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RESTATED MASTER DECLARATION OF COVENANTS
AND RESTRICTIONS OF POTTERSTONE VILLAGE SUBDIVISION
(formerly May Farm Subdivision)

THIS RESTATED DECLARATION of Covenants and Restrictions of Potterstone Village Subdivision (formerly May Farm Subdivision) is made this 24th day of March, 2004, by Potterstone LLC ("PLLC") (hereinafter referred to as "Declarant"), successor by assignment, from G.P.G. Development, LLC, and reflects all amendments, including those adopted at a meeting of the Members and Declarant on the 23rd day of March, 2004, which appear in bold type.

WITNESSETH

WHEREAS, Declarant is the owner of the property described on Exhibit "A" to this Declaration, and by Master Declaration of Covenants and Restrictions recorded in Book 820 at Page 544 of the Chatham County Registry (the "Covenants"), G.P.G. Development, LLC subjected the real property described herein to the provisions of said Covenants which were amended by a First Amendment recorded in Book 840 at Page 696 and a Second Amendment Recorded in Book 897, Page 116, and were further amended at a meeting of the Members and Declarant on the 23rd day of March, 2004, WITH THE MOST RECENT AMENDMENT APPEARING IN BOLD TYPE and with all now effective provisions being set forth in these Restated Covenants; and

WHEREAS, the Declarant desires to create on that portion of the above property described in Article II hereof a development community known as Potterstone Village Subdivision (formerly May Farm Subdivision) and to provide for the preservation of values, for the maintenance of common facilities and services, and for a vehicle for the administration and enforcement of covenants and restrictions; and

WHEREAS, Declarant has caused to be incorporated under the laws of the State of North Carolina, a non-profit corporation, Potterstone Village Community Association, Inc. (formerly May Farm Community Association, Inc.), for the purpose of exercising the functions aforesaid, and which are hereinafter more fully set forth.

NOW, THEREFORE, Declarant declares that the real property described in Article II, and such additions thereto as may hereinafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments, affirmative obligations, and liens (all hereinafter sometimes referred to as "the Covenants" or "Declaration") hereinafter set forth.

ARTICLE I
DEFINITIONS

The following words and terms when used in this Declaration or any supplemental declaration (unless the context shall clearly indicate otherwise) shall have the following meanings:

- (a) "Affiliate" shall mean any corporation owning more than fifty percent (50%) of the voting stock of the Declarant, or which is owned or controlled by the Declarant or the Developer, and any partnership or joint venture in which the Declarant or a Developer has fifty percent (50%) or more of the cash flow from such partnership or joint venture.
- (b) "Association" shall mean and refer to **Potterstone Village Community Association, Inc. (formerly May Farm Community Association, Inc.)** a North Carolina non-profit corporation, its successors and assigns.
- (c) "Board of Directors" or "**Board**" shall mean those persons elected or appointed to act collectively as the directors of the Association.
- (d) "Bylaws" shall mean the bylaws of the Association as they are now or hereafter exist.
- (e) "**Common Expenses**" shall mean **expenditures made by or financial liabilities of the Association, together with any allocations to reserves.**
- (f) "Common Properties" or "**Common Areas**" shall mean and refer to **all portions of the Property which are intended for the common use and enjoyment of the Owners in the Association, and which are identified and dedicated to the Association on any recorded subdivision plats of the Property, or conveyed to the Association by deed or in these Covenants or any other declaration of covenants and restrictions that may hereafter be recorded in the County.**
- (g) "Declarant" shall mean **Potterstone LLC, successor by assignment from G.P.G. Development L.L.C.,** its successors and assigns.
- (h) "Developer" shall mean **Potterstone LLC, successor by assignment from G.P.G. Development L.L.C.,** its successors and assigns.
- (i) "Exempt Property" shall mean and refer to the following classifications of property within the Properties, which property shall be exempt only from the payment of assessments.
 - (1) All land designated on the Master Plan for intended use, or by actual use **if applicable**, as indoor and outdoor recreational and community facilities

owned and operated by the Declarant, the Declarant's Affiliates, the Developer, the Developer's Affiliates, or the Association;

- (2) All lands and any improvements thereon designated in any way as Common Properties; or Restricted Common Properties;
 - (3) All lands designated on the Master Plan as "Neighborhood Recreation" areas;
 - (4) All lands designated on the Master Plan or on recorded plats as Dedicated Open Space, Common Open Space, Public Greenways, Greenways, Public Roads, and Open Space and any improvements thereon which are defined in subparagraph (1) of this paragraph (i);
 - (5) Property which is used for the maintenance, operation and service of facilities within Common Properties and Restricted Common Properties and facilities within Open Space Areas which are defined in subparagraph (1) of this paragraph (i);
 - (6) Property which is used for the maintenance, operation, and service of utilities within the Properties.
- (j) "Improvements" shall mean and refer to all structures of any kind, including, without limitation, any house, dwelling, garage, building, fence, wall, sign, paving, grading, parking, pool, screen enclosure; sewer, draining, or disposal systems; satellite dishes, antennas, electronic and other signaling devices; decorative building, landscaping or landscape devices (including, existing and planted trees and shrubbery) or objects; and any alterations or additions thereto.
- (k) "Institutional Lender" shall mean any bank, insurance company, trust company, real estate investment trust, savings and loan association, pension fund, or other first mortgage lender holding a first mortgage or deed of trust on any of the Property.
- (l) "Master Plan" shall mean and refer to the drawing which represents the conceptual plan for the future development of **Potterstone Village Subdivision (formerly May Farm Subdivision)**. Since the concept of the future development of **Potterstone Village Subdivision** is subject to continuing revision and change by the Declarant, present and future references to the "Master Plan" shall be references to the latest revision thereof.
- (m) "Member" shall mean and refer to all those Owners who are Members of the Association as defined in Section 1 of Article III.

- (n) "Neighborhood Areas" shall mean various areas within **Potterstone Village Subdivision (formerly May Farm Subdivision)**, which may have been subjected to Additional Restrictive Covenants applied only to such area.
- (o) "Neighborhood Covenants" shall mean the additional Restrictive Covenants applied only to a particular Neighborhood Area.
- (p) "Owner" shall mean and refer to the Owner of a **Residential Lot** as shown by the Real Estate Records in the Register of Deeds Office of Chatham County, North Carolina, whether it be one (1) or more persons, firms, associations, corporations, or other legal entities, of fee simple title to any Residential Lot situated upon the **Properties**, but, notwithstanding any applicable theory of a deed of trust, shall not mean or refer to the mortgagee or holder of a deed of trust, its successors or assigns, unless and pursuant to foreclosure or a processing or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or **tenant of an Owner**.
- (q) "**Potterstone Village Subdivision**" (formerly May Farm Subdivision) shall mean and refer to the lands in Pittsboro, North Carolina, which are shown on the Declarant's Master Plan as revised from time to time.
- (r) The "Property" or "Properties" shall mean and refer to the existing property described in Article II hereof, and additions thereto, as are subjected to this Declaration by **an amendment thereto** under the provisions of Article II hereof.
- (s) "Resident" shall mean and refer to each Owner of a Residential Unit who resides in **Potterstone Village Subdivision (formerly May Farm Subdivision)**.
- (t) "**Residential Lot**" shall mean and refer to any residential lot located within the Property together with any dwelling and other improvements situated thereon, if any, which may be or has been used as a site for a single-family detached dwelling, or a single-family patio home (zero lot line).
- (u) "**Residential Unit**". A Residential Lot may herein be referred to from time to time as a "Residential Unit" if it has a dwelling situated thereon.
- (v) "Restricted Common Properties" shall mean and refer to those tracts of land with all improvements thereon which are designed as "Common Properties" or "Common Area" on any map of a portion of the Property which is under the control and jurisdiction of a "Sub-Association", as hereinafter defined, and which is reserved or restricted for the use of members of such Sub-Association.
- (w) "Sub-Association" shall be North Carolina non-profit corporations established by developers of places or portions of the Properties requiring an association to manage the affairs of its members and properties owned by or under the control of

such Sub-Association, which definition shall also include each Association established in connection with any Sub-Master Declaration defined in (y) below.

- (x) "Subdivision" shall mean and refer to Potterstone Village Subdivision.
- (y) Sub-Master Declaration of Covenants and Restrictions" shall mean an additional Declaration of Covenants and Restrictions placed on all or a portion of its respective property by Declarant and which shall be applicable only to such property.
- (z) "Tenant" shall mean and refer to the tenant/lessee under a written agreement for the lease of a Residential Unit which lease must be for a term of at least six (6) months.

ARTICLE II EXISTING PROPERTY AND ADDITIONS

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied, and used subject to this Declaration is described on attached Exhibit "A".

All of the real property hereinabove described shall sometimes be referred to herein as the "Existing Property". The Declarant intends to develop the Existing Property in accordance with a Master Plan on display in its Reception and Sales Office, and other areas. The Declarant reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing research and design program. The Master Plan shall not bind the Declarant, its successors and assigns, to adhere to the Master Plan in the development of the land shown thereon, subject to its right to modify the master Plan as stated herein. The Declarant shall convey to the Association certain properties designated on the Master Plan as properties which may be transferred to the Association, as, in the reasonable exercise of its discretion, it so chooses without regard to the relative location of such portions or sections within the overall plan. Once conveyed to the Association, these properties shall become Common Properties. The Declarant shall not be required to follow any predetermined sequence or order of improvements and development; and, it may bring within the plan of these Covenants additional lands, and develop the same before completing the development of the Existing Property. Other than as stated in this paragraph, the Declarant shall have full power to add to, subtract from, or make changes in the Master Plan regardless of the fact that such actions may alter the relative maximum potential voting strength of the various types of membership of the Association.

Section 2. Additional Properties. Declarant may, at any time and from time to time, subject additional property to the Covenants by recording in the Public Records of Chatham County an amendment to the Covenants, describing such additional property, provided, however, that all such additional property is shown on the Master Plan or is adjacent to the property shown on the Master Plan and developed in a manner compatible with the Master Plan, but provided that after December 31, 2010, the Board must approve

such addition/annexation, which approval shall not be unreasonably withheld. Except as otherwise provided herein, such amendments may be made by Declarant in its sole and absolute discretion without the approval of any of the members or the joinder of any entity or individual until December 31, 2010.

ARTICLE III
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. The Declarant (so long as it owns a Residential Lot or Unit within the Property) shall be a Member of the Association, and any creditor of an Owner who acquires title to a Residential Lot or Unit pursuant to foreclosure shall be a Member of the Association. Every Owner shall be a Member of the Association. Owners who are exempt from the payment of Assessments shall not be Members of the Association, unless otherwise specified herein.

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

CLASS "A": Class "A" Members shall be all Owners of a Residential Lot or Unit, excluding Declarant, its successors and assigns, situated within the bounds of the Property and each Class "A" Member shall be entitled to one (1) vote for each Residential Lot or Unit Owned by such Member.

CLASS "B": Class "B" Members shall be the Declarant who shall be entitled to have five (5) votes for (i) each Residential Lot or Unit owned by it as well as for (ii) each lot owned by Declarant as shown on the Master Plan even though said property has not yet been added to the Property; provided, however, the maximum number of such lots located in the Property to be added shall not exceed 139 lots for purposes of determining the number of Class B votes, if any of the property to be added has not been subdivided into lots, or in any event, the number of Class B votes may be calculated by subtracting the number of Class A votes from 192 and multiplying the result by five (5).

Section 3. Termination and Conversion of Class B Members to Class A Members. The Class B Members shall cease to exist and shall be converted to Class A Members upon the earlier of the following to occur:

(a) When the total number of votes appurtenant to the Class A Members equals the total number of votes appurtenant to the Class B Members. When the Class B Members cease to exist and are converted to Class A Members, Declarant shall have the same voting rights as other Class A Member.

(b) on December 31, 2010.

Section 4. Governance. The Association shall be governed by a Board of Directors consisting of three (3) Members.

Section 5. Election of the Board of Directors

(a) The Class "A" Members together with the Class "B" Member shall elect three (3) Directors.

(b) The method of electing directors shall be as set forth in the Bylaws of the Association.

Section 6. Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the Members at an open meeting of the Association shall be as provided in the Bylaws.

Section 7. Proxies and Ballots. All Members of the Association may vote and transact business at any meeting of the Association in person or by written proxy or written ballot as provided in the Bylaws (hereinafter the terms "proxy" or "proxies", and "ballot" or "ballots" are to be understood to mean that they are written documents).

ARTICLE IV

PROPERTY RIGHTS IN THE COMMON PROPERTIES:

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of these Covenants, the rules and regulations of the Association and any fees or charges established by the Association, and the provisions of Covenants, rules and regulations of "Sub-Associations" established within the Properties, every Member and every guest and tenant of such Member shall have a right of easement of enjoyment in and to the Common Properties, and such easement shall be appurtenant to and shall pass with the title of every parcel within the Properties.

Section 2. Title to Common Properties. The Declarant covenants for itself, its successors and assigns, that it shall convey by deed to the Association, at no cost to the Association, and subject to (i) this Declaration of Covenants and Restrictions, (ii) all other restrictions and limitations of record at the time of conveyance, (iii) any restrictions, limitations, conditions, or determinations as to the purposes and uses of the conveyed properties as stipulated in said deed, and (iv) any commitments by the Declarant to construct certain improvements thereon as stipulated in said deed for the Common Properties. **This does not apply to common properties that are required to be deeded to the Town of Pittsboro as designated in the Master Plan.**

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

(a) The right of the Association, in accordance with its Bylaws to borrow money from any lender for the purpose of improving and/or maintaining the Common Properties, and providing services authorized herein and in aid thereof to mortgage said properties provided, however, that any such mortgage is with the prior consent of two-thirds of the votes entitled to be

voted by the Members of the Association, which consent may be evidenced by petition or by an affirmative vote of each of such two-thirds by Members voting in person or by proxy at a duly called meeting of the Association; and

(b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosures;

(c) The right of the Association to suspend the right to vote and the right of any Member or Tenant or guest of any Member to use the Common Areas for any period during which the payment of any Assessment against property owned by such Member remains delinquent, and for any period not to exceed sixty (60) days for any infraction of its published rules and regulations, it being understood that any suspension for either non-payment of any Assessment or a breach of the rules and regulations of the Association shall not suspend the right to use any roads belonging to the Association subject to the rules, regulations and fees, if any, established by the Association for such use.

(d) The right of Declarant or the Association by its Board of Directors to dedicate or transfer to any public or private utility, utility or drainage easements on any part of the Common Properties; and

(e) The right of the Association to give or sell all or any part of the Common Properties, including lease-hold interests, subject to (i) the provisions of this Declaration of Covenants and Restrictions and (ii) all other restrictions and limitations of record at the time of conveyance, to any public agency, authority, public service district, utility, or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided, however, that no such gift or sale of any parcel of land and improvements thereon, or determination as to the purposes or as to the condition thereof, shall be effective unless such dedication, transfers, and determinations as to purposes and conditions shall be authorized by the affirmative vote of two-thirds (2/3) of the votes cast at duly called meeting of the Association, subject to the quorum requirements established by the Bylaws, and unless written notice of the meeting and of the proposed agreement and action thereunder is sent to every Member of the Association at least thirty (30) days prior to such meeting. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistance Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer of any parcel of land and improvements thereon affecting the Common Properties prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership. The gift or sale of any personal property owned by the Association shall be determined by the Board of Directors in its sole and uncontrolled discretion.

(f) The right of the Declarant or the Association to convey all or part of the Common Properties to the Town of Pittsboro.

ARTICLE V
COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant covenants, and each Owner of each Residential Lot within the Properties, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association: (a) Annual Assessments or charges; and (b) Special Assessments or charges for the purposes set forth in this Article, such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof including a reasonable attorney's fee as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such Assessment is made, and shall also be the personal obligation of the Owner of such property at the time when the Assessment first became due and payable. Co-owners shall be jointly and severally liable for the entire amount of the Assessment.

Section 2. Purpose of Assessments: The Annual Assessments levied by the Association shall be used for the purposes outlined in Article VI hereof.

Section 3. Application of "Maximum" Assessment.

(a) Subject to the provisions of Section 5, below, until January 1, 2005, the Maximum Annual Assessment shall be \$345.36 per Residential Lot.

(b) From and after January 1, 2005, the Maximum Annual Assessment may be increased by the Board of Directors effective January 1 of each year subject to the limitation that the percentage of any such increase shall not exceed 10% of the maximum assessment for the previous year unless such increase is approved as set forth in Section 3(c).

(c) The Maximum Annual Assessment may be increased without limitation if such increase is approved by the Declarant, so long as it is a Class B Member, and by not less than two-thirds (2/3) of the votes cast by the Class A Members, in person or by proxy, or by ballot at a meeting duly called for this purpose.

(d) The Board of Directors shall fix the actual Annual Assessment for a calendar year at any amount not in excess of the Maximum Annual Assessment together with any allowable increase (see (b) above), or approved increase (see (c) above) thereto for that year.

(e) Any Annual Assessment established by the Board of Directors shall continue thereafter from year to year as the Annual Assessment until changed by the Board.

Section 4. Special and Emergency Special Assessments.

(a) **Special Assessments.** Subject to the provisions of Section 5, below, in addition to the Annual Assessments authorized above, the Association may levy, in any assessment year for use in that year and any subsequent year, Special Assessments for the purpose of defraying, in whole or in part, the cost of any construction, repair or replacement of any improvement for which the Association is responsible, including, if appropriate, fixtures and personal property related thereto, for repayment of indebtedness and interest thereon, or for any other reasonable and valid purpose, provided that any such assessment shall have the assent of the Declarant (so long as it is a Class B Member) and not less than two-thirds (2/3) of the votes cast by the Class A Members, in person or by proxy, or ballot at a meeting duly called for this purpose. Such Special Assessment shall be due and payable at the times and in accordance with procedures established by the Board of Directors.

(b) **Emergency Special Assessments.** The Association may levy an Emergency Special Assessment when, in the sole determination of the Board of Directors, there is potential danger of damage to persons or property. Such emergency Special Assessments may be utilized to pay for preventative, protective or remedial construction, reconstruction, improvements, repairs or replacements. Events justifying Emergency Special Assessments include, but are not limited to, hurricanes, floods, and fires. Emergency Special Assessments shall be collectible from and in the same manner as Special Assessments.

Section 5. Assessment Rate: Collection Period.

(a) Except as set forth in this Article V, Annual Assessments, Special Assessments and Emergency Special Assessments shall be fixed at a uniform rate for all Lots. Said Assessments may be collected on a yearly, semi-annual, quarterly or monthly basis, as determined by the Board of Directors.

(b) Notwithstanding any other provision of this Declaration, the Assessments for a Residential Lot shall be one-fourth (1/4) of the Annual Assessment, Special Assessment or Emergency Special Assessment until the first day of the month after which a deed for a Residential Unit has been recorded in the Chatham County Registry at which time it shall be assessed at the full assessment rate in effect at that time for said Assessments.

Section 6. Notice of 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 Section 3(c) or 4(a) of this Article V shall be sent to all Members not less than ten (10) days nor more than thirty (30) days prior to the meeting. At such meeting, the presence of Class A Members or of written proxies or ballots from Class A Members entitled to cast fifty percent (50%) of the votes appurtenant to each of the Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same

notice requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 7. Date of Commencement of Annual Assessments; Amount of Initial and Subsequent Annual Assessments; Certificate of Payment. Subject to the provisions of Section 5 of this Article V, unless a different commencement date is set by the Board of Directors, the Annual Assessments provided for herein shall commence as to all Lots on the first day of the month following the recording of the plat. Unless a lower amount is set by the Board of Directors, the first Annual Assessment shall be the "Annual Assessment" applicable to that year and shall be prorated according to the number of months remaining in the calendar year.

At least thirty-five (35) days before January 1 of each year, the Board of Directors shall fix the amount of the Annual Assessment against each Lot. At least thirty (30) days before January 1 of each year, the Board of Directors shall send written notice of such assessment to every Owner subject thereto. The due dates for the payment of Annual, Special and Emergency Special Assessments shall be established by the Board of Directors.

The Association shall, upon demand, and for such reasonable charge as the Board of Directors may determine, furnish a certificate signed by an officer of the Association setting forth whether the assessments for a specified Lot have been paid. If such certificate states that an assessment has been paid, such certificate shall be conclusive evidence of payment.

Section 8. Effect of Nonpayment of Assessments; Remedies. Any assessment not paid within ten (10) days after the due date shall incur such late charge as the Board of Directors may from time to time establish, and, if not paid within thirty (30) days after the due date, shall also bear interest from the due date at the rate of eighteen percent (18%) per annum or the highest rate allowed by law, whichever is less. The Association may bring an action at law or in equity against the Owner personally obligated to pay the same and/or foreclose the lien against the Lot for which such assessment is due. Interest, late payment charges, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or 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 or first deed of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of a Lot pursuant to such foreclosure of a mortgage or deed of trust shall extinguish the lien of such assessments as to the payment thereof which became due prior to the date of such conveyance. No such sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any first mortgage or deed of trust.

Section 10. Exempt Property. All Common Area, all property dedicated to and accepted by a public authority and all property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. Notwithstanding the foregoing, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11. Working Capital Fund. At the time of closing of the initial sale of each dwelling constructed on a Lot, the sum of \$125.00 shall be collected from the purchaser of such dwelling and transferred to the Association as part of its working capital. The purpose of the working capital fund is to ensure that the Association will have adequate cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed by the Board of Directors to be necessary or desirable. Amounts paid pursuant to this Section shall not be considered as an advance payment of any regular assessment.

Section 12. Reserve Funds. The Association shall establish reserve funds from its Annual Assessments to be held in reserve in an interest bearing account or investment as a reserve for:

- (a) Major rehabilitation or major repairs;
- (b) For emergency and other repairs required as a result of storm, fire, natural disaster, or other casualty loss;
- (c) Initial costs of any new service to be performed by the Association; and
- (d) For the periodic maintenance, repair, and replacement of improvements to the
- (e) Common Properties and any Restricted Common Properties that it is obligated to maintain.

Section 13. Annual Statements. The President, Treasurer, or such other Officer as may have responsibility for custody of the funds of the Association shall annually, within one hundred twenty (120) days after the close of the fiscal year of the Association, caused to be prepared a general itemized financial statement showing the actual assets and liabilities of the Association at the close of such fiscal year, and a statement of revenues, costs and expenses for that year. Such officer shall furnish to each Member of the Association who may request such in writing, a copy of such financial statement, within ten (10) days after receipt of such request. Such copy may be furnished to such Member either in person or by mail. Any holder of a first mortgage on a Residential Lot(s) or Unit(s) shall be entitled, upon written request, to a financial statement for the immediately preceding fiscal year.

Section 14. Annual Budget. The Board of Directors shall prepare and make available to each Member of the Association, at least thirty (30) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for the following fiscal year.

ARTICLE VI
FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Properties-Uses. The Association shall be authorized to own and/or maintain Common Properties, Restricted Common Properties, equipment, furnishings, and improvements devoted to the following uses:

(a) For roadway medians, cul-de-sac islands within the rights of way, and neighborhood or other area entrances (including signs) throughout the Properties;

(b) For sidewalks, walking paths or trails, bicycle paths, pedestrian underpasses, and bridle paths through the Properties.

(c) For providing any of the services which the Association is authorized to offer under Section 2 of this Article VI;

(d) For purposes set out in deeds by which Common Properties and Restricted Common Properties are conveyed to the Association;

(e) For indoor and outdoor recreational and community facilities, including, but not limited to, basketball courts, swimming pools, and any showers, locker rooms, or other club facilities associated with such uses, playgrounds, gazebos, picnic shelters, picnic tables, parks, walking trails, bike trails, boardwalks, community meeting facilities, and all rest room facilities, parking lots, service building, and concession-type food services associated with all such uses;

(f) For water and sewage facilities and any other utilities, if not adequately provided by a private utility, Chatham County or the Town of Pittsboro; and

(g) For the cleaning, landscaping and maintenance of all roadway medians and islands, cul-de-sac islands, and neighborhood and other area entrances (including signs).

Section 2. Services. The Association shall be authorized, but not required, except as specified in Section 3 of this Article VI, to provide the following services:

(a) Cleaning and maintenance of all lakes, parks, sidewalks, walking trails, bike trails, Common Properties and Restricted Common Properties, and also all public properties which are located within or in a reasonable proximity to the Properties such that their deterioration would affect the appearance of the Properties as a whole:

(b) Landscaping and beautification of roads, roadways, lakes, parks, sidewalks, walking paths, bike trails, Common Properties and Restricted Common Properties;

(c) Lighting of roads, signs, landscaping, sidewalks, walking paths, bike trails, parking lots, and any recreational and community facilities located within the Properties;

(d) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the state and local governments;

(e) The services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this document;

(f) To take any and all actions necessary to enforce all Covenants and Restrictions affecting the Properties and to perform any of the functions or services delegated to the Association in any Covenants or Restrictions applicable to the Properties;

(g) To set up and operate an Architectural Review Board for the purposes outlined in Article VII hereof.

(h) To construct improvements on Common Properties for use for any of the Purposes authorized in this Article, or as may be required to provide any of the services authorized in this Article;

(i) To provide administrative services, including, but not limited to legal, accounting, and financial; and communication services, including, but not limited to, community newsletters and newspapers to inform Members of activities, notices of meetings, referendums, and other issues and events of community interest;

(j) To provide liability and hazard insurance covering improvements and activities on the Common Properties and Restricted Common Properties.

(k) To provide, conduct, or maintain water pollution and shoreline erosion abatement measures including, without limitation, maintenance and repair of shore revetments and groins;

(l) To construct signs, and other standard features for use throughout the Properties;

(m) To provide any or all of the above listed services to another association of Owners of real property under a contract, the terms of which must be approved by the Board of Directors.

Section 3. Minimum List of Functions and Services. The "Minimum List of Functions and Services" shall establish and define the minimum level of functions and services which the Association must furnish or cause to be furnished to its Members. So long as the Declarant is engaged in the development of Properties which are subject to the terms of this Declaration, the Association shall not reduce the level of functions and services it furnishes to its Members below such minimum level without the prior written consent of the Declarant. The "Minimum List of Functions and Services" is as follows:

(a) The Association shall provide or procure the administrative services necessary to carry out the Association's obligations and business under the terms of this Declaration, the Articles of Incorporation of the Association and the Bylaws of the Associations, including, but not limited to, legal, accounting, financial and communications services.

(b) The Association shall administer and enforce the covenants and restrictions established in this Declaration, including, but not limited to, the following:

- (1) The Association shall set Assessments, levy Assessments, notify the members of such Assessments, and collect such Assessments.
- (2) The Association shall prepare accurate lists of Members, Property Classifications, Votes, Assessments, the Maximum Number of Residential Lots and Residential Units authorized in the Properties, and the Maximum Annual Assessment;
- (3) The Association shall operate an Architectural Review Board ("ARB") by the time Declarant has either transferred such authority to the Board of Directors or no longer is a Class B Member, whichever occurs first, and, in any event on or after January 1, 2010.
- (4) The Association shall maintain and operate all Common Properties;
- (5) The Association shall hold Annual Meetings, Special Meetings, and Referendums as required, hold elections for the Board of Directors as required and give Members "proper notice" as required;
- (6) The association shall prepare Annual Financial Statements and Annual Budgets, and shall make the financial books of the Association available for inspection by Members at all reasonable times by appointment.
- (7) The Association shall maintain appropriate liability and hazard insurance coverage for improvements and activities on all Common Properties.

(c) The Association shall provide appropriate director's and officers' legal liability insurance, and indemnify persons pursuant to the provisions of the Bylaws of the Association.

(d) The Association shall keep a complete record of all its acts and corporate affairs.

(e) The Association shall (except where such services are adequately provided by governmental agencies) provide regular landscape maintenance, including limb and trash debris, on all cul-de-sac and roadway islands, entrances, parks, greenways, and walking trails. Notwithstanding the foregoing, if any cleaning is necessary in the roads or road rights-of-way or common areas because debris, etc. results from, is caused by or is related to construction activities on Residential Lot(s), then the Lot Owner(s) thereof shall be responsible for the cleanup. If the lot owner fails to remove the debris and/or clean these

areas, the Association may perform the work and the lot owner shall be subject to an individual assessment for the cost of such clean up performed by the Association.

(f) The Association shall (except where such services are adequately provided by governmental agencies) provide general maintenance of all subdivision entrance signs, and neighborhood and other area signs, including, but not limited to, painting, light replacement, repair work and replacement as needed.

(g) The Association shall provide regular maintenance and cleanup of all Common Properties, including, but not limited, mowing of grass, fertilization as needed, landscape maintenance as needed, pick up and disposal of trash; repair, maintenance and replacement of sprinkler systems and private irrigation pump and systems, including that portion lying within the dedicated rights-of-way; washing down of picnic tables and benches as needed, and painting, repairing and replacing all improvements as needed, including the pool, bathhouse and associated appurtenances.

(h) Insurance coverage on the Property shall be governed by the following provisions:

(1) Ownership of Policies. All insurance policies upon the Common Property shall be purchased by the Association for the benefit of all the Association, the Owners, and the Declarant.

(2) Property/Casualty Insurance Coverage. All buildings, facilities and improvements upon and all personal property included in the Common Areas shall be insured in an amount equal to one hundred percent (100%) insurable replacement value (if available at a reasonable cost, and if not, then coverage as close to 100% as reasonably possible) as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:

(i) Loss or damage by fire and other hazards covered by standard extended coverage endorsement, and

(ii) Such other risks as from time to time shall be customarily covered with respect to buildings and improvements on the Common Property.

(iii) The Association may elect not to insure items of personal property having an individual value of less than \$500.00.

(3) Liability Insurance. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000.00) per occurrence.

(4) Other Insurance. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.

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- (5) Premiums. Premiums for insurance policies purchased by the Association shall be paid by Association as a **Common Expense of the Association.**
- (6) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association, the Owners and the Declarant, as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustee under this Declaration. The sole duty of the Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated below.
- (i) Expense of the Trust. All expenses of the insurance trustee shall be first paid or provisions made therefor.
- (ii) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs (if the Board of Directors elects to repair). Any proceeds remaining after defraying such cost shall be retained by the Association.
- (7) Fidelity Bonds. All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount **considered sufficiently adequate by the Association.**

Section 4. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the Members of the Association.

Section 5. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as security for loans made to the Association, which loans shall be used by the Association in performing its authorized functions and services; provided that any such mortgage is with the consent of two-thirds (2/3) of the Members of the Association, which consent may be evidenced by petition or by an affirmative vote of two-thirds of the Association.

Section 6. Maintenance of Property Not Owned by the Association. The Association shall be authorized to render services of a governmental nature not furnished by the local government in the case of maintenance of property not owned by it.

ARTICLE VII
ARCHITECTURAL CONTROL

Section 1. Purpose. The primary purpose of these covenants and restrictions and the foremost consideration in the origin of same has been the creation of a community which is aesthetically pleasing and functionally convenient. The establishment of certain objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of Property and of technological advances and environmental values. In order to implement the purposes of these covenants, the Declarant may establish and amend from time to time objective standards and guidelines, including, but not limited to, Architectural Standard and Construction Specifications, Uniform Sign Regulations, Uniform Mailbox Regulations, Landscape Guidelines, and Environmental Rules and Regulations as defined hereinafter, and which shall be binding on all Property Owners within Potterstone Village Subdivision.

Section 2. Architectural Review/Control/Board.

(a) No building, fence, or other structure shall be erected, placed, or altered, nor shall a building permit for such improvement be applied for on any Property in the Subdivision until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives, and parking areas) shall have been approved in writing by the Declarant, or by the Architectural Review Board ("ARB") of the Association, if such review responsibility has been delegated to the Association by the Declarant. In addition, the Declarant/ARB may require prior written approval of a landscape plan. The Declarant/ARB further reserves the right to promulgate and amend from time to time architectural standards/guidelines and construction specifications (hereinafter referred to as the "Architectural Standards/Guidelines and Construction Specifications") for specific neighborhoods and areas or for all Properties within the Subdivision and such Architectural Standards/Guidelines and Construction specifications shall establish, define, and expressly limit those standards and specifications which will be approved in said neighborhoods and areas or within the Properties, including, but not limited to, architectural style, exterior color or finish, roofing material, siding material, driveway material, landscape design, and construction technique. Refusal or approval of plans, location, exterior color or finish, or specifications by the Declarant/ARB may be based upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant/ARB shall deem sufficient. No change or alteration in or to any fence, building, structure, or any other improvement, including exterior color or finish, shall be made without like prior written approval by the Declarant/ARB. In the event approval of any such plans is neither granted nor denied within forty five (45) days following dated acknowledgement of receipt by the Declarant/ARB of written request for approval, the provisions of this paragraph shall be thereby waived.

(b) In order to assure that buildings and other structures will be located and staggered so that the maximum view, privacy, sunlight, and breeze will be available to each building or structure within the confines of each Property, and to assure that structures will be located with regard to the topography of each Property, taking into consideration the location of large trees and other aesthetic and environmental considerations, the Declarant/ARB reserves the right to control absolutely and solely to decide (subject to the

provisions of the Zoning Ordinances of the Chatham County and Town of Pittsboro, North Carolina) the precise site and location of any building or structure on any Property in the Subdivision for reasons which may in the sole and uncontrolled discretion and judgment of the Declarant/ARB seem sufficient. Such location shall be determined only after reasonable opportunity is afforded the Property Owner to recommend a specific site. The provisions of this paragraph shall in no way be construed as a guarantee that the view, privacy, sunlight, or breeze available to a building or structure on a given Property shall not be affected by the location of a building or structure on an adjacent Property.

(c) Each Property Owner shall provide space for the parking of automobiles off public streets prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the Declarant.

(d) Except as may be required by legal proceedings, no sign shall be erected or maintained on any residential lots or common property by anyone including, but not limited to, a Property Owner, a tenant, a realtor, a contractor, or a subcontractor, until the proposed sign size, color, content, number of signs, and location of sign(s) shall have been approved in writing by the Declarant/ARB. Refusal or approval by Declarant/ARB of size, color, content, number of signs, or location of sign(s) may be based upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant/ARB seems sufficient. The Declarant/ARB further reserves the right to promulgate and amend from time to time uniform sign regulations (the "Uniform Sign Regulations") which shall establish standard design criteria for all signs, including, but not limited to, real estate sales signs, erected and displayed upon any Residential Lot in the Property.

The Association and its agents shall have the right, whenever there shall have been placed or constructed on any Residential Lot or Common Area any sign which is in violation of these restrictions, to enter immediately upon such Lot or Area where such violation exists and summarily remove the same at the expense of the Owner.

(e) It shall be the responsibility of each Property Owner, tenant, contractor, or subcontractor to prevent the development of any unclean, unsightly, unkept, unhealthy, or unsafe conditions of buildings or grounds on any Property which shall tend to substantially decrease the beauty or safety of Potterstone Village Subdivision, the neighborhood as a whole, or the specific area. The Declarant and its agents shall have the right to enter upon any Property for the purpose of correcting such conditions, including, but not limited to, the removal of trash which has collected on the Property, and the cost of such corrective action shall be paid by the Property Owner. Such entry shall not be made until seven (7) days after the Owner of the Property has been notified in writing of the need to take corrective action and unless such Owner fails to perform the corrective action within said seven (7) day period; provided, however, that should such conditions pose a health or safety hazard, such entry shall not be made until the Association has made a good faith attempt to notify the Owner of the need to take immediate corrective action and unless such Owner fails to perform the corrective action immediately. The provisions of this paragraph shall not create any obligation on the part of the Declarant to take any such corrective action.

(f) No mailbox, mailbox materials, numbers or lettering shall be erected or maintained on any Property until the proposed mailbox design, color, and location have been approved in writing by the Declarant/ARB. Refusal or approval by the Declarant/ARB of design, color, or location may be based upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Declarant/ARB seems sufficient. No alteration in the exterior appearance of any mailbox, including paint color or painted designs, shall be made without like prior written approval by the Declarant/ARB. The Declarant/ARB further reserves the right to establish uniform mailbox regulations (the "Uniform Mailbox Regulations") which shall define standard design criteria for all mailboxes erected upon any Property in the Subdivision.

(g) Prior to the occupancy of a building or structure on any Property, proper and suitable provisions shall be made for the disposal of sewage by connection with the sewer mains of the Pittsboro public sewer system, or to a system approved by the Town of Pittsboro.

(h) Prior to the occupancy of a building or structure on any Property, proper and suitable provisions for water shall be made by connection with the water lines of the Town of Pittsboro.

(i) The Declarant reserves unto itself, its successors and assigns, and its agents, a perpetual, alienable, and releasable easement and right, on, over and under the Properties to erect, maintain, operate, and use electric cable television and telephone poles, wires, cables, conduits, drainage ways, sewers, water mains, and other suitable equipment for the conveyance and use of electricity, televising, telephone equipment, gas, sewer, water, drainage, or other public conveniences or utilities on, in or over those portions of such Property as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of such Property as (i) may have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these covenants by the Declarant, or (ii) such portion of the Property as may be designated as the site for a building on a plot plan for erection of a building which has been filed with the Declarant and which has been approved in writing by the Declarant. These easements and rights expressly include the right to cut any trees, bushes, or shrubbery, make any grading of the soil, or to take any other similar action reasonably necessary to provide economical and safe utility installation to maintain reasonable standard of health, safety, and appearance. The Declarant further reserves the right to locate wells, pumping stations, siltration basins, tanks, and other utility apparatus within the Subdivision in any Common Area or any Property designated for such use on the applicable plat of said Property, or to locate same upon any Property with the permission of the Owner of such Property. Such rights may be exercised by any licensee of the Declarant, but this reservation shall not create any obligation on the part of the Declarant to provide or maintain any such utility or service.

(j) No satellite dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind shall be placed, allowed, or maintained within the Community, except that Declarant and the Association shall have the right, without the obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Community, and (i) satellite dishes designed to receive

direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; or (iii) antennas designed to receive television broadcast signals ((i), (ii), and (iii), collectively, "Permitted Devices") shall be permitted, *provided that* any such Permitted Device is placed in the least conspicuous location on the Lot (generally being the rear of the Lot) at which an acceptable quality signal can be received and is not visible from the street, Common Areas, or neighboring properties or is screened from the view of adjacent Lots in a manner consistent with the Community-wide Standard and any design guidelines.

(k) The Declarant/ARB reserves the right to promulgate and amend from time to time landscape guidelines (referred to hereinafter as the "Landscape Guidelines") which shall establish approved standards, methods, and procedures for landscape management on Properties in the Subdivision and such authorized standards, methods, and procedures may be utilized by the Owners of such Properties without prior written approval by the Declarant/ARB. Approval for the removal of trees located within ten (10) feet of the approved site for such building shall not be necessary unless such removal will substantially decrease the beauty of the Property.

(l) No construction (except for utility lines and streets approved by the Town of Pittsboro) shall be permitted within ten (10) feet on either side of any areas designated as "walking trails" on any recorded maps of the Property.

(m) Except with prior written approval of the Town of Pittsboro all areas designated on the Master Plan as "Buffer Areas" shall be left in their undisturbed, natural state, and no improvements may be constructed, erected, placed or allowed to remain therein other than utility lines (and easements) and pedestrian and vehicular access ways (including streets and roads); provided, however, the Declarant, the Association, and any Property Owner adjoining such areas (subject to the approval of the Declarant or its delegate) may plant trees, flowers and shrubs within such areas.

Section 3. Architectural Review Board. At such time as the Class B Membership ceases to exist (no later than December 31, 2010) pursuant to Article III, Section 3, or at such earlier date as Declarant may decide, the Declarant shall assign to the Association all the rights, powers, duties and obligations of architectural review and control set forth in this Article VII whereupon the Board of Directors shall determine how many persons shall serve on the Architectural Review Board ("ARB"), provided that the ARB shall at all times consist of no less than three (3) and no more than five (5) members, shall appoint the members of the ARB, shall provide for the terms of the members of the ARB, and shall determine which member of the ARB shall serve as its Chairman. At least three (3) of the members of the ARB must be Members of the Association. Any three (3) members of the ARB shall constitute a quorum to transact business at any meeting, and the action of the majority present shall constitute the action of the ARB

Section 4. Fees. The ARB may adopt a schedule of reasonable fees for processing requests for approval. Such fees, if any, shall be payable to the Association at the time that the plans and specifications and other documents are submitted to the ARB for review.

The payment of such fees, as well as other expenses of the ARB required to be paid, shall be deemed to be an individual Assessment, enforceable against the Owner and the Unit as provided hereinabove. The ARB is expressly reserved the right and power, exercisable in its sole discretion, to procure the services of a consultant of its own choosing for purposes of assisting the ARB in its review of any plans and specifications, and the cost of such consulting services shall be the responsibility of the respective applicant or Owner of the subject property.

ARTICLE VIII GENERAL PROVISIONS

Section 1. Duration. The covenants and Restrictions of this Declaration and any Amendments thereto shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, Declarant, or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors, and assigns, for period of thirty (30) years from the date this Declaration is recorded. Upon expiration of said thirty (30) year period, this Declaration shall be automatically extended for successive periods of ten (10) years. The number of ten (10) year extension periods hereunder shall be unlimited, and this Declaration shall be automatically extended upon the expiration of the initial thirty (30) year period, or upon the expiration of each subsequent ten (10) year extension period, unless a duly called meeting of the Association, whereat two-thirds (2/3) or more of the total votes of each type of Member entitled to be cast by all the Members of the Association shall vote in favor of terminating this Declaration at the end of its then current term. The presence at the meeting of Members or proxies entitled to cast sixty (60%) percent of the total vote of the Membership shall constitute a quorum. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given each member at least thirty (30) days in advance of said meeting. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the Resolution of Termination adopted by the Association, the date of the meeting of the Association at which such resolution was adopted, the date that Notice of such Meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes present at said meeting, the total number of votes necessary to adopt a Resolution terminating this Declaration, the total number of votes cast in favor of such Resolution, and the total number of votes cast against such Resolution. Said certificate shall be recorded in the Register of Deeds Office, Chatham County, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendments by the Members this Declaration may be amended only by the affirmative vote of or written agreement signed by the Members, to whom at least sixty-seven percent (67%) of the votes of the Association are allocated. All proposed Amendments to this Declaration shall be presented to the Members at a duly called meeting of the Association subject to the quorum requirements established by the Bylaws. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed

amendment is to be considered. If any proposed amendment to this Declaration is approved by the members as set forth above, the President and Secretary of the Association shall execute an **Amendment** to this Declaration which shall set forth the **amendment**, the effective date of the Amendment (which in no event shall be less than **thirty (30)** days after the date of the meeting of the Association at which such Amendment was adopted), the date of the meeting of the Association at which such Amendment was **considered and/or** adopted, the date that notice of such meeting was given, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes present at said meeting, the total number of votes cast for and against the Amendment, the number of votes necessary to adopt the Amendment, the total number of votes cast in favor of such Amendment and the total number of votes cast against the Amendment. Such **amendment** shall be recorded in the Office of the Register of Deeds, Chatham County, North Carolina.

So long as Declarant is entitled to elect a majority of the Members of the Board of Directors of the Association, no Amendment or Termination of this Declaration shall be made without the consent of Declarant; and until the end of the period of development, no Amendment of this Declaration shall be made without the consent of Declarant which would have the effect of creating a disproportionate increase in the Maximum Regular Annual Assessment, the actual assessment levied, or any Special Assessment of any Class of Owners.

Notwithstanding the foregoing, Declarant, for so long as it shall retain control of the Board of Directors of the Association, and thereafter, the Board of Directors, may amend this Declaration as shall be necessary, in its opinion and without the consent of any Owner, in order to qualify the Association for tax-exempt status, to correct obvious errors and omissions herein, and to qualify for VA, FHA, FHLMC and FNMA approvals, **if applicable**. Such amendment shall become effective upon the date of its recordation in the Chatham County Registry.

Section 3. Notice. Unless otherwise stated herein, written notice stating the date, time and place of the meeting shall be given not less than ten (10) nor more than fifty (50) days before the date of any Members' meeting, either by personal delivery, or by electronic or other form of wire or wireless communication, or by facsimile transmission or by mail or private carrier, by or at the direction of the President, the Board of Directors, or other person calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be effective when deposited in the United States mail, correctly addressed to the Member at the Member's address as it appears on the current record of the Members of the Association, with postage thereon prepaid.

Section 4. Enforcement. Enforcement of these Covenants shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any provision herof, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these Covenants; and failure by the Association or any Member or the Declarant to enforce the Covenants herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 5. Severability. Should any Article, Section, Subsection, Sentence, Clause, Phrase, or Term of this Declaration be declared to be null and void, invalid, illegal or

unenforceable, for any reason, by adjudication of any Court or other tribunal having jurisdiction over the Parties hereto and the subject matter hereof, such judgement shall in no way affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 6. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration of Covenants and Restrictions, and to construe and interpret its provisions, and its determination, construction, or interpretations shall be final and binding. In all cases, the provisions of this Declaration of Covenants and Restrictions shall be given to those interpretations or construction that will best tend toward the consummation of the general plan of development.

Section 7. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors or the Association in the manner provided for in the Bylaws of the Association, unless the terms of this instrument provide otherwise.

Section 8. Other agreements. Notwithstanding anything contained herein to the contrary, all the provisions of these Covenants shall be subject to and conform with the provisions of:

- (a) The Zoning Ordinances of the Town of Pittsboro and County of Chatham, North Carolina, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified;
- (b) The Master Plan for the development of May Farm Subdivision as may from time hereinafter be amended or modified;
- (c) The North Carolina Planned Community Act, being Chapter 47F of the N.C. General Statutes.

None of the provisions of this Section (8) are or shall in any way be construed to be or to constitute a conveyance, transfer, disposition, waiver or relinquishment of any right, title, and interest of Declarant or the Association, as their respective rights, titles, and interests may appear, in and to or under any of the above referenced instruments or documents to or for the benefit of any other person, firm or corporation.

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from Declarant and/or the Association contemplated under this Declaration, Declarant and/or the Association shall not be liable to an Owner or any other person on account of any claim, liability, damage, or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way relating to the subject matter of any review, acceptances, inspections, permissions, consents or required approvals, whether given, granted, or withheld.

Section 10. Management and Contract Rights of Association. Declarant may enter into a contract with a Management Company or manager for the purposes of providing all elements of

the operation, care, supervision, maintenance, and management of the property. However, no such contract shall be binding upon the Association except through express adoption or ratification of the terms and conditions of such contract. Any contract or lease entered into by Declarant or by the Association while the Declarant is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of management by the Declarant to the Association.

Section 11. Easements.

(a) **Walks, Drives, Utilities, Etc.** All Properties shall be subject to such easements for walkways, water lines, sanitary sewers, storm drainage facilities, gas lines, telephone, streets and electric power lines, television antenna lines, other utilities, ingress, egress and regress and otherwise as shall be established by Declarant on or in recorded maps or deeds of easement, and the Association shall have the power and authority to grant and establish further such easements upon, over, under and across the Property.

(b) **Easement to Correct Drainage.** The Association reserves an easement and right on, over, and under any Residential Lot to maintain and to correct drainage or surface water runoff that may be adversely affecting the Common Properties or that may be necessary to maintain reasonable standards of health, safety and appearance in or about the Common Properties; provided, however, such maintenance and repair does not apply to the Residential Lots or Improvements located thereon as that is and shall remain the responsibility of each Resident/Lot Owner. Such right expressly includes the right to cut trees, bushes or shrubbery, make any grading of the soil, or take any other similar action reasonable necessary. After such action has been completed, the Association shall restore the affected property to its original condition to the extent practicable. The Association shall give reasonable notice of intent to take action to all affected Owners.

(c) **Easement to Chatham County, Town of Pittsboro.** An easement is hereby established for municipal, state or public utilities serving the Property, their agents and employees over all Common Properties hereby or hereafter established for setting, removing, and reading utility meters, maintaining and replacing utility or drainage connections, and acting with other purposes consistent with the public safety and welfare, including, without limitation, police and fire protection.

(d) Declarant and Association reserve the right to subject the Property to a contract with Progress Energy for the installation of above ground or underground electric cables and lines and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Progress Energy by the Owner of each Residential Unit within said property.

(e) Declarant hereby reserves an easement of access to and over the Common Properties for the purposes of installing utilities and other improvements required or necessary in the proper development of the Property.

Section 12. The Owner of each Residential Unit shall be responsible for the maintenance and repair of any driveway culvert constructed and appurtenant to the Residential Unit within a road right-of-way.

Section 13. Procedures for Fines and Suspension of Privileges or Services. Pursuant to Section 47F-3-107,a of the Planned Community Act, the following procedure shall be followed regarding fines and suspension of privileges or services:

A hearing shall be held before an adjudicatory panel appointed by the Board of Directors to determine if any Member should be fined or if Association privileges or service should be suspended pursuant to the powers granted to the Association. If the Board of Directors fails to appoint an adjudicatory panel to hear such matters, hearing under this section shall be held before the Board of Directors. The Member charged shall be given notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. If it is decided that a fine should be imposed, a fine not to exceed one hundred fifty dollars (\$150.00) may be imposed for the violation and without further hearing, for each day after the decision that the violation occurs. Such fines shall be assessments secured by liens under Article V of these Covenants. If it is decided that a suspension of privileges or services should be imposed, the suspension may be continued without further hearing until the violation or delinquency is cured.

Section 14. Assignment. Any or all of the rights, powers and obligations, easements and estates reserved by or granted to the Declarant or the Master Association may be assigned by the Declarant, or the Mater Association, as the case may be. Any such assignment or transfer shall be made by an appropriate instrument in writing in which the assignee or transferee shall join for the purpose of evidencing its consent to such assignment and its acceptance of the rights and powers, duties and obligations herein contained. Such assignee or transferee shall thereupon have the same rights and powers to be subject to the same obligations and duties as are herein given to the Declarant, or the Master Association. After such assignment, Declarant and/or the Master Association shall be relieved and released of all obligations with respect to such rights, powers, obligations, easements or estates.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed as of the day and year first above written.

POTTERSTONE LLC
By Its Manager: First Capital Investments, LLC

By: Lawrence J. Witek
Lawrence J. Witek, Manager

NORTH CAROLINA

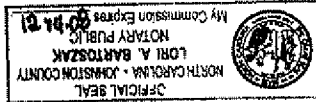
WAKE COUNTY

I, Lori A Bartoszak, a Notary Public in and for said County and State, do hereby certify that Lawrence J. Witek, Manager of First Capital Investments, LLC which is Manager of **Potterstone LLC**, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 2nd day of April, 2004.

Lori A Bartoszak
Notary Public

My commission expires:



JOINDER OF POTTERSTONE VILLAGE COMMUNITY ASSOCIATION, INC.

By an affirmative vote of at least two-thirds (2/3's) of both the Class A and Class B Members present in person or by proxy at the meeting of the Members held on March 23, 2004, both classes of Members voted to approve these Restated Master Covenants and the amendments set forth therein. Therefore, Potterstone Village Community Association, Inc., a North Carolina Nonprofit Corporation, hereby joins in these Restated Master Covenants for the purposes of (i) confirming that at least two-thirds (2/3's) of both the Class A and Class B Members present in person or by proxy at the meeting of the Members held on March 23, 2004, voted in favor of approving these Restated Master Covenants and the amendments set forth therein, and (ii) agreeing to perform its obligations contained herein, as of the 24 day of MARCH, 2004.

POTTERSTONE VILLAGE COMMUNITY ASSOCIATION, INC.

By:

Lawrence J. Wittek
President

NORTH CAROLINA

~~HARNETT~~~~CHATHAM~~ COUNTY

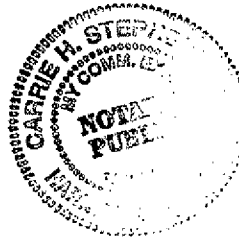
I, a Notary Public, in and for said county and state, do hereby certify that Lawrence J. Wittek, personally came before me this day and acknowledged that he/she is President of Potterstone Village Community Association, Inc., a North Carolina nonprofit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by him/her as President.

Witness my hand and seal this 24 day of March, 2004.Carrie H. Stepien
Notary Public

(NOTARIAL SEAL)

My commission expires: 12-15-06

534761/760160-001



May Farm Subdivision, Phase 1, Sections 1, 2, 3, 4, and 5 as shown on Plat Book 2000
at Pages 78, 79, 80, 148 and 149 of the Chatham County Registry.

Chatham County, North Carolina
REBA G. THOMAS Register of Deeds
The foregoing certificate(s) of

LORI A BARTOSZAK

CARRIE H STEPHENSON

notary/notaries public
is/are certified to be correct.

Reba G. Thomas

Assistant - Register of Deeds

537471V2/760160-001

FILED
CHATHAM COUNTY
REBA G. THOMAS
REGISTER OF DEEDS

Return to:

Potterstone LLC
1121 Situs Court, Suite 390
Raleigh, NC 27606

FILED Apr 13, 2004
AT 12:09:29 pm
BOOK 01097
START PAGE 0131
END PAGE 0142
INSTRUMENT # 04505

NORTH CAROLINA
CHATHAM COUNTY

**RESTATED PROTECTIVE COVENANTS
FOR POTTERSTONE VILLAGE SUBDIVISION
(formerly May Farm Subdivision)**

THESE RESTATED PROTECTIVE COVENANTS, made this 24th day of March, 2004, by Potterstone LLC ("PLLC"), successor, by assignment, from G.P.G. Development, LLC, hereinafter called Declarant.

WITNESSETH

WHEREAS, the Declarant is the owner of real property described in Article I of these Restated Protective Covenants ("Protective Covenants") which property was subjected to these Protective Covenants hereinafter set forth by the recording of the original Protective Covenants in Book 820, Page 572 as amended by document recorded in Book 910, Page 662, Chatham County Registry; and were further amended at a meeting of the Members and Declarant on the 23rd day of March, 2004, WITH THE MOST RECENT AMENDMENTS APPEARING IN BOLD TYPE and with all now effective provisions being set forth in these Restated Protective Covenants; and

WHEREAS, each and all of the Protective Covenants is and are for the benefit of such property and for each owner thereof, and shall inure to the benefit of and pass and run with said property and each and every lot or parcel thereof, and shall apply to and bind the successors in interest and any owner thereof, and

WHEREAS, the property is also subject to that certain Restated Master Declaration of Covenants and Restrictions of Potterstone Village Subdivision (formerly May Farm Subdivision) ("Covenants") recorded in Book 1097, Page 102, Chatham County Registry.

NOW, THEREFORE, the Declarant hereby declares that the real property described in and referred to in Article I hereof is and shall be further held, transferred, sold and conveyed subject to these Protective Covenants as set forth below.

BOOK **1097** PAGE **132**

**ARTICLE I
PROPERTY**

The real property which is and shall be held, transferred, sold and conveyed subject to the **restrictions and covenants** set forth in the Articles of **these Protective Covenants**, is located in **Town of Pittsboro**, County of Chatham, State of North Carolina, and is more particularly described in Exhibit "A" attached hereto (the "Property").

No property other than that described above shall be deemed subject to **the restrictions and covenants unless** specifically made subject hereto.

The Declarant may, from time to time, subject additional real property to the **Protective Covenants** herein set forth by appropriate reference hereto.

**ARTICLE II
RESIDENTIAL USE ONLY**

No building shall be erected, altered, placed or permitted to remain on any residential lot ("Lot") in the Property other than one (1) detached single-family dwelling not to exceed two stories in height (exclusive of basement and attic) and a private garage for not more than three cars. The living area of the main residential structure, exclusive of porches, garage and basement, shall not be less than thirteen hundred (1300) square feet for a one-story dwelling, nor less than sixteen hundred (1600) square feet for any other approved residential structure. No more than one dwelling shall be built on any lot or building site.

**ARTICLE III
CONSTRUCTION-ONE (1) YEAR DEADLINE**

When the construction of any structure is commenced upon any residential lot, the Owner of said residential lot shall be responsible for the diligent completion of any structure and shall complete the structure thereof within one (1) year from the date of said **commencement of construction**.

**ARTICLE IV
NO RESUBDIVIDING**

No Lot shall be resubdivided nor shall a fractional part of any Lot be sold, without the consent of Declarant **until December 31, 2010, and thereafter only with the consent of the Potterstone Village Community Association, Inc. ("Association")**.

BOOK 1097 PAGE 133

ARTICLE V
NO COMMERCIAL ACTIVITIES

No commercial activities of any kind shall be conducted on any Lot. The carrying on of promotional activities by Declarant, and the conduct of a home occupation in strict accordance with the provisions of the applicable zoning ordinances of the Town of Pittsboro shall be excluded from this provision.

ARTICLE VI
SETBACKS

1. Setbacks. Notwithstanding any note on any recorded map showing lots subjected to these covenants to the contrary, but as otherwise set forth herein, no dwelling shall be erected on any Lot in violation of the following front, sideline, rear and side street setback minimum requirements:

<u>Name of Street</u>	<u>Min. Front Setback</u>	<u>Min. Sideyards</u>	<u>Min. Rearyard</u>
May Farm Road - (Hwy 15-501 to Windsong Dr.)	40 feet from ROW	10 feet one side, 20 feet total	Per Pittsboro code
Windsong Drive - (May Farm Rd. to Cluster Home Lots)	40 feet from ROW	10 feet one side, 20 feet total	Per Pittsboro code
All other Streets - (excluding Cluster Lots)	30 feet from ROW	7.5 feet one side, 15 feet total	Per Pittsboro code
Cluster Home Lots	20 feet to garage 25 feet to main bldg.	5 feet one side, 10 feet total	Per Pittsboro code

For the purpose of this covenant, roof overhangs, eaves, steps and open porches shall not be considered as a part of the dwelling, and heating and air conditioning equipment, water softeners, sprinkler controls and other similar utilitarian devices are also permitted in the setback area provided they do not extend more than four (4) feet in the setback area and provided further they are sited and screened from view; provided, however, that this shall not be construed to permit any portion of a dwelling on a Lot to encroach upon another Lot.

2. Waiver of Setbacks. The Declarant shall have the right to waive minor violations of the setback requirements set forth above in the Article VI, if said violation does not exceed ten percent (10%) of the required setback. After the Declarant has turned over architectural review and control to the Association or, in any event, by December 31, 2010, it shall have the right to waive the same minor setback requirements as is given to the

Declarant herein. However, in either case, all waivers must receive prior approval from the appropriate local governing authority.

**ARTICLE VII
NO DREDGING OR FILLING**

No dredging or filling of any kind or nature shall be allowed or permitted on any Lot or a portion thereof that may be defined as a "wetland" without first obtaining any and all necessary permits required from any federal, state or local governmental agency. The term "wetland" shall be as defined in any applicable governmental regulations.

**ARTICLE VIII
DRAINAGE**

In no event shall the natural flow of surface drainage be changed or interfered with so as to create a nuisance or so as to interfere with free enjoyment of the Lots. No downspouts, sump pumps or surface water drainage facility shall be connected to or permitted to discharge into any sanitary sewage disposal system.

**ARTICLE IX
NUISANCES**

No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon that may be or become a nuisance or annoyance to the neighborhood. No exterior lighting shall be directed outside the boundaries of a Lot.

**ARTICLE X
MAINTENANCE OF LOTS**

All Lots shall be kept in a clean and sanitary condition and no rubbish, refuse or garbage shall be allowed to accumulate or any fire hazard allowed to exist. All Lots and all areas between Lot lines and street pavements (i.e. the street rights-of-way) shall be maintained by the Owners in the manner required by the Association. In the event an Owner fails to maintain his Lot as aforesaid, the Association shall have the right, exercisable in its sole discretion, to mow, burn or clear any weeds, grass, underbrush or unsightly debris and/or growths from and Lot deemed by the Association to be a health menace, fire hazard or a defraction from the aesthetic appearance of the Property provided, however, that at least seven (7) days prior notice shall be given by the Association to the Owner of such lot before such work is done by the Association. In the event the Association, after such notice, causes the subject work to be done, then, in that event, the costs of such work, together with interest thereon at the lesser of eighteen percent (18%) or the maximum rate permitted by the civil usury laws of the State of North Carolina shall be charged to the Owners and shall become a lien on the subject Lot, which lien shall be effective, have priority and be enforceable pursuant to the procedures set forth in the Covenants. Such entry by the Association shall not be deemed a trespass.

**ARTICLE XI
PROHIBITED ITEMS/ACTIVITIES**

There shall be no obstruction of any portion of the Common Property or any storage or construction or planting or placement of signage thereon by an Owner. However, the Declarant may install signage in these areas for the purposes of marketing the community. No clothes, laundry or other articles or equipment shall be placed, hung, exposed or stored in any portion of the Common Property or in any portion of the exterior or yard area of any Lot or on or about the exterior of any building.

**ARTICLE XII
ANIMALS**

No animals, reptiles, birds, horses, rabbits, fowl, poultry, cattle or livestock of any kind shall be brought onto or kept on the residential lot, except that no more than two dogs, three cats, or other household pets may be kept in residences subject to rules and regulations adopted by the Association through its Board of directors, provided that such pets are not kept, bred or maintained for commercial purposes. Pets at all times must be on a leash or confined in a fenced yard. However, pet runs, pets tied to a stake, tree, or any other structures, are prohibited. The keeping of any pet with vicious propensities, or which by reason of its noisiness or other factor is a nuisance or annoyance to the neighborhood is prohibited.

**ARTICLE XIII
PROHIBITED VEHICLES**

No large trucks (other than standard size pickup trucks, vans or sport utility vehicles), or commercial vehicles, boats, motorcycles, campers, house trailers, boat trailers and trailers of any other description shall be permitted to be parked or stored on any Lot unless they are parked or stored in an enclosed garage or screened area approved by the Declarant or ARB of the Association, as the case may be, except during the period of approved construction on the Lot.

**ARTICLE XIV
PROHIBITION ON STORAGE OF VEHICLES**

No abandoned cars, motorcycles, jeeps, trucks or motor vehicles of any kind whatsoever that are unable to move under their own power may be stored or suffered to remain upon any of the Common Property or on any Lot or on the side of the street. If any such motor vehicle is so stored or remains on the aforesaid premises, the Declarant or Association may take the necessary steps to remove the same at the Owner's expense. No vehicles of any kind and no boats or trailers may be placed in common areas for storage (temporary or otherwise) or for the purpose of exposing the vehicle, boat, or trailer for sale.

**ARTICLE XV
TEMPORARY STRUCTURES**

No structure of a temporary character, trailer, tent, shack, garage, barn or other out buildings shall be used on any Lot at any time as a residence, either temporarily or permanently.

**ARTICLE XVI
SIGNS**

No signs, advertisements, billboards, or advertising structures of any kind may be erected, maintained or displayed on any residential lot or common areas; provided, however, that nothing herein shall prohibit signs erected or displayed by Declarant in connection with the development of the real property and the marketing and sale of residences therein, and nothing herein shall prohibit a "For Sale" sign being erected or displayed by any future Owner attempting to market their individual house, provided any such sign complies with the guidelines of the ARB.

**ARTICLE XVII
BUILDING MATERIALS/RUBBISH/TRASH**

No lumber, metals, bulk materials, refuse, or trash shall be kept, stored or allowed on any Lot except materials being used during the construction period of any approved structure. No rubbish, trash or garbage receptacle shall be placed on the exterior of a Lot except on the day of regularly scheduled collection. Trash cans must be immediately moved to the garage or screened area of yard after trash pick-up. The streets shall be kept free and clean of all debris. No dumping of any materials is allowed on any Lot.

**ARTICLE XVIII
EASEMENTS**

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. Within these easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities or which may change the direction or flow of drainage channels in the easements, or which may obstruct or retard the flow of water through drainage channels in the easements. Service to the individual residences shall be underground.

**ARTICLE XIX
ABOVE GROUND STRUCTURES**

No above-ground structure, other than required street lights, may be erected upon a cul-de-sac, divided street entry island, or median strip, without the written approval of Chatham County, the Town of Pittsboro or other appropriate Governmental Authority

**ARTICLE XX
ANTENNAE AND SATELLITE DISHES**

No satellite dishes, antennas, and similar devices for the transmission of television, radio, satellite, or other signals of any kind shall be placed, allowed, or maintained within the Community, except that Declarant and the Association shall have the right, without the obligation, to erect or install and maintain any such apparatus for the benefit of all or a portion of the Community, and (i) satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; (ii) satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; or (iii) antennas designed to receive television broadcast signals ((i), (ii), and (iii), collectively, "Permitted Devices") shall be permitted, *provided that* any such Permitted Device is placed in the least conspicuous location on the Lot (generally being the rear of the Lot) at which an acceptable quality signal can be received and is not visible from the street, Common Areas, or neighboring properties or is screened from the view of adjacent Lots in a manner consistent with the Community-wide Standard and any design guidelines.

**ARTICLE XXI
CLOTHES DRYING**

The drying of clothes in public view in the community is prohibited.

**ARTICLE XXII
ABOVE GROUND SWIMMING POOLS**

There shall be no above-ground swimming pools on any Lot.

**ARTICLE XXIII
BUILDING CODE/STANDARDS**

All residences on Lots are to be constructed in accordance with the Building Code and Standards established by the Town of Pittsboro and the County of Chatham and, in the event of conflict between the two, in accordance with the more stringent standard.

**ARTICLE XXIV
FENCES**

No fences or screening of any kind shall be erected or maintained on any Lot without the written consent of the Declarant or ARB, as the case may be, as to location, material and

height, and the decision to approve or reject a fence shall be conclusive. Nothing herein contained shall prevent placement of fences by the Declarant or the Association on the Common Ground.

**ARTICLE XXV
FIREARMS**

There shall be a total prohibition of the discharge of firearms on any Lot or in the Common Area.

**ARTICLE XXVI
LOCATION OF HEDGES/SCREENING PLANTS**

No hedge or screen planting shall be erected or permitted to remain on any Lot closer to the front line than the front of the dwelling erected on said residential lot.

**ARTICLE XXVII
ENFORCEMENT**

Enforcement of the Protective Covenants or Master Covenants shall be by a proceeding at law or in equity against any persons or entities violation or attempting to violate same and/or against the Property subject thereto to enforce any lien created by said documents. In the event that Declarant and the Association fail to enforce the terms of said documents, then any Owner/Member may do so. The failure or refusal of Declarant, the Association or any Owner/Member to enforce any of the provisions of said documents shall in no event be deemed to constitute a waiver of the right to do so thereafter. The cost of any such litigation shall be borne by the Owner/Member in violation, provided that such proceeding results in a finding that such Owner/Member was in violation of the covenants and restrictions contained herein or in the Master Covenants.

**ARTICLE XXVIII
INVALIDATION/CONTINUATION**

Invalidation of any one of these restrictions or covenants by judgement or court order shall in no way affect any of the other provisions, which shall remain in full force and effect.

**ARTICLE XXIX
DURATION/AMENDMENT**

These Protective Covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of thirty (30) years from the date these Protective Covenants were originally recorded, after which time said covenants shall

be automatically extended for successive periods of ten (10) years unless two-thirds (2/3) of the then Owners of Lots agree to change said Protective Covenants in full or in part with said approval being evidenced by a certificate of compliance executed by the Association. Changes to the Protective Covenants shall become effective upon the recording in the Chatham County Registry of an Agreement containing the modifications along with the aforesaid Certificate of Compliance; provided however, so long as Declarant is a Type B Member, such modifications shall not be effective unless approved in writing by Declarant.

ARTICLE XXX UTILITY CONTRACTS

Declarant reserves the right to subject the Property to a contract with a utility company for the installation of an underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to said utility company by the owner of each residential lot.

ARTICLE XXXI DRIVEWAYS

All residential unit driveways shall be of natural concrete and any parking areas for common property usage shall have hard impervious, dustless surfaces, such as asphalt, concrete, or brick. Driveways may connect to streets at a maximum of two (2) points for each Lot and such connection(s) shall provide continuity of any drainage swale or curb and shall blend into the street pavement. The design and location of all driveways and parking areas shall be approved in advance by the Declarant or ARB, as the case may be.

ARTICLE XXXII COMPOSITION OF HOUSEHOLD

The residents of each Single-Family Residence shall be limited to a single housekeeping unit operating on a non-profit, non-commercial basis between its occupants, cooking and eating with a common kitchen or dining area, with no more occupants than two per bedroom.

ARTICLE XXIII RULES AND REGULATIONS

No person shall use the Common Property or any Lot or any other Property, in any manner contrary to, or not in accordance with, (i) such rules and regulations as may be promulgated by the Association for governing the Property in which the Lot is located, and (ii) such parking and traffic regulations as may be promulgated by the Association from time to time.

IN TESTITOMONY WHEREOF, POTTERSTONE LLC has caused this instrument to be executed as of the day and year first above written.

POTTERSTONE LLC

By: Its Manager: First Capital Investments, LLC

By: Lawrence J. Witek
Lawrence J. Witek, Manager

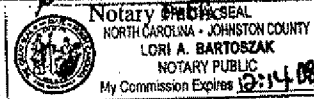
NORTH CAROLINA

Wake COUNTY

I, Lori A. Bartoszak, a Notary Public in and for said County and State, do hereby certify that Lawrence J. Witek, Manager of First Capital Investments, LLC, which is the Manager of Potterstone LLC, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 2nd day of April, 2004.

My commission expires:



NORTH CAROLINA - CHATHAM COUNTY

The foregoing certificate of _____

Notary (ies) Public is
(are) certified to be correct. This instrument and this certificate
are duly registered at the date and time and in the book and page
shown on the first page hereof.

By: _____
Register of Deeds

JOINDER OF POTTERSTONE VILLAGE COMMUNITY ASSOCIATION, INC.

By an affirmative vote of at least two-thirds (2/3's) of the Lot Owners of Potterstone Village Subdivision, present in person or by proxy at the meeting of the Members/Lot Owners held on March 23, 2004, said Lot Owners voted to approve these Restated Protective Covenants and the amendments set forth therein. Therefore, Potterstone Village Community Association, Inc., a North Carolina Nonprofit Corporation, hereby joins in these Restated Protective Covenants for the purposes of (i) confirming that at least two-thirds (2/3's) of the Lot Owners in said subdivision present in person or by a proxy at meeting of the Members/Lot Owners held on March 23, 2004 voted in favor approving these Restated Protective Covenants and the amendments set forth therein, and (ii) agreeing to perform its obligations contained herein, as of the 24 day of MARCH, 2004.

POTTERSTONE VILLAGE COMMUNITY ASSOCIATION, INC.

By: Lawrence J. Witte
President

NORTH CAROLINA
~~HARNETT~~
~~CHATHAM~~ COUNTY

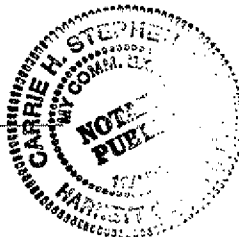
I, a Notary Public, in and for said county and state, do hereby certify that Lawrence J. Witte, personally came before me this day and acknowledged that he/she is President of Potterstone Village Community Association, Inc., a North Carolina nonprofit corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by him/her, as President.

Witness my hand and seal this 24 day of March, 2004.

Carrie H. Stephens
Notary Public

(NOTARIAL SEAL)

My commission expires: 12-15-06



534737760160-001

BOOK 1097 PAGE 142

EXHIBIT "A"

May Farm Subdivision, Phase 1, Sections 1, 2, 3, 4, and 5 as shown on Plat Book 2000 at Pages 78, 79, 80, 148, and 149 of the Chatham County Registry.

Chatham County, North Carolina
REBA G. THOMAS Register of Deeds

The foregoing certificate(s) of

LORI A BARTOSZAK

CARRIE H STEPHENSON

notary/notaries public
is/are certified to be correct.

Reba G. Thomas

Assistant Register of Deeds

537469/760160-001

Chatham County, North Carolina
REBA G. THOMAS Register of Deeds
The foregoing certificate(s) of
RHONDA C MANION

notary/notaries public
is/are certified to be correct.
Vicki E. S.
Assistant Register of Deeds

BOOK 1134 PAGE 495

**THIRD AMENDMENT TO RESTATED
MASTER DECLARATION OF
COVENANTS AND RESTRICTIONS OF
POTTERSTONE SUBDIVISION**

FILED
CHATHAM COUNTY
REBA G. THOMAS
REGISTER OF DEEDS

FILED Oct 05, 2004
AT 02:44:33 pm
BOOK 01134
START PAGE 0495
END PAGE 0497
INSTRUMENT # 12919

NORTH CAROLINA
CHATHAM COUNTY

RETURN TO: POTTERSTONE LLC
1121 SITUS CT., SUITE 390
RALEIGH, NC 27606

This Third Amendment made this 29th day of September, 2004, by Potterstone LLC (hereinafter referred to as "Declarant"), successor by assignment from G.P.G. Development, LLC.

WITNESSETH:

WHEREAS, G.P.G. Development, LLC heretofore executed that certain Master Declaration of Covenants and Restrictions recorded in Book 820, Page 544 of the Chatham County Registry, which was amended by a First Amendment recorded in Book 840, Page 696 and a Second Amendment recorded in Book 897, Page 116, and thereafter further amended by the Restated Master Declaration of Covenants and Restrictions of Potterstone Village Subdivision recorded in Book 1097, Page 102, (hereinafter collectively referred to as the "Covenants"); and

WHEREAS, Declarant is the owner of the following described tract of land located in Chatham County, North Carolina, (hereinafter referred to as the "Additional Property"):

Phase 2A, Sections 1, 2, 3 and 4 of Potterstone Village as shown on Plat Book 2004, Pages 335, 336, 337 and 338, Chatham County Registry ; and

WHEREAS, the Additional Property is part of the land referred to in Section 2 of Article II of the Covenants which can be annexed to the Properties (as that term is defined in the Covenants) without the consent of the Class A Members or the Board of Directors of Potterstone Village Community Association, Inc.; and

WHEREAS, the Declarant desires and proposes to develop the Additional Property as a part of Potterstone Village Subdivision and to subject the same to the Covenants by this instrument; and

WHEREAS, the development of the Additional Property by the Declarant shall be in accordance with the Master Plan and developed in a manner compatible with the Master Plan referred to in the Covenants.

NOW, THEREFORE, Declarant hereby declares that the Additional Property (described above) shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions contained in the Covenants and that the Additional Property is hereby subjected to the Covenants to the same extent as if it had been originally described therein.

IN WITNESS WHEREOF, Potterstone LLC has caused this instrument to be executed as of the day and year first above written.

POTTERSTONE, LLC
By Its Manager: First Capital Investments, LLC

By: Lawrence J. Witek
Lawrence J. Witek, Manager

NORTH CAROLINA

Johnston COUNTY

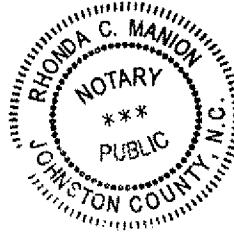
I, Rhonda C. Manion, a Notary Public in and for said County and State, do hereby certify that Lawrence J. Witek, Manager of First Capital Investments, LLC which is Manager of **Potterstone LLC**, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 5 day of October, 2004.

(SEAL)

Rhonda C. Manion

My Commission Expires: 6-19-2005



1134
0498

Chatham County, North Carolina
REBA G. THOMAS Register of Deeds.
The foregoing certificate(s) of
RHONDA C MANION

FILED
CHATHAM COUNTY
REBA G. THOMAS
REGISTER OF DEEDS

notary/notaries public
is/are certified to be correct.

Vicki E. Scott
Assistant Register of Deeds

FILED Oct 05, 2004
AT 02:47:50 pm
BOOK 01134
START PAGE 0498
END PAGE 0499
INSTRUMENT # 12920

BOOK 1134 PAGE 498

**AMENDMENT TO RESTATED PROTECTIVE
COVENANTS FOR
POTTERSTONE SUBDIVISION**

NORTH CAROLINA

RETURN TO: POTTERSTONE LLC
1121 SITUS CT., SUITE 390
RALEIGH, NC 27606

CHATHAM COUNTY

This Amendment made this 29th day of September, 2004, by Potterstone LLC (hereinafter referred to as "Declarant"), successor by assignment from G.P.G. Development, LLC.

WITNESSETH:

WHEREAS, G.P.G. Development, LLC heretofore executed those certain Protective Covenants recorded in Book 820, Page 572 of the Chatham County Registry, which were amended by a document recorded in Book 910, Page 662, and thereafter further amended by the Restated Protective Covenants for Potterstone Village Subdivision recorded in Book 1097, Page 131, (hereinafter collectively referred to as the "Protective Covenants"); and

WHEREAS, Declarant is the owner of the following described tract of land located in Chatham County, North Carolina, (hereinafter referred to as the "Additional Property"):

Phase 2A, Sections 1, 2, 3 and 4 of Potterstone Village as shown on Plat Book 2004, Pages 335, 336, 337 and 338, Chatham County Registry ; and

WHEREAS, the Additional Property, pursuant to Article I of the Protective Covenants, can be subjected to the Protective Covenants by the Declarant without the consent of the Lot Owners of Potterstone Village Subdivision; and

WHEREAS, the Declarant desires and proposes to develop the Additional Property as a part of Potterstone Village Subdivision and to subject the same to the Protective Covenants by this instrument; and

NOW, THEREFORE, Declarant hereby declares that the Additional Property (described above) shall be held, sold and conveyed subject to the easements, restrictions, covenants and conditions contained in the Protective Covenants and that the Additional Property is hereby subjected to the Protective Covenants to the same extent as if it had been originally described therein.

IN WITNESS WHEREOF, Potterstone LLC has caused this instrument to be executed as of the day and year first above written.

POTTERSTONE, LLC
By Its Manager: First Capital Investments, LLC

By: Lawrence J. Witek
Lawrence J. Witek, Manager

NORTH CAROLINA

Johnston COUNTY

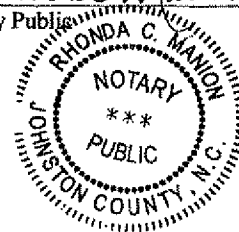
I, Rhonda C. Manion, a Notary Public in and for said County and State, do hereby certify that Lawrence J. Witek, Manager of First Capital Investments, LLC which is Manager of **Potterstone LLC**, personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal, this the 5 day of October, 2004.

(SEAL)

My Commission Expires: 6-19-2005

Rhonda C. Manion
Notary Public



AMENDMENT TO THE
RESTATED MASTER DECLARATION
OF COVENANTS AND RESTRICTIONS
FOR
POTTERSTONE VILLAGE

THIS AMENDMENT (the "Amendment") to the Restated Master Declaration of Covenants for **POTTERSTONE VILLAGE SUBDIVISION** is made as of the 8 day of July, 2008, by **POTTERSTONE VILLAGE COMMUNITY ASSOCIATION, INC.** (the "Association"), by approval of the record Members/Lot Owners in Potterstone Village ("Members/Lot Owners").

WITNESSETH

WHEREAS, Restated Master Declaration of Covenants and Restrictions for Potterstone Village for lots located in Potterstone Village was recorded in Book 1097, Page 102, Chatham County Registry (the "Declaration"); and

WHEREAS, Section 2 of Article VIII of the Declaration provides that the Declaration may be amended upon approval of at least sixty-seven percent (67%) of the vote of the Members/Lot Owners in Potterstone Village; and

WHEREAS, this Amendment was approved by the affirmative vote of more than sixty-seven percent (67%) of said Members/Lot Owners at a duly called meeting of the Association.

NOW, THEREFORE, Members/Lot Owners who gave their approval by an affirmative vote of more than sixty-seven percent (67%) at a duly called meeting of the Association as confirmed by the joinder of the Association, hereby amend the Declaration as follows:

Section 4 of ARTICLE III of the Declaration is revised to read as follows:

Section 4 The Association shall be governed by a Board of Directors consisting of five (5) Members.

IN WITNESS WHEREOF, the Association has caused the Amendment to be executed as of day and year first above written.

**POTTERSTONE VILLAGE COMMUNITY
ASSOCIATION, INC.**

By:

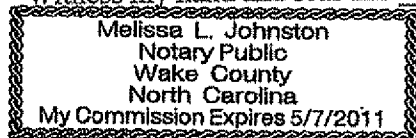

President

NORTH CAROLINA

CHATHAM COUNTY

I, Melissa L. Johnston, a Notary Public, in and for said County and State, do hereby certify that Margi Deluca personally came before me this day and acknowledged that he/she is President of POTTERSTONE VILLAGE, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed by him/her as the President thereof.

Witness my hand and seal this 8 day of July, 2008.



(OFFICIAL SEAL)

Melissa L. Johnston
Notary Public

Melissa L. Johnston
Printed or typed name of Notary Public

My commission expires: 5/7/2011

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