each dwelling unit upon a Lot insured against loss by fire with what is commonly called extended coverage in an amount equal to at least ninety percent (90%) of the replacement value of such dwelling;

(b) Subject to the provisions and covenants contained in any mortgage or mortgages, deed of trust or deeds of trust creating a lien against any Lot, to apply the full amount of any insurance proceeds to the rebuilding or repair of the dwelling;

(c) To rebuild or restore the dwelling in the event of damage thereto; and

(d) To keep the dwelling and appurtenances, excluding common ground, in good repair as provided by the bylaws, this Declaration and the rules and regulations adopted from time to time by the Board of Directors.

In the event of nonpayment of any premium for insurance required under this Article VIII, the Association is authorized to pay such premium, and sums so paid shall be due on demand and

become a lien upon the insured Lot and a personal obligation of the Owner which shall be enforceable in the same manner and to the same extent as provided for enforcement of liens for assessments hereunder. This is a right to do so and not an obligation of the Association.

ARTICLE IX
GENERAL PROVISIONS

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

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

Section 3. Amendment by Members. The covenants and restrictions of this Declaration shall run with and bind the land. This Declaration may be amended by an instrument signed by not less that sixty-six and two-thirds percent (66 2/3%) of the Lot Owners. Any amendment is to be properly recorded in the Alamance County Register of Deeds Office. No amendment shall affect the rights of the Declarant unless approved by the Declarant in writing.

Section 4. Annexation. Additional contiguous residential property and Common Area may be annexed to the properties by the Declarant without approval of the Members or the Association until the Declarant sells all the Lots and dwellings are constructed thereon and thereafter with the consent of two-thirds (2/3) of the Class A Members. The separation of property by streets, easements, creeks or common area shall be deemed to be contiguous. Additional properties as annexed, if any, shall become a part of the Properties as defined herein and shall be subject to the provisions of this Declaration, the Bylaws and the Articles of Incorporation of the Association.

Section 5. Storm Water Control - Wet Detention Basin. Declarant has entered into a Storm Water Control Operations and Maintenance and Grant of Easement Agreement with the Town of Burlington, NC, that requires for the care maintenance and operation of a wet detention basin in compliance with all governmental regulations by the Declarant-Developer until such time as an assignment and transfer of such obligations by a "Notice of Transfer of Ownership" form being submitted. The wet detention basin is a part of the common area, and the Association will maintain and operate the same in accordance with law and accept the obligations imposed by the governmental authorities having jurisdiction upon the Declarant-Developer submitting the Notice of Transfer of Ownership form without further acceptance or approval. If the Association should be dissolved or cease to exist, then in that event all Owners of a lot in the property shall be responsible for a pro rata share of the expense by dividing the total number of Lots into the costs

of operating, maintaining, repair and replacement of the water quality pond and equipment. If governmental requirements are not met, then the same may be complied with by the governmental authority having jurisdiction and all lot owners shall be personally liable for a pro rata share of the costs and if not paid when requested then collection can be collected from each owner and each non-paying owner's lot may be foreclosed upon to obtain funds to pay for such requirements.

Section 6. Amendment by Declarant. In the event Declarant shall seek to obtain approval of this Declaration, the Bylaws, Rules and Regulations and/or the Articles of Incorporation and the development plan, as the same may be changed or supplemented, in order that Lots will be eligible for loan approval, guarantee or insured by Veterans Administration ("VA"), the Department of Housing and Urban Development ("HUD"), the Federal Housing Administration ("FHA"), the Federal National Mortgage Association ("FNMA"), or other governmental or lending or insuring agency, it is possible that such agency or agencies will require change in this Declaration and other documents in order to make the Lots and units eligible for such loans. In such event, Declarant, in its sole discretion, without the consent or approval of any Owner (Member) shall have the right to amend the Articles of Incorporation, Bylaws, this Declaration and/or Supplemental Declarations and other documentation and the amendment shall become effective upon recordation of the amendment. This right shall exist and continue until Declarant disposes of all of the Lots and may not be amended without the written consent of the Declarant, its successors or specific assigns to whom such right is assigned.

Section 7. Signatures Following Meeting. At any place herein where it is required that a certain percentage of Members approve the adoption of an amendment, an approval or consent of any other matter, such percentage requirement may be obtained after any required meeting, provided the motion for approval was not defeated, by obtaining the signatures of Members sufficient to meet the required percentage.

Section 8. Modification By Declarant. Declarant reserves and retains the absolute right to delete, amend, modify, change or expand the terms and conditions of and any documents associated with the Association until the sale of all Lots. A change in a recorded document will be recorded in the Office of Register of Deeds of Alamance County, North Carolina. All existing owners and purchasers of Lots, their heirs, successors and assigns shall be bound by the subsequent recordings, if any.

ARTICLE X
RIGHTS OF FIRST MORTGAGEES

Any first mortgagee of a Lot shall be entitled, upon their written request to the Association, to written notification by the Association of any default by the Owner-mortgagor of such Lot in the performance of such Owner obligations under the Declaration when such default is not cured within thirty (30) days from notice of its occurrence.

IN TESTIMONY WHEREOF Clayton Properties Group, Inc. has caused this instrument to be signed by its duly authorized Officer for and on behalf of the corporation.

DECLARANT

CLAYTON PROPERTIES GROUP, INC.

By: _____

Title: Vice President / Market Manager

STATE OF NC
COUNTY OF Forsyth

I, Connie A Ader, a Notary Public of Davidson County, North Carolina do hereby certify that Chris R Inabnet as VP/Market Manager, of Clayton Properties Group, Inc. personally appeared before me and acknowledged the execution of the foregoing instrument.

Witness my hand and notarial stamp or seal this 2 day of Aug, 2022.

Connie C Ader
Notary Public

My Commission Expires: 4/5/2025

CONNIE A. ADER
NOTARY PUBLIC
Davidson County
North Carolina
My Commission Expires 04/05/2025

EXHIBIT A

BEING KNOWN AND DESIGNATED as "The Stables at Harris Farm" as shown on plat record in Plat Book 83, Page 35 in the Office of the Register of Deeds of Alamance County, North Carolina. Reference in said plat is hereby made for a more particular description.