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FILED	Jun 19, 2018
AT	08:19:53 AM
BOOK	01993
START PAGE	0779
END PAGE	0822
INSTRUMENT #	06180
EXCISE TAX	$0.00

DECLARATION

OF

COVENANTS, CONDITIONS AND RESTRICTIONS FOR

STONECREST AT NORWOOD

Prepared by and after recording return to:
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Pittsboro, NC 27312

Submitted electronically by "Bradshaw Robinson Slawter LLP"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Chatham County Register of Deeds.

STATE OF NORTH CAROLINA

COUNTY OF CHATHAM

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR STONECREST AT NORWOOD

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS (this "Declaration") is made this 18th day of June, 2018, by **STONECREST AT NORWOOD, LLC**, a North Carolina limited liability company (the "Declarant). All capitalized terms used herein shall have the meanings set forth in Article I or elsewhere in this Declaration.

W I T N E S S E T H:

Declarant owns that certain real property located in Chatham County, North Carolina, and more particularly described on Exhibit A attached hereto and incorporated hereby by reference (the "Property"), which Property is being developed by Declarant as a residential community known as "Stonecrest at Norwood."

Declarant desires to establish through these covenants a healthy environment for the community to be developed on the Property, along with a uniform theme of development, and to these ends desires to subject the Property to the easements, covenants, conditions, restrictions, charges and liens hereinafter set forth and/or described.

This Declaration creates a planned community under the North Carolina Planned Community Act (N.C. Gen. Stat. Chap. 47F).

NOW, THEREFORE, Declarant hereby subjects the Property to the easements, covenants, conditions, restrictions, charges and liens hereinafter set forth and hereby declares that (subject to certain rights of amendment, as hereinafter described) all of the Property shall be held, sold and conveyed subject to such easements, covenants, conditions, restrictions, charges and liens, all of which are for the purpose of protecting the value, desirability and attractiveness of the Project. Subject to the above-described amendment rights of Declarant, such easements, covenants, conditions, restrictions, charges and liens shall run with the Property and be binding on all parties having or acquiring any right, title or interest in the Property, or any part thereof and shall inure to the benefit of each owner of the Property or any part thereof.

ARTICLE I

DEFINITIONS

"Act" shall mean and refer to the North Carolina Planned Community Act, Chapter 47F, North Carolina General Statutes, as same may be amended from time to time.

"Additional Declaration" shall mean and refer to any Declaration of Covenants, Conditions and Restrictions filed in the Office of the Register of Deeds of Chatham County, North Carolina, with regard to a certain Phase, section or portion of the Property, as more particularly described in Article II, Section 2 hereof.

"Additional Property" shall mean and refer to additional real estate near or contiguous to the Property, all or a portion of which may be made subject to the terms of this Declaration in accordance with the provisions of Article II of this Declaration.

"Architectural Review Board" shall mean and refer to the committee appointed by the Board to oversee the development and enforcement of architectural control standards and restrictions with respect to the Project and to perform certain other functions described in the Declaration.

"Architectural, Design and Landscape Guidelines" shall have the meaning as set forth in Article VIII hereof.

"Articles of Incorporation" shall mean and refer to the Articles of Incorporation for the Association.

"Association" shall mean and refer to STONECREST AT NORWOOD COMMUNITY ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

"Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

"Bylaws" shall mean and refer to the Bylaws for the Association, as same may be amended from time to time.

"Certificate of Occupancy" shall mean and refer to any required certification issued by the appropriate governmental authorities as a prerequisite to occupancy of any structure on the Property.

"Common Area" or "Common Areas" shall mean and refer to the Street Lights, the Roadways, including any sidewalks, drainage facilities and other improvements located therein (prior to their acceptance for maintenance by the North Carolina Department of Transportation or other governmental entity), all pedestrian trails, walking paths and amenity areas intended for the common use and enjoyment of all Owners, and any other property specifically shown and designated on any Plat as "Community Open Space," "Cemetery," "Common Area," "Common Open Area," "Common Open Space," "Open Space," "COS," or other similar designation. The Common Areas shall be initially owned by the Declarant, and ultimately owned by the Association, except as otherwise provided herein, for the common use, benefit and enjoyment of the Owners. The Declarant reserves the right, but not the obligation, to provide additional Common Areas within the Project.

"Declarant" shall mean and refer to Stonecrest at Norwood, LLC, a North Carolina limited liability company, its successors in title and assigns, provided that any such successor-in-title or assign shall acquire for the purpose of development and/or sale all or substantially all of the remaining undeveloped or unsold portions of the Property and, provided further, that in the instrument of conveyance to any such successor-in-title or assign, such successor-in-title or assign is designated as the "Declarant" hereunder by the grantor of such conveyance, which grantor shall be the "Declarant" hereunder at the time of such conveyance.

"Declarant Control Period" shall mean and refer to the period of time during which the Declarant may appoint or remove the members of the Board of Directors of the Association. The Declarant Control Period shall terminate on the Turnover Date.

"Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions as same may be amended and/or supplemented from time to time as herein provided.

"Dwelling Unit" shall mean and refer to a residential dwelling located upon a Lot.

"Guidelines" shall mean and refer to the Architectural, Design and Landscape Guidelines.

"Improvement" shall have the same meaning as set forth in Article VIII hereof.

"Lot" shall mean and refer to any numbered or lettered tract of land (excluding any Common Area) shown on any Plat which is a part of the Property and which shall be restricted for such uses as are consistent with this Declaration and any other restrictions covering the area wherein the tract of land is located. No tract of land shall become a "Lot" as that word is used herein until a Plat of the area in which the same is located is recorded in the Office of the Register of Deeds of Chatham County, North Carolina.

"Maintenance Areas" shall have the meaning as set forth in Article X hereof.

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

"Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a Lot.

"Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied. Upon request, each Owner shall be obligated to furnish to the Association the name and address of the holder of any Mortgage encumbering such Owner's Lot.

"Occupant" shall mean and refer to any person occupying all or any portion of a Lot or the Property for any period of time, regardless of whether such person is a tenant of the Owner of such Lot or portion of the Property.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot or other portion of the Property (excluding any Common Area), and shall include Declarant as to any Lot or other portion of the Property owned by Declarant unless otherwise qualified herein, but excluding those having such interest merely as security for the performance of an obligation.

"Person" shall mean and refer to any natural person, corporation, joint venture, partnership (general or limited), limited liability company, association, trust or other legal entity.

"Phase" shall mean and refer to any phase, section or portion of the Property identified by Declarant as a separate phase through a Plat or a Supplemental Declaration recorded in the Office of the Register of Deeds of Chatham County, North Carolina.

"Plat" shall mean and refer to any plat of the Property or any part of it which is recorded from time to time in the Office of the Register of Deeds of Chatham County, North Carolina.

"Project" shall mean and refer to the residential development being developed by Declarant on the Property and commonly known as Stonecrest at Norwood.

"Property" shall mean and refer to that certain real property located in Chatham County, North Carolina, and more particularly described on Exhibit "A" attached hereto and incorporated herein by reference, as well as such additional property as may be made subject to the provisions of this Declaration pursuant to the provisions of Article II hereof.

"Roadways" shall mean and refer to the rights-of-way, roads, streets, entranceways and cul-de-sacs in the Project, as shown on the Plats, and any other rights-of-way, roads, streets, entranceways and cul-de-sacs on the Property, all to be privately maintained by the Association until accepted for maintenance by the North Carolina Department of Transportation or other governmental entity.

"Street Lights" shall mean and refer to those certain street lights owned or leased by Declarant or the Association and installed upon, along and/or over the rights-of-way of the Roadways, Parking Area(s) (if any), Maintenance Areas and Common Areas.

"Supplemental Declaration" shall mean and refer to any Supplemental Declaration of Covenants, Conditions and Restrictions filed in the office of the Register of Deeds of Chatham County, North Carolina, to bring additional property within the coverage of this Declaration and the jurisdiction of the Association, as more particularly described in Article II hereof.

"Turnover Date" shall have the meaning set forth in Article IV hereof.

ARTICLE II

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

Section 1. Property Made Subject to this Declaration. The Property is hereby made subject to this Declaration and the Property shall be owned, held, leased, transferred, sold, mortgaged and/or conveyed by Declarant, the Association, each Owner and each party owning record title to any of the Property subject to this Declaration and the controls, covenants, conditions, restrictions, easements, development guidelines, Architectural, Design and Landscape Guidelines for Stonecrest at Norwood, charges and liens set forth in this Declaration.

Section 2. Additions to the Property.

(a) Declarant may cause Additional Property (including Common Areas) to be made subject to the terms and scheme of this Declaration by filing one or more Supplemental Declarations in the Office of the Chatham County Register of Deeds, containing a description of the Additional Property and a statement by the Declarant of its intent to extend the operation and effect of this Declaration to the Additional Property.

Notwithstanding the foregoing, the covenants and restrictions established herein as applied to, or imposed upon, the Additional Property may be altered or modified by the filing of one or more Supplemental Declarations as provided in Subparagraph (b) below.

(b) Any Supplemental Declaration may contain complementary additions to the covenants and restrictions contained herein as may be necessary in the judgment of the Declarant to reflect the different character of the Additional Property. In no event, however, shall any Supplemental Declaration revoke, modify or add to the covenants and restrictions contained herein with respect to the Property, nor revoke, modify, change or add to the covenants and restrictions established by previously filed Supplemental Declarations, without meeting the requirements for amendment set forth in this Declaration.

(c) In addition to the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens set forth in this Declaration, Declarant shall have the right, at its election without the consent of any Owner or Owners, to subject any Phase, section or portion of the Property owned by Declarant to additional controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens, by filing an Additional Declaration in the Office of the Register of Deeds of Chatham County covering only such Phase, section or portion of the Property. Such an Additional Declaration may or may not provide for the establishment of a property owners' association to govern the ownership and/or maintenance of the Property affected by and the enforcement of the provisions of such Additional Declaration. Whether or not a property owners' association is formed pursuant to such Additional Declaration, the Association shall have the right and authority to enforce all controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens imposed by such Additional Declaration and any amendments thereto, whether or not such right and authority is expressly provided for in such Additional Declaration.

(d) Notwithstanding anything contained herein to the contrary, it is expressly understood and agreed that, until such time as a Certificate of Occupancy is issued for a residence on every recorded Lot in Stonecrest at Norwood, the prior written consent of Declarant shall be required for any parties to modify, change and/or amend, in whole or in part, the terms and provisions of this Declaration, any Supplemental Declaration, any Additional Declaration and/or the Bylaws or to impose new or additional covenants, conditions, restrictions or easements on any part of the Property.

ARTICLE III

PROPERTY RIGHTS

Section 1. Ownership of Common Areas. Except as otherwise provided herein, Declarant shall convey to the Association the Common Areas to be owned and maintained by the Association (to extent such areas can be conveyed in fee simple); provided, (a) with respect to any part of the Common Areas leased by Declarant (*e.g.*, Street Lights), Declarant shall assign its rights under such lease to the Association, and (b) with respect to any part of the Common Area to which Declarant possesses easement rights, Declarant shall assign its rights under such easement to the Association. The Declarant shall have the right (but shall not be obligated) to construct within the Common Areas, among other things, (i) the Street Lights (which may be leased or purchased from a third party) and other lighting, signage and irrigation facilities, (ii) the Roadways (including sidewalks, drainage facilities and other improvements), and (iii) certain additional recreational amenities and facilities, for the use and enjoyment of the Owners who are entitled to the use of such Common Areas as provided in this Declaration, including, without limitation, monumentation and pedestrian paths in locations to be determined by Declarant. Notwithstanding the recordation of any Plat or any other action by Declarant or the Association, all Common Areas shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public (with the exception of the Roadways, which may eventually be accepted for public dedication and maintenance by the North Carolina Department of Transportation or other governmental entity).

Section 2. Owners' Rights to Use and Enjoy Common Areas. Each Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas, and such right shall be appurtenant to and conveyed with title to such Owner's Lot, subject to the following:

(a) the right of the Association and the Board to promulgate and enforce reasonable regulations governing the use of the Common Areas to insure the availability of the right to use the Common Areas to the Owners;

(b) the right of the Association to suspend the voting rights of an Owner in the Association and the right of the Association to suspend the right to use certain or all of the Common Areas by an Owner for any period during which any assessment or charge against said Owner's Lot remains unpaid, and for the maximum period allowed by applicable law for any infraction of its published rules and regulations;

(c) the right of the Declarant or the Association to grant or reserve utility, drainage and other easements across the Common Areas;

(d) the right of the Association, subject to the provisions of the Act, to encumber or convey all or any part of the Common Areas.

(e) any and all other applicable provisions of this Declaration, including, without limitation, the provisions of Article VII, Section 16 and of Section 4 below.

Section 3. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws, his or her right of enjoyment to the Common Areas and facilities located thereon to the members of his or her family, his or her guests, invitees, or his or her tenants.

Section 4. Bodies of Water. By acceptance of a deed to a Lot, each Owner acknowledges that the water levels of all water bodies within the Property may vary. There is no guarantee by the Declarant or the Association that water levels will be constant or aesthetically pleasing at any particular time. In fact, water levels may be non-existent from time to time or may become permanently non-existent.

ARTICLE IV

THE ASSOCIATION

Section 1. Membership. Every Owner of a Lot shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, and shall be governed by the Bylaws. In addition, as long as Declarant owns any part of the Property, Declarant shall be a Member of the Association.

Section 2. Classes of Voting Members. The Association shall have two (2) classes of voting membership:

(a) Class I. The Class I Association Members shall be all Association Members with the exception of Declarant. Class I Association Members shall be entitled to one (1) vote for each Lot owned by such Association Member. When more than one Person owns an interest (other than a leasehold or security interest) in any Lot, all such Persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class II. The Class II Association Member shall be Declarant. The Class II Association Member shall be entitled to ten (10) votes for each Lot owned by Declarant.

Section 3. Declarant Control Period; Relinquishment of Control. Notwithstanding any other provision of this Declaration or the Bylaws, until the expiration of the Declarant Control Period, Declarant may, in its discretion, appoint and remove all of the directors and officers of the Association. Notwithstanding anything contained herein to the contrary, the Declarant Control Period shall expire and the Class II Association Membership shall cease and be converted to Class I Association Membership upon the earliest to occur of (a) the date on which a Certificate of Occupancy has been issued for a residence on every recorded Lot in Stonecrest at Norwood, or (b) the date Declarant shall elect, in its sole discretion, that the Class II membership cease and be converted to the Class I membership (which election may be made, if at all, upon Declarant giving written notice of its election to the Board). The earliest to occur of (a) or (b) above shall herein be referred to as the "Turnover Date." After the Turnover Date and for so long as Declarant owns any part of the Property, Declarant shall be a Class I Association Member.

Section 4. Availability of Documents. The Association shall maintain current copies of the Declaration, the Bylaws and other rules concerning the Project as well as its own books, records, and financial statements available for inspection by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by Lots. All such documents shall be available during normal business hours upon reasonable notice and stated purpose. In addition, any Mortgagee may, at its own expense, have an audited statement prepared with respect to the finances of the Association.

Section 5. Management Contracts. The Association is authorized and empowered to engage the services of any person, firm or corporation to act as managing agent of the Association at a compensation level to be established by the Board and to perform all of the powers and duties of the Association. The managing agent may be an affiliate of Declarant. Any such contract shall be terminable by the Association with or without cause upon sixty (60) days prior written notice to the manager without payment of a termination fee.

Section 6. Maintenance. Prior to their acceptance for public maintenance, the Roadways shall be maintained by the Association. Such maintenance shall include repair and reconstruction, when necessary. Maintenance of the Roadways shall conform to the standard of maintenance (if one is ascertainable) which would be required by the North Carolina Department of Transportation or other governmental entity before it would accept such Roadways for maintenance.

The Common Areas and the Maintenance Areas, together with all utilities, easements and amenities located therein and not otherwise maintained by public entities or utilities or any other party as provided herein, shall be maintained by the Association as more particularly described below:

(a) Maintenance of the entryways to the Project and other monumentation, walls and fencing shall include maintenance, repair and reconstruction, when necessary, of the entrance monuments, fencing, walls, signage, irrigation, planters and lighting located thereon and providing and paying for landscaping, utility charges for irrigation and lighting of the entrance monuments and signage located thereon.

(b) To the extent not maintained by the North Carolina Department of Transportation or other governmental entity, as the case may be, the Association shall maintain or cause to be maintained the swales and medians and associated landscaping and related improvements along and within the Roadways.

(c) The Common Areas and Maintenance Areas shall be clean and free from debris and maintained in an orderly condition, including any removal and replacement of any landscaping, utilities, or improvements located thereon.

Section 7. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of all or a portion of the Common Areas or Maintenance Areas and in order to fund unanticipated expenses of the Association or to acquire equipment or services deemed necessary or desirable by the Board of Directors. Such reserve fund shall be collected and maintained out of the Annual Assessments,

as hereinafter defined. Assessments collected as reserves shall not be considered to be advance payments of Annual Assessments.

Section 8. Liability Limitations. Neither Declarant, nor any Association Member, nor the Board, nor any members, managers, officers, directors, volunteers, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Association Member, whether or not such other Association Member was acting on behalf of the Association or otherwise. Neither Declarant, nor the Association, nor their members, managers, directors, officers, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same. Declarant, the Association or any other person, firm or association making such repairs or maintenance shall not be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof. The Association shall, to the extent permitted by applicable law, indemnify and defend all members of the Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) to be indemnified.

ARTICLE V

COVENANT FOR ANNUAL AND SPECIAL ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Annual, Supplemental Annual, Special and Special Individual Assessments. Each Owner of any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance document, is deemed to covenant and agrees to pay to the Association Annual Assessments, Supplemental Annual Assessments, Special Assessments and Special Individual Assessments (collectively, the "Assessments"), established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorneys' fees, shall be a charge and a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment or charge, together with interest, costs and reasonable attorneys' fees, shall also be the personal obligation of the Owner, at the time when the assessment fell due, of the Lot against which such assessment or charge is made. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them, provided such assessments or charges, together with interest, costs, and reasonable attorneys' fees, shall, as set forth above, be a continuing lien upon the Lot against which such assessments or charges are made.

Section 2. Purpose of Annual Assessments. The assessments to be levied annually by the Association ("Annual Assessments") shall be used as follows:

(a) to operate, repair, maintain, reconstruct (when necessary) and keep clean and free from debris the Common Areas and (to the extent provided herein) the

Maintenance Areas and any improvements (including landscaping) located thereon, including any necessary removal or replacement of landscaping;

(b) to maintain and repair the Roadways to the standards of the maintenance (if one is ascertainable) which would be required by the North Carolina Department of Transportation or other governmental entity before it would accept such Roadways for maintenance;

(c) to maintain, operate, repair and reconstruct, when necessary, the entryways to the Project, including the entrance monuments, signage, irrigation, planters, landscaping and lighting located thereon;

(d) to maintain and repair the swales not located on a Lot and medians, landscaping and related improvements along and within the Roadways to the extent not maintained by the North Carolina Department of Transportation or other governmental entity, as the case may;

(e) to pay any costs associated with the lease and operation of the Street Lights, including, but not limited to, any monthly lease payments and utility costs;

(f) to pay all ad valorem taxes levied against the Common Areas and any other property owned by the Association;

(g) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;

(h) to pay all legal, accounting, management, and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws;

(i) to carry out all other purposes and duties of the Association, the Board of Directors and the Architectural Review Board as stated in the Articles, the Bylaws and in this Declaration; and

(j) to maintain contingency reserves for the purposes set forth in Article IV hereof in amounts as determined by the Board of Directors.

The expenses of the Association for the foregoing are sometimes referred to herein as "common expenses."

Section 3. Payment of Annual Assessments; Due Dates. Each Owner of a Lot shall pay to the Association Annual Assessments as hereinafter set forth.

Annual Assessments provided for herein shall commence as to all Lots shown on a Plat of any Phase of the Property as of the date of the conveyance of the first Lot in such Phase by Declarant to an Owner (other than Declarant) of such Lot. The Annual Assessment for the first year in which a Lot is subject thereto shall be prorated based upon the number of days remaining in the applicable billing period from the date of such conveyance. The Annual Assessment amount for each calendar year shall be in an amount as set by the Board of Directors, in

accordance with the terms of this Article V. Annual Assessments shall be due and payable in advance on a yearly basis (or such other basis as is determined by the Board in its discretion) commencing on January 1 of each calendar year. The Board of Directors shall fix the amount of the Annual Assessment as to each Lot for any calendar year at least thirty (30) days prior to January 1 of such calendar year, and the Association shall send written notice of the amount of the Annual Assessment, as well as the amount of the payment due, to each Owner on or before January 5 of such calendar year. To the extent required by North Carolina General Statutes 47F-3-103(c) or other applicable law, such notice shall include notice of a meeting of the Members to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. If such a meeting is required by N.C. General Statutes 47F-3-103(c), or other applicable law, the Board of Directors shall set a date for a meeting of the Members to consider ratification of the budget to be held not less than ten (10) nor more than sixty (60) days after mailing of the summary and notice. If such meeting is required as set forth above, there shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at such meeting Members exercising all of the votes in the Association reject the budget. The failure of the Association to send, or of a Member to receive, such notice shall not relieve any Member of the obligation to pay Annual Assessments. Notwithstanding the foregoing, for calendar years beginning prior to the Turnover Date, in lieu of payment of Annual Assessments, Declarant may elect to pay for each such calendar year that portion of the annual expenses of the Association (excluding any reserves) which exceeds the total amount of the Annual Assessments paid by the Owners other than Declarant.

Section 4. Conveyance Pro-rations; Reduced Annual Assessments.

(a) With respect to any Lot conveyed by Declarant, the purchaser of such Lot shall pay to the Association at closing the amount of the Annual Assessment for the installment period in which the closing occurs on such Lot prorated based upon the number of days remaining in such installment period. With respect to any Lot conveyed by any Owner other than Declarant, the amount of the Annual Assessment applicable to such Lot for the installment period in which such closing occurs shall be prorated between the buyer and seller thereof as of the date of closing of such conveyance.

(b) Declarant shall have the authority to reduce the Annual Assessment on any Lot on which no structure has been completed (i.e., no Certificate of Occupancy has been issued).

Section 5. Special Assessments. In addition to the Annual Assessment authorized above, the Association may levy, in any assessment year, a special assessment ("Special Assessment") for one or more of the following purposes: (i) paying the cost of the construction of any Common Area and/or Maintenance Area improvements which are not originally constructed by Declarant; or (ii) paying the cost of the reconstruction, repair or replacement of the Common Areas and/or Maintenance Areas, including any improvements located thereon; or (iii) paying the cost of preventative actions to protect the Property or any improvements located thereon, and to further reconstruct, repair or replace any portion of the Property or such improvements following an emergency, including but not limited to, floods, hurricanes, tornadoes, fires, acts of God or other naturally occurring phenomena; or (iv) paying the costs to acquire land and/or improvements from Declarant to be used as Common Area; or

(v) any other similar purpose. Provided, however, (a) Declarant shall not be obligated to pay any Special Assessments on Lots owned by Declarant except with Declarant's prior written approval, and (b) any Special Assessment must be approved by Declarant (so long as Declarant owns any part of the Property).

Section 6. Special Individual Assessments. In addition to the Annual Assessments and Special Assessments authorized above, the Board of Directors shall have the power to levy a special assessment applicable to any particular Owner ("Special Individual Assessment") (i) for the purpose of paying for the cost of any construction, reconstruction, repair or replacement of any damaged component of the Common Areas and/or Maintenance Areas and any improvements located thereon, whether occasioned by any act or omission of such Owner(s), members of such Owner's family or such Owner's agents, guests, employees, tenants or invitees and not the result of ordinary wear and tear; or (ii) for payment of fines, penalties or other charges imposed against any particular Owner relative to such Owner's failure to comply with the terms and provisions of this Declaration, the Bylaws or any rules or regulations promulgated by the Association or the Declarant pursuant to this Declaration or the Bylaws. Provided, however, Declarant shall not be obligated to pay any Special Individual Assessment except with Declarant's prior written approval. The due date of any Special Individual Assessment levied pursuant to this Section 6 shall be fixed in the Board of Directors resolution authorizing such Special Individual Assessment. Upon the establishment of a Special Individual Assessment, the Board shall send written notice of the amount and due date of such Special Individual Assessment to the affected Owner(s) at least thirty (30) days prior to the date such Special Individual Assessment is due.

Section 7. Collection Agent. At the option of the Board of Directors, any person or entity designated by the Board of Directors may act as collection agent for any and all assessments imposed by the Association and/or the Board against the Owners.

Section 8. Assessments Against Lots Owned by Declarant. Anything to the contrary set forth in this Declaration notwithstanding, the Annual Assessments on each Lot owned by Declarant shall be an amount equal to ten percent (10%) of the amount of the Annual Assessments on each Lot owned by an Owner other than Declarant; provided, however, that for calendar years beginning prior to the Turnover Date, in lieu of payment of Annual Assessments, Declarant may elect to pay for each such calendar year that portion of the annual expenses of the Association (excluding any reserves) which exceeds the total amount of the Annual Assessments paid by the Owners other than Declarant. In addition, Declarant shall be entitled to credit against any Assessments on Lots owned by Declarant any and all amounts which Declarant has paid directly for common expenses, or has paid or contributed to the Association for the Association's payment of common expenses.

Until the Turnover Date, the Declarant may elect on an annual basis, but shall not be obligated, to reduce the Annual Assessment for any fiscal year by payment of a subsidy (in addition to any amounts paid by Declarant pursuant to the immediately preceding paragraph), which may be either a contribution or an advance against future assessments due from the Declarant (if Declarant consents in writing to any such assessments), in the Declarant's discretion. Any such subsidy shall be conspicuously disclosed as a line item in the Association

budget. The payment of such subsidy in any year shall under no circumstances obligate the Declarant to continue payment of such subsidy in future years.

Section 9. Operating Capital Fund. At the time of closing of the initial sale of each Lot by Declarant to a third party purchaser, an operating capital payment shall be collected from the purchaser of such Lot (or, if Declarant so elects, from Declarant) and transferred to the Association to be used as a operating capital fund, which operating capital payment shall be in such amount that Declarant, while a Class II Membership exists, or the Board, following the termination of the Class II Membership, shall determine from time to time. The operating capital fund shall be used by Association for whatever purposes it deems necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI

GENERAL ASSESSMENT PROVISIONS

Section 1. Certificate Regarding Assessments. The Association or its agents shall, not more than ten (10) business days after demand therefor, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association and its agents as of the date of its issuance.

Section 2. Effect of Nonpayment of Assessments; Remedies of the Association. Any assessment (or installment thereof) not paid by its due date as set forth herein shall bear interest from such due date at the rate of eighteen percent (18%) per annum or the highest rate then permitted by law, whichever is less. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of Directors to defray the costs arising because of late payment. The Association may bring an action at law against the delinquent Owner (or foreclose the lien against the applicable portion of the Property), and interest, late payment charges, costs and reasonable attorney's fees related to such action or foreclosure shall be added to the amount of such assessment and assessment lien. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of his or her property or the Common Areas or otherwise.

Section 3. Subordination of the Lien to Mortgages. The lien of the assessments provided for in this Declaration shall be subordinate to the lien of any first Mortgage on a Lot. Sale or transfer of any Lot shall not affect the assessment lien. The sale or transfer of any Lot pursuant to a mortgage foreclosure under any first Mortgage on a Lot, or any proceeding in lieu thereof, however, shall extinguish the lien (but not the personal obligation of the mortgagor or any prior Owner) of such assessments as to payments which became due prior to such sale or transfer; provided, however, that the Board of Directors may in its sole discretion determine such unpaid assessments to be an Annual, Special or Special Individual Assessment, as applicable, collectable pro rata from all Owners, including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners notwithstanding the fact that such pro rata portions may cause the Annual Assessment to be in excess of the maximum annual assessment permitted by applicable law, if any. No sale or transfer shall relieve the purchaser of such Lot

from liability for any assessments thereafter becoming due or from the lien thereof, but the lien provided for herein shall continue to be subordinate to the lien of any first Mortgage on a Lot.

ARTICLE VII

RESTRICTIONS

Section 1. Residential Restrictions. Each Lot shall be used exclusively for single-family, non-transient residential purposes; provided, however, Declarant and contractors authorized by Declarant shall have the right to use the Lots designated from time to time by Declarant for the purpose of construction and operation of construction offices and trailers, storage areas, parking areas and sales/marketing offices and trailers (and for related uses) for the Project. Home businesses incidental to the Lot's primary residential use, in compliance with all applicable laws and that impose no undue burden (such as traffic, parking, noise or excessive deliveries) on other residences are allowed. The Board may issue rules regarding permitted business activities. Except those to be utilized by Declarant, all structures to be erected, placed, altered, used or permitted to remain on any Lot shall first be approved in advance in writing by the Architectural Review Board pursuant to the Guidelines. No Lot and no Improvements may be used for hotel or other transient residential purposes. Any lease relating to any Lot or any Improvements thereon (or any part of either thereof) must be for a term of at least six (6) months, must be in writing, and must provide that the tenant is obligated to observe and perform all of the terms and provisions hereof applicable to such Lot and/or Improvements. In the event an Owner shall rent or lease his or her Lot or any Improvements thereon (or any part of either thereof), such Owner shall immediately give to the Association in writing: (i) the name of the tenant and the Lot rented or leased; (ii) the current address of such Owner; (iii) a true and complete copy of the lease or rental agreement; and (iv) the certification of the Owner that the tenant has been given a copy of this Declaration, any applicable amendments, and the Bylaws and that such tenant has been advised of any obligations he may have thereunder as a tenant. In no event shall any lease or rental agreement release or relieve an Owner from the obligation to pay regular Assessments to the Association, regardless of whether the obligation to pay Assessments has been assumed by the tenant in such lease or rental agreement.

Section 2. Dwelling Unit Size. The main Dwelling Unit on each Lot shall contain not less than 2,500 square feet of heated floor area. The 2,500 square foot minimum is exclusive of the areas in vaulted ceiling areas, unheated porches of any type, attached or detached garages, porte-cocheres and unheated storage areas, decks and patios.

Notwithstanding the foregoing requirement, the Architectural Review Board shall have the right (but not the obligation), because of restrictive topography, lot shape, dimensions or unusual site related conditions or other reasons, to allow variances from such minimum square footage requirements of up to ten percent (10%) of such minimum square footage requirements by granting a specific written variance.

No Dwelling Unit erected upon a Lot shall contain more than three (3) stories above the basement foundation or crawl space floor system. Nothing herein shall be construed to prohibit the finishing of any walkup third floor in a Dwelling Unit. Notwithstanding the foregoing, the Architectural Review Board shall have the right (but not the obligation), because of steep

topography, unique Lot configuration or dimensions, unusual site related conditions or other similar reasons, to allow Dwelling Unit heights greater than three (3) stories as viewed from rear and side elevations.

Section 3. HVAC Equipment. No air conditioning or heating equipment or apparatus shall be installed on the ground in front of, or attached to any front wall of, any Dwelling Unit on a Lot. Additionally, air conditioning and heating equipment and apparatus shall be screened from view from Roadways by structural or landscape improvements, as more particularly provided in the Guidelines, and installation of air conditioning and heating equipment and apparatus in windows shall be prohibited.

Section 4. Exterior Lighting; Tennis and Other Sport Courts. Exterior lighting on Lots shall be subject to the applicable requirements and limitations in the Guidelines. Tennis courts and sport courts may not be constructed on any Lot without the approval of the Architectural Review Board. Night lighting of tennis courts and other recreational facilities on Lots is not permitted unless approved in writing by the Architectural Review Board.

Section 5. Fences and Walls. In addition to the restrictions contained elsewhere in this Declaration and except as expressly provided below, no fence or wall (including densely planted hedges, rows or similar landscape barriers) (i) shall be erected, placed, maintained or altered on any Lot nearer to any Roadway fronting such Lot than the front building corner of the main Dwelling Unit constructed on such Lot (unless otherwise approved by the Architectural Review Board) and (ii) shall not exceed six (6) feet in height, except fences enclosing approved tennis courts may be up to ten (10) feet in height if located at least twenty-five (25) feet from all Lot boundary lines. Provided, however, and notwithstanding the foregoing, in order to accentuate certain architectural styles within the Project, the Architectural Review Board, in its sole and absolute discretion, may allow the construction and use of fencing along or near the front, side and/or rear boundary lines of certain designated Lots within the Project. All fences and walls shall be maintained in a structurally sound and attractive manner. No fence or wall shall be erected on any Lot until the Architectural Review Board has given its prior written approval of the color, size, design, materials and location for such fence or wall. The Architectural Review Board is entitled to require uniformity of fencing material, design, color and location under the Architectural, Design and Landscape Guidelines.

Section 6. Mail and Newspaper Boxes; House Numbers. Each Lot Owner shall have a mailbox at the mailbox kiosk provided by the Declarant at the entrance of the Project. No other mailbox or newspaper box shall be erected or maintained on any Lot, with the exception of Lots with Occupants with special needs and only as approved by the United States Postal Service and the Architectural Review Board. The location of a mailbox/newspaper box on Lots with Occupants with special needs must be approved by the Architectural Review Board. House numbers may be displayed on a Lot or Dwelling Unit only as approved by the Architectural Review Board.

Section 7. Animals. No animals, wildlife, livestock, reptiles or poultry shall be raised, bred or kept on any portion of the Property except that common domesticated animals may be kept as household pets, but not for any commercial purposes, provided that they do not create a nuisance (in the judgment of the Board) such as, but without limitation, by noise, odor,

damage or destruction of property or refuse. Under no circumstances shall any animals which raise the insurance premium or are deemed to be "dangerous animals" pursuant to the Association's policy of liability insurance be allowed to be raised, bred, or kept on any portion of the Property. Any excrement deposited by an animal on any portion of the Property shall be promptly removed and appropriately disposed of by the owner of such animal. All animals other than domestic cats shall at all times whenever they are outside of a Dwelling Unit be on a leash or otherwise confined or controlled in a manner acceptable to the Board. The Association may restrict the walking of pets to certain areas. Commercial activity involving pets, including, without limitation, boarding, breeding, grooming or training is not allowed. The ability to keep a pet is a privilege to be exercised on the Property only subject to the limitations and conditions described herein. If, in the opinion of the Board, any pet becomes a source of unreasonable annoyance to others, or the owner of the pet fails or refuses to comply with these restrictions, the owner, upon written notice, may be required to remove the pet from the Project. Pets other than domestic cats may not be left unattended or leashed in yards or garages or on porches or lanais. Pursuant to rules and regulations, the Board may further regulate pets, including but not limited to number and type of pets. Animal control authorities shall be permitted to enter the Project and the Property to patrol and remove pets and wild animals. All pets shall be registered, licensed and inoculated as required by law. No fenced dog enclosure or other structure for pets may be constructed or maintained on any Lot unless the same has been approved in writing by the Architectural Review Board.

Section 8. Signs. Except for political signs and flags of the United States or State of North Carolina, which signs and flags shall be permitted in accordance with the Planned Community Act, no sign, banner, commercial flag, billboard or advertisement of any kind, including without limitation, informational signs, "for sale" or "for rent" signs and those of contractors and subcontractors, shall be displayed on any Lot except for sign(s), banners(s), flags(s), and billboard(s) approved in advance by the Board of Directors, and by Declarant until such time as a Certificate of Occupancy has been issued for a residence on every recorded Lot in Stonecrest at Norwood. Declarant shall be entitled to erect and maintain signs and billboards advertising the Property, the Project or portions of either, or for any other purpose, on any portion of the Property owned by Declarant or in the Common Areas or Maintenance Areas. If permission is granted to any Owner to erect a sign on a Lot, the Board of Directors (and Declarant, as long as Declarant owns any Lot or any portion of the Property) reserve the right to restrict the size, shape, color, lettering, height, material and location of the sign, or in the alternative, provide the Owner with a sign to be used for such purposes. No sign shall be nailed or otherwise attached to trees.

Section 9. Temporary Structures; Structure Materials. No residence or building of a temporary nature, including a construction trailer, shall be erected or allowed to remain on any Lot, and no metal, fiberglass, plastic or canvas tent, barn, carport, garage, utility building, storage building or other metal, fiberglass, plastic or canvas structure shall be erected on any Lot or attached to any Dwelling Unit. Provided, however, nothing herein shall prohibit Declarant or contractors authorized by Declarant from erecting or moving temporary buildings onto Lots owned by Declarant or such authorized contractors to be used for storage, or for construction or sales offices.

Section 10. Sight Line Limitations. To the extent that governmental requirements shall not impose a stricter standard, no fence, wall, hedge or shrub planting which obstructs sight lines at elevations between two (2) and six (6) feet above Roadways shall be placed or permitted to remain on any Lot within the triangular area formed by (i) the line that runs from the point of intersection of (a) the edge of a Roadway's pavement and (b) the edge of the pavement of the driveway on such Lot for a distance of ten (10) feet along such Roadway pavement away from such driveway pavement, (ii) the line that runs from said point of intersection for a distance of ten (10) feet along such driveway pavement away from such Roadway pavement, and (iii) the straight line that connects the ending points of the lines described in the foregoing clauses (i) and (ii). No tree shall be permitted to remain within such triangular areas unless the foliage line is maintained at an appropriate height to prevent obstruction of sight lines.

Section 11. Utilities. All utilities and utility connections shall be located underground, including electrical, telephone and cable television lines. Transformers, electric, gas or other meters of any type, or other apparatus shall be adequately screened as required by the Architectural Review Board in accordance with the provisions of this Declaration.

Section 12. Sediment Control. Sufficient sediment control measures, including, but not limited to, installation and maintenance of silt fences, straw bale fences, storm water inlet protection and temporary seeding, to the extent deemed reasonably necessary by Declarant or the Architectural Review Board, shall be taken by the Owner or Owner's builder to ensure that all sediment resulting from any land disturbance or construction operation is retained on the Lot in question. All sediment control measures must be maintained until such Lot has been permanently stabilized with respect to soil erosion.

Section 13. Building Envelope. No building or other Improvement on any Lot (including any stoops or porches, patios, decks, terraces, etc.) shall be erected or permitted to remain outside of the "Building Envelope" for that particular Lot as established by the minimum setbacks set forth on the recorded Plats of the Property. The Architectural Review Board shall have the right in its sole discretion to make exceptions to any Building Envelope to recognize any special topography, vegetation, Lot shape or dimension, or other site-related conditions. In the event any zoning or subdivision ordinance, floodway regulation or other ordinance, law or regulation applicable to a Lot shall prescribe greater setbacks, then all buildings erected during the pendency of such requirements shall conform thereto.

Section 14. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash, new or used lumber, metal scrap, discarded plant material or garbage, except that such material may be kept on the Lot or in areas of the Property designated for this purpose by the Declarant (in connection with its construction) or by the Board of Directors, provided that these materials are kept in sanitary containers in a clean and sanitary condition. Owners shall place these containers for collection only in the designated areas and only on the day these refuse materials are to be collected. Empty containers shall be removed promptly after collection. During construction of Improvements on a Lot, all rubbish and debris shall be stored and disposed of in accordance with the rules established by the Architectural Review Board.

Section 15. Combination or Subdivision of Lots. Should the Owner of a Lot own an adjacent Lot or Lots and desire that two (2) or more such Lots be considered as one Lot, then such Lots shall (except as provided herein) , upon receipt by the Owner of prior, written consent from the Architectural Review Board, be considered as one Lot for the purposes of this Article VII upon the recordation in the Office of the Register of Deeds of Chatham County, North Carolina, of an instrument by such Owner expressing such intent (such instrument to refer specifically to this section in this Declaration and to identify the Lots to be considered as one Lot for purposes of this Article VII, and a copy of such recorded instrument shall be promptly delivered by such Owner to the Architectural Review Board); and in each such case, Building Envelopes, setback lines, and easements reserved in this Declaration shall be adjusted accordingly by the Architectural Review Board. Further, adjacent Lots may be recombined into a new configuration of the same number of Lots as existed prior to the recombination upon receipt by the Owner or Owners of the Lots of prior, written consent from the Architectural Review Board and the recordation in the Office of the Register of Deeds of Chatham County, North Carolina, of an instrument by such Owner or Owners recombining such Lots (such instrument to refer specifically to this section in this Declaration and to identify the Lots to be recombined, and a copy of such recorded instrument shall be promptly delivered by such Owner or Owners to the Architectural Review Board); and in each such case, Building Envelopes, setback lines, and easements reserved in this Declaration shall be adjusted accordingly by the Architectural Review Board. The Owner of any Lot which combines or recombines with all or a portion of a contiguous Lot shall be solely responsible for any costs which may result from such combination or recombination, including the costs of relocating any existing easements. With respect to combined Lots, such Lots shall constitute multiple Lots for purposes of payment of assessments. No Lot shall be subdivided by sale, lease or otherwise, nor combined or recombined without the prior written consent of the Architectural Review Board nor unless each resulting Lot complies with all applicable legal requirements, including, but not limited to, applicable zoning ordinances and subdivision regulations, and with all requirements of this Declaration. Provided, however, Declarant reserves the right to change the size, boundaries or dimensions of any Lot owned by Declarant for any reason.

Section 16. Restricted Activities in Common Areas and Maintenance Areas. No cutting of vegetation, dumping, digging, filling, destruction or other waste shall be committed on the Common Areas or the Landscape Easements or other Maintenance Areas, without the prior written consent of the Declarant (until such time as a Certificate of Occupancy has been issued for a residence on every recorded Lot in Stonecrest at Norwood) and the Association. No land-disturbing activity, placement of impervious surface, removal of vegetation, encroachment or construction or erection of any structure shall occur on any property specifically shown and designated on any Plat as "Undisturbed Open Space" without the express written consent of the Declarant (until such time as a Certificate of Occupancy has been issued for a residence on every recorded Lot in Stonecrest at Norwood), the Association and the applicable governmental authorities. There shall be no obstruction of the Common Areas or the Maintenance Areas, or of any drainage channels or facilities thereon, nor shall anything be kept or stored in the Common Areas or the Maintenance Areas, nor shall anything be altered, or constructed or planted in, or stored upon, or removed from, the Common Areas or the Maintenance Areas, without the prior written consent of the Declarant (until such time as a Certificate of Occupancy has been issued for a residence on every recorded Lot in Stonecrest at Norwood) and the Association. Motor vehicles, including, but not limited to, mini-bikes,

snowmobiles, and motorcycles, may not be driven on the Common Area by any Owner, or any occupant or guest of an Owner, except on paved driveways and parking areas designated by the Board of Directors. Each Owner shall be liable to the Association for any damage to any Common Area or the Maintenance Area caused by the negligence or willful misconduct of the Owner or his family, tenants, guests, agents, employees, or invitees. Provided, however, the provisions in this paragraph shall not apply to Declarant in connection with Declarant's construction activities on the Property. Except for work done by the Declarant in connection with the construction and marketing of the Lots and the Property, nothing shall be built, caused to be built or done in or to any part of the Property which will alter or cause any alteration to the Common Areas or any Improvements located thereon without the prior written approval of the Association and the Declarant. The Declarant's approval shall be required until a Certificate of Occupancy has been issued for a residence on every recorded Lot in Stonecrest at Norwood.

Section 17. Unsightly or Unkempt Conditions. The pursuit of hobbies or other activities, including specifically, without limiting the generality of the foregoing, the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly, or unkempt conditions, shall not be pursued or undertaken on any Lot, other than in enclosed garages. All garage doors in the Project shall be kept closed except when in use.

Section 18. Rules of the Board. All Owners of any Lot shall abide by all rules and regulations adopted by the Board from time to time. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association for all damages and costs, including attorneys' fees.

Section 19. Recreational and Other Equipment. No recreational equipment (including, but not limited to, basketball backboards and hoops, trampolines, swing sets, tree houses, children's climbing or play apparatus and other equipment associated with either adult or juvenile leisure or recreation) shall be attached to the exterior of any Dwelling Unit or otherwise placed or kept on any Lot, except as approved in writing by the Architectural Review Board.

(a) No such recreational equipment shall be located in such a manner as to constitute a nuisance or unsightly condition.

(b) Children's play toys and other moveable equipment of any type (such as lawn mowers, garden tools, etc.) shall not remain repeatedly overnight within any front yard of any Lot, or within the side yards of any Lot located on a Roadway corner, in such number or for such a long period of time as to create a continuing, unsightly condition, and such play toys and other moveable equipment of any type shall be stored in a Dwelling Unit or an enclosed garage or in an enclosure specifically approved for such storage by the Architectural Review Board.

Section 20. Parking; Storage.

(a) Roadways, driveways, streets and other exterior parking areas on the Property shall be used by Owners, occupants and guests for fully operable, inspected and

registered four wheel passenger vehicles, two wheel motorized bicycles and standard bicycles only. No recreational vehicles, vans (other than non-commercial passenger vans), mobile homes, trailers, boats, trucks (unless licensed as a passenger vehicle and less than three-quarter ton capacity) or commercial vehicles (whether or not registered as a commercial vehicle with the State Department of Transportation) shall be permitted to be parked on the Property, except on a day-to-day temporary basis in connection with repairs, maintenance or construction work on the Lot or if entirely enclosed in a Lot Owner's garage. No vehicles, trucks, vans, cars, trailers, construction equipment, etc. may be parked overnight on any Roadway within the Property.

(b) Commercial-use vehicles or trucks not involved with construction activity on the Property and having a carrying capacity and/or size designation greater than or equal to three-fourths (3/4th) ton shall not be permitted to park overnight on the Roadways, driveways or otherwise within the Property, unless stored in an enclosed garage. No vehicle of any size which transports inflammatory or explosive cargo may be kept within the Property at any time. No vehicles that are not in a condition to be normally operated or that do not have a current registration tag may be stored or situated on any Lot or on any street within the Property for more than ten (10) days unless stored in an enclosed garage.

(c) The Owner of each Lot will be responsible for providing on such Owner's Lot a sufficient paved parking area for all vehicles normally parked and/or situated on or in regard to such Lot.

(d) No recreational vehicles or related equipment, including any boat, houseboat, trailer, all terrain vehicle, motor home or "camper" vehicle may be maintained, stored or kept on any portion of the Property, unless stored in an enclosed garage or in an enclosure specifically approved for such maintenance or storage by the Architectural Review Board.

(e) No construction office trailers may be placed, erected or allowed to remain on any Lots during construction, except as approved in writing by the Architectural Review Board. Provided, however, nothing herein shall prohibit Declarant from erecting or moving temporary buildings or trailers onto Lots owned by Declarant, as applicable, to be used as construction or sales offices or to be used as parking or storage areas. Other construction vehicles (trucks, vans, cars, construction equipment, equipment trailers, etc.) may be left overnight on the Property (including any Lot or Roadway) only in accordance with such rules as may be established by the Architectural Review Board.

Section 21. Nuisances. It shall be the responsibility of each Owner to prevent the development of any unclean, unhealthy, unsightly, or unkempt condition on such Owner's property. No Lot shall be used, in whole or in part, for the deposit, storage or burial of any property or thing that will cause such property to appear to be in an unclean or untidy condition or that will be obnoxious to the eye; nor shall any substance, thing, or material be kept that will emit foul or obnoxious odors or that will cause any noise or other condition that will or might disturb the peace, quiet, safety, comfort, or serenity of the occupants of surrounding property. No noxious or offensive activity shall be carried on within any Lot, nor shall anything be done

tending to cause embarrassment, discomfort, annoyance, or nuisance to any Person using any property within the Project. There shall not be maintained on any Lot any plants or animals or device or thing of any sort whose activity or existence in any way is noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Project. Without limiting the generality of the foregoing, no speaker, horn, whistle, siren, bell, amplifier or other sound device, except such devices as may be used exclusively for security purposes (or as otherwise specifically approved in advance and in writing by the Architectural Review Board), shall be located, installed or maintained upon the exterior of any Dwelling Unit or any unimproved Lot unless required by law.

Section 22. Sewage Disposal. Every Lot shall be served by a wastewater collection and disposal system regulated by Chatham County or the North Carolina Utilities Commission. As of the date of recordation of this Declaration, municipal sewer service is not available to the Property, and Declarant makes no representations regarding the future availability of municipal sewer service.

Section 23. Wastewater Collection System Inspection and Repair Easement. If any inspection reveals that a wastewater collection system on the Property is not functioning properly, or is otherwise not in compliance with any applicable law, ordinance or regulations, the Owner of such Lot shall notify the Association in writing and shall cause the inspector to notify the Association in writing and any other party or agency as required by law. Upon notice of a problem or noncompliance, such Owner shall be responsible for immediately repairing the wastewater collection system at such Owner's sole cost and expense and providing the Association, within thirty (30) days, with proof of such repair. The Association shall be authorized to notify any applicable governmental or regulatory agencies or officials of the malfunctioning or noncompliance of any wastewater collection system located within the Project.

Declarant and the Association shall have a non-exclusive perpetual easement over all property within the Project, including Lots, benefiting Declarant and the Association for the purposes of conducting inspections of the wastewater collection systems within the Project and repairing and/or replacing a wastewater collection system if an Owner fails to repair or replace the wastewater collection system within thirty (30) days of notification from an inspector of the need to repair a wastewater collection system. The Board of Directors shall have the right to levy a Special Individual Assessment against such Lot Owner pursuant to Section 6 of Article V hereof to recover the costs and expenses incurred by the Association in maintaining, repairing or replacing the Lot Owner's wastewater collection system.

The foregoing notwithstanding, neither Declarant, the Association, nor its directors, officers, agents or employees shall be responsible for damages or otherwise to anyone by reason of mistake of judgment, omission, negligence or nonfeasance arising out of the inspection services performed pursuant to this Declaration including, without limitation, any damages to any Lot or property by reason of the failure to inspect or the failure of such inspections to detect any malfunction, damage or noncompliance with law.

Section 24. Clotheslines; Vegetable Gardens. Clotheslines, outdoor clothes drying and vegetable gardens may be allowed with the prior written consent of the Architectural

Review Board. All such items shall be in a size, configuration and in a location approved in advance by the Architectural Review Board.

Section 25. Antennae. To the extent permitted by law and subject to the federal telecommunications act, a DBS antenna, MDS antenna or transmission-only antenna may be erected on a Lot provided it does not, in the opinion of the Architectural Review Board, create an unsightly condition. Qualified antennae must be erected on the rear of the Lot or affixed to the rear of the Dwelling Unit, unless such placement impedes reception in which event such antenna may be erected in another location on the Lot approved by the Architectural Review Board, provided that it is screened by landscaping or other material where reasonable.

Section 26. Grading and Drainage. No Person shall alter the grading of any Lot without prior approval pursuant to Article VIII of this Declaration. Catch basins and drainage areas are for the purpose of natural flow of water only. No obstructions or debris shall be placed in these areas. No Person other than Declarant may obstruct or rechannel the drainage flows after location and installation of drainage swales, storm sewers, or storm drains. The Declarant (until such time as a Certificate of Occupancy has been issued for a residence on every recorded Lot in Stonecrest at Norwood) and the Association shall have a perpetual easement across the Property for the purpose of altering drainage and water flow. However, the exercise of such an easement shall not materially diminish the value of or unreasonably interfere with the use of any Lot without the Owner's consent.

Section 27. Removal of Plants and Trees. No trees or shrubs, except for those which are dead or create a safety hazard, shall be removed without approval from the Architectural Review Board in accordance with Article VIII of this Declaration; provided, however, no removal of plants or trees shall occur on any property specifically shown and designated on any Plat as "Undisturbed Open Space" without the express written consent of the Declarant (until such time as a Certificate of Occupancy has been issued for a residence on every recorded Lot within Stonecrest at Norwood), the Association and the applicable governmental authorities. In the event of an intentional or unintentional violation of this Section, the violator may be required by the Architectural Review Board to replace the removed trees or shrubs with one (1) or more comparable trees or shrubs of such size and number and in such locations as the Architectural Review Board may determine necessary, in its sole discretion, to mitigate the damage.

Section 28. Wetlands, Lakes, and Other Water Bodies. All wetlands, lakes, ponds, and streams within the Property, shall be water management areas only subject to fluctuations in water levels, and no other use thereof, including without limitation fishing, swimming, boating, playing, or use of personal flotation devices, shall be permitted without the prior approval of the Board. The Association shall not be responsible for any loss, damage, or injury to any person or property arising out of the authorized or unauthorized use of lakes, ponds, or streams within the Property. No structures shall be constructed on or over any body of water within the Property, except such as may be constructed by the Declarant or the Association. No Person shall dump grass clippings, leaves or other debris, petroleum products, fertilizers, or other potentially hazardous or toxic substances in any drainage ditch, stream, pond, or lake, or elsewhere within the Property, except that fertilizers may be applied to landscaping on Lots and Common Areas and other portions of the Property provided care is taken to minimize runoff.

Section 29. Yard Art, Exterior Sculpture, Above-Ground Pools, and Similar Items. No yard art, exterior sculpture, above-ground pools, lawn furniture, fountains, birdhouses, birdbaths, other decorative embellishments, or similar items shall be permitted unless approved by the Architectural Review Board in accordance with Article VIII of this Declaration, except for any such item installed by Declarant.

Section 30. Underground Storage Tanks; Hazardous Substances. No underground storage tanks for natural gas, propane, chemicals, petroleum products or any other toxic product will be allowed anywhere in the Property. No potentially hazardous or toxic materials or substances shall be used or stored on any Lot other than normal household, lawn, pool, and garden products which shall be used by Owner in a manner not to permit spills or runoff of such materials onto the Lot, adjacent Lots or property, wetlands areas, ponds or buffers. No activity shall be allowed which violates local, state or federal laws or regulations; provided however, the Board shall have no obligation to take enforcement action in the event of a violation.

Section 31. Diligent Construction. All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed Dwelling Units or other Improvements shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion. All construction must be completed within one (1) year after the date upon which it commenced, unless a longer time is approved by the Architectural Review Board. Any damage to the Roadways, curbs or sidewalks or any part of any Common Area, Maintenance Area or any utility system caused by an Owner or Owner's builder or such builder's subcontractors shall be repaired by such responsible Owner. Any builder of Improvements and such builder's subcontractors on any portion of the Property shall keep such portion of the Property free of unsightly construction debris, in accordance with the construction rules established by the Architectural Review Board (or, in the absence of such rules, in accordance with standard construction practices), and shall similarly keep contiguous public and private areas free from any dirt, mud, garbage, trash, or other debris which is occasioned by construction of Improvements. The Board may levy a Special Individual Assessment against an Owner's property in the Project to pay for the cost of repairing any damage to Roadways, curbs or sidewalks or any part of any Roadway, Common Area, Maintenance Area or utility system, to pay for the cost of cleaning public and private areas, including the Roadways in the Project, and to pay for the cost of the removal of garbage, trash or other debris, which are occasioned by the activities of an Owner or Owner's builder or such builder's subcontractors during the construction of Improvements.

Section 32. Governmental Requirements. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirements applicable to any Lot and all applicable governmental requirements or restrictions relative to the construction of Improvements on and/or use and utilization of any Lot shall continue to be applicable and shall be complied with in regard to the Lots. Each Owner shall comply with all laws, regulations, ordinances and other governmental rules and restrictions in regard to the Lot(s) or other portion of the Property owned by such Owner (including, without limitation, applicable zoning and watershed laws, rules, regulations and ordinances).

Section 33. Occupants Bound. All provisions of this Declaration, any Additional or Supplemental Declaration and the Bylaws and any and all rules and regulations, use restrictions or Guidelines promulgated pursuant hereto or thereto which govern the conduct of Owners and which provide for sanctions against Owners shall also apply to all Occupants even though Occupants are not specifically mentioned.

Section 34. Applicability to Declarant and Builders. The provisions of this Article are intended to restrict certain uses that may be harmful or affect the ambience or aesthetic appeal of the Property. The restrictions are not intended to prohibit Declarant from performing such work as may be necessary in the completion of the work in the Property. The restrictions of this Article shall therefore not be binding upon Declarant in the performance of any of the work required in order to complete the development and construction of and within the Property. Furthermore, Declarant shall have the right, in its sole and absolute discretion, to exempt any Person purchasing a Lot from Declarant for the purpose of constructing a residence thereon for resale to a third party (such Person being hereinafter referred to as a "Builder") from any one or more of the provisions hereof during the period during which such Builder is constructing a residence thereon until such residence is sold by such Builder to a third party; and Declarant may furthermore grant to any such Builder, in Declarant's sole discretion, the right to exercise any one or more of the rights, easements and privileges reserved to Declarant under the terms hereof.

ARTICLE VIII

ARCHITECTURAL AND LANDSCAPING CONTROL

General. Notwithstanding anything contained in this Declaration to the contrary, no Improvements, including, without limitation, site preparation on any Lot, change in grade or slope of any Lot, or erection of buildings or exterior additions or alterations to any building situated upon the Property, erection of or changes or additions in fences, hedges, walls and other structures, any landscaping, or any cutting of trees on any Lot, shall be commenced, erected or maintained on any portion of the Property until: (a) the Architectural Review Board, appointed as hereinafter provided, has approved the plans, specifications and materials therefor and the location of such Improvements and has given its written approval for commencement of construction, all in accordance with the terms and requirements in the Architectural, Design and Landscape Guidelines; (b) the fees set forth in or contemplated in this Article VIII have been paid; and (c) the contracts identified in this Article VIII have been executed. In addition to any standards established pursuant to this Declaration, Declarant may establish, by Additional Declarations, architectural and landscaping control standards, guidelines and restrictions in regard to various Phases or sections of the Property. The provisions of this Article VIII shall not apply to the construction of any Improvements commenced, erected or maintained by Declarant on any Lot or upon any of the Common Areas or Maintenance Areas.

The Board may delegate to the Architectural Review Board any powers or authority reserved or granted to the Board under this Article VIII.

Section 1. Composition of Architectural Review Board. Until such time as a Certificate of Occupancy is issued for a residence on every recorded Lot in Stonecrest at

Norwood, the members of the Architectural Review Board shall be appointed by Declarant. At such time as a Certificate of Occupancy has been issued for a residence on every recorded Lot in Stonecrest at Norwood or at such earlier date as Declarant releases its right to appoint the members of the Architectural Review Board, the members of the Architectural Review Board shall thereafter be appointed by the Board. During the period that the Declarant appoints the members of the Architectural Review Board, the length of terms and number of members of the Architectural Review Board shall be determined by the Declarant in its sole discretion. Once the Board begins to appoint the members of the Architectural Review Board, the members of the Architectural Review Board shall be appointed annually, and the Architectural Review Board will be composed of at least three (3) and not more than seven (7) individuals, the exact number of members of the Architectural Review Board to be designated from time to time by the Board. The members of the Architectural Review Board need not be Owners of property in the Project. In the event of the death or resignation of any member of the Architectural Review Board, the party or body then having the authority to appoint members to the Architectural Review Board shall have full authority to designate and appoint a successor. Members of the Architectural Review Board may be removed and replaced at any time, with or without cause, and without prior notice, by the party or body then having the authority to appoint such members. Notwithstanding anything contained herein to the contrary, the Architectural Review Board shall have the right, power and authority to employ and/or use the services of any architects, engineers, attorneys or other professionals as it deems necessary or advisable, in its sole discretion, to carry out the duties and obligations of the Architectural Review Board as described in this Article VIII.

Section 2. Architectural and Design and Landscape Guidelines.

(a) The Architectural Review Board shall, from time to time, publish and promulgate the Architectural, Design and Landscape Guidelines. The Guidelines shall be explanatory and illustrative of the general intent of the development of the Property and are intended as a guide to assist the Architectural Review Board in reviewing plans and specifications for Improvements (including landscaping). The Guidelines shall also set out, among other things, the procedures for submission, review and approval of plans and specifications to the Architectural Review Board and the fees to be imposed by the Architectural Review Board, as more specifically described in Article VIII, Section 7 hereof. In any event, the Guidelines may be revised and amended at any time by the Architectural Review Board, in its sole discretion (provided, however, after the Turnover Date, the Guidelines shall not be revised or amended to allow less restrictive standards than those in effect on the Turnover Date), and shall not constitute, in every event, the sole basis for approval or disapproval of plans, specifications and other materials (for the construction of non-landscape Improvements) submitted to the Architectural Review Board for approval.

(b) The portions of the Guidelines addressing landscaping Improvements may establish approved standards, methods and procedures for landscaping, landscape management and landscape maintenance in the Property, including the removal of trees. Such authorized standards, methods and procedures shall be utilized by Owners and their contractors and subcontractors, and the approval by the Architectural Review Board of any landscaping plan or other landscaping improvement in connection with landscaping

on a Lot or other portion of the Property shall be based upon the conformity of such plan or improvement with the Guidelines.

(c) The Architectural Review Board is also hereby authorized to publish and promulgate from time to time, and revise and amend at any time in its sole discretion, construction rules to be followed by all Owners and builders performing work or constructing or installing Improvements (including landscape Improvements) on the Property.

(d) The Architectural Review Board may issue and amend the Guidelines from time to time and may publish and promulgate different Guidelines for different Phases, sections or portions of the Property.

Section 3. Definition of "Improvements". The term "Improvement" or "Improvements" shall mean and include any and all man-made changes or additions to a Lot, including, but not limited to, the location, materials, size and design of all buildings (including any exterior devices attached to or separate from buildings, such as heating and air conditioning equipment, solar heating devices, antennae, satellite dishes, etc.); storage sheds or areas; roofed structures; parking areas; fences; "invisible" pet fencing; pet "runs," lines and similar tethers or enclosures; walls; irrigation equipment, apparatus and systems; landscaping (including cutting or removal of trees); hedges; mass plantings; poles; driveways; ponds; lakes; changes in grade, slope or drainage patterns; site preparation; swimming pools; hot tubs; jacuzzis; tennis courts; tree houses; basketball goals; skateboard ramps; and other sports or play apparatus; signs; exterior illumination; and changes in any exterior color or shape. The definition of Improvements includes both original Improvements and all later changes to Improvements. The definition of Improvements, however, does not include the replacement or repair of Improvements previously approved by the Architectural Review Board, provided such replacement or repair does not change exterior colors, materials, designs or appearances from those which were previously approved by the Architectural Review Board.

Section 4. Enforcement.

(a) It is Declarant's intent that the architectural control provisions of this Declaration and any Additional Declarations are to permit control of the architectural design and landscaping and to establish quality standards for construction and construction activity in the Project and to help preserve values of properties in the Project. All Owners, by purchasing property subject to this Declaration, acknowledge that a violation of any such provisions could result in irreparable harm and damage to other Owners of property in the Project and to Declarant, and to the values of their respective properties in the Project, a monetary measure of which harm and damage would be difficult to establish. Accordingly, the Association shall have the specific right (but not the obligation) to enforce and/or to prevent any violation of the provisions contained in this Article VIII by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions. Declarant hereby specifically reserves and grants unto the Architectural Review Board, the Board and any agent or member thereof, the right of entry and inspection upon any portion of the Property for the purpose of determination by the Architectural Review Board or the

Board whether there exists any construction of any Improvement which violates the terms of any approval by the Architectural Review Board, the terms of the Guidelines, the terms of this Declaration or any Additional Declaration, or the terms of any amendments hereto or thereto.

(b) As to nonconforming or unapproved Improvements, the Association may require any Owner to restore such Owner's Improvements to the condition existing prior to the construction thereof (including, without limitation, the demolition and removal of any unapproved Improvements) if such Improvements were commenced or constructed in violation of this Article. In addition, the Association may, but has no obligation to, cause such restoration, demolition and removal to be performed and to levy the amount of the cost thereof as a Special Individual Assessment against the Lot or portion of the Property upon which such Improvements were commenced or constructed. In the event that it becomes necessary to resort to litigation to determine the propriety of any constructed Improvement, to remove any unapproved Improvement or otherwise to remedy a violation of the Guidelines, the Association shall be entitled to recover court costs, attorneys' fees and expenses incurred by the Association and/or the Architectural Review Board in connection therewith, which costs, fees and expenses may be levied as a Special Individual Assessment against the Lot or other portion of the Property upon which such Improvement was commenced or constructed.

Section 5. Failure of the Architectural Review Board to Act. The Architectural Review Board shall approve or disapprove any plans and specifications and other submittals or reject them as being inadequate or unacceptable within forty-five (45) business days after receipt thereof. If the Architectural Review Board fails to approve or disapprove any plans and specifications and other submittals or to reject them as being inadequate or unacceptable within forty-five (45) business days after receipt thereof, it shall be conclusively presumed that the Architectural Review Board has disapproved such plans and specifications and other submittals. If plans and specifications or other submittals are not sufficiently complete or are otherwise inadequate, the Architectural Review Board may reject them as being inadequate or may approve or disapprove part, conditionally or unconditionally, and reject or approve the balance. The Architectural Review Board is authorized to request the submission of samples of proposed construction materials.

Section 6. Variances. Upon submission of a written request for a variance, which request shall set forth, among other things, the extraordinary circumstances applicable to a Lot giving rise to the need for a variance, the Architectural Review Board may, from time to time, in its sole discretion, permit Owners to construct, erect or install Improvements which are at variance with restrictions, requirements or provisions of this Declaration or any Additional Declaration from which a variance is permitted, pursuant to the terms hereof or thereof. In any case, however, the Architectural Review Board may grant a variance only due to the existence of extraordinary circumstances applicable to a Lot, which extraordinary circumstance (i) has not been caused by the Owner of such Lot and (ii) materially impairs the ability of an Owner to construct a Dwelling Unit on such Owner's Lot. Any variance granted shall be in basic conformity with and shall blend effectively with the general architectural style and design of the community and shall not materially change the scheme of restrictions herein set forth. Written requests for variances shall be deemed to be disapproved in the event the Architectural Review

Board has not expressly and in writing approved such request within thirty (30) business days of the submission of such request. No member of the Architectural Review Board shall be liable to any Owner for any claims, causes of action, or damages arising out of the grant or denial of any variance to any Owner. Each request for a variance submitted hereunder shall be reviewed separately and apart from other such requests and the grant of a variance to any Owner shall not constitute a waiver of the Architectural Review Board's right to strictly enforce the covenants, restrictions and architectural standards provided hereunder or under any Additional Declaration against any other Owner. If a variance is granted, the Owner receiving such variance shall comply with the more restrictive of the terms of the variance or applicable local, state or federal laws (including, without limitation, local zoning and development laws), and the granting of a variance shall not relieve any Owner from the obligation of complying with such laws.

Section 7. Fees Required by the Architectural Review Board. The Architectural Review Board, in its sole discretion, may require that each Person submitting plans and specifications for Improvements to the Architectural Review Board pay one or more fees to the Architectural Review Board or to Declarant as a condition to commencement of construction of such Improvements. Such fees, including the amounts, payee and purposes thereof, shall be established by, and may be changed from time to time by, the Architectural Review Board and shall be set forth in the Guidelines.

Section 8. Notices and Submittals. Notices and submittals to the Architectural Review Board shall be in accordance with the notice provisions set forth from time to time in the Guidelines.

Section 9. Limitation of Liability. No member of the Architectural Review Board shall be liable for claims, causes of action or damages (except where occasioned by willful misconduct of such member) arising out of services performed pursuant to this Article VIII. Neither the Architectural Review Board nor the members thereof, nor the Association, nor Declarant, nor any officers, directors, members, managers, employees, agents or affiliates of any of them, shall be liable for damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval of, or the failure to approve or disapprove of, any plans and specifications. The approval of plans and specifications by the Architectural Review Board shall not be deemed or construed as a representation or warranty of the Architectural Review Board, Declarant, or any officer, director, member, manager, employee, agent or affiliate of any of them, (i) that Improvements constructed in accordance with such plans and specifications will comply with applicable zoning ordinances, building codes, or other governmental or quasi-governmental laws, ordinances, rules and regulations or (ii) as to the structural soundness, quality, durability, suitability, fitness or proper functioning of Improvements constructed in accordance with such plans and specifications; and any responsibility or liability therefor is hereby disclaimed. Every person who submits plans and specifications, and every Owner, agrees that he will not bring any action or suit against Declarant, the Association, the Architectural Review Board, the Board, or the officers, directors, members, managers, employees, agents or affiliates of any of them, to recover any such damages and hereby releases, demises, and quitclaims all claims, demands and causes of action arising out of or in connection with any judgment, negligence or nonfeasance and hereby waives the provisions of any law which provides that a general release does not extend to claims, demands

and causes of action not known at the time the release is given. Declarant shall be the sole party responsible for the performance of Declarant's obligations under this Declaration, and no other person, firm or entity, including, without limitation, any entity affiliated with Declarant, shall have any obligation or liability for Declarant's obligations under this Declaration.

Section 10. Miscellaneous. Members of the Architectural Review Board may or may not be compensated for their services; provided, however, the Association shall reimburse members of the Architectural Review Board for reasonable out-of-pocket expenses associated with their activities hereunder. All costs, expenses and attorneys' fees of the Architectural Review Board, including those incurred in connection with the exercise of their enforcement or other powers as provided herein, shall be borne by the Association; provided, however, nothing herein shall be deemed to negate the Association's right to an award of court costs, attorneys' fees and expenses in accordance with this Article VIII.

ARTICLE IX

INSURANCE; REPAIR AND RESTORATION; CONDEMNATION

Section 1. Board of Directors. The Board of Directors shall cause to be obtained and maintained at all times insurance of the type and kind and in no less than the amounts set forth below:

(a) Fire. All Improvements and all fixtures and personal property included in the Common Areas and Maintenance Areas and all personal property and supplies belonging to the Association shall be insured in an amount equal to the current replacement cost (exclusive of land, foundation, excavation and other normally excluded items) as determined annually by the Board with the assistance of the insurance company providing coverage. The Board shall, at least annually, review the insurance coverage required herein and determine the current replacement cost of such improvements and fixtures and personal property and supplies. Such coverage shall provide protection against loss or damage by fire or other hazards covered by a standard extended coverage endorsement, windstorm and water damage, vandalism and malicious damage and all perils covered by a standard "all risk" endorsement. In addition to the provisions and endorsements set forth in Article IX, Section 3 and Section 4, the fire and casualty insurance described herein shall contain the following provisions:

(i) standard "Agreed Amount" and "Inflation Guard" endorsements;

(ii) construction code endorsements if the Common Area becomes subject to a construction code provision which would require changes to undamaged portions of any building thereby imposing significant costs in the event of partial destruction of such building by an insured peril;

(iii) a waiver of subrogation by the insurer as to any claims against the Association, any officer, director, agent or employee of the Association, the Owners and their employees, agents, tenants and invitees; and

(iv) a provision that the coverage will not be prejudiced by act or neglect of one or more Owners when said act or neglect is not within the control of the Association or by any failure of the Association to comply with any warranty or condition regarding any portion of the Property over which the Association has no control.

The fire and casualty insurance policy shall not contain (and the insurance shall not be placed with companies whose charters or bylaws contain) provisions whereby: (1) contributions or assessments may be made against the Association or the Owners; (2) loss payments are contingent upon action by the carrier's directors, policy holders or members; and (3) there are limiting clauses (other than insurance conditions) which could prevent the Association from collecting the proceeds.

(b) Public Liability. The Board shall also be required to cause to be obtained and maintained, to the extent obtainable, public liability insurance and officer's and director's liability insurance in such limits as the Board may, from time to time, determine to be customary for projects similar in construction, location and use as the Project, covering each member of the Board, the managing agent, if any, and each Owner with respect to his liability arising out of the ownership, maintenance, or repair of the Common Areas and Maintenance Areas, or from service on the Board; provided, however, in no event shall the amounts of such public liability insurance ever be less than $1,000,000 per occurrence against liability for bodily injury, including death resulting therefrom, and damage to property, including loss of use thereof, occurring upon, in or about, or arising from or relating to, the Property or any portion thereof, nor shall the amount of such officer's and director's insurance be less than $1,000,000 unless such coverage is determined by the Board to be unreasonably expensive. Such insurance shall include endorsements covering cross liability claims of one insured against another, including the liability of the Owners as a group to a single Owner. The Board shall review such limits annually. Until the first meeting of the Board following the initial meeting of the Association Members, such public liability insurance shall be in amounts of not less than $1,000,000 per occurrence for claims for bodily injury and property damage and such officer's and director's liability insurance shall be in amounts not less than $1,000,000.

(c) Fidelity Coverage. The Board shall also be required to cause to be obtained and maintained fidelity coverage against dishonest acts on the part of all persons, whether officers, directors, trustees, employees, agents or independent contractors, responsible for handling funds belonging to or administered by the Association. The fidelity insurance policy shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the Association's estimated annual operating expenses and reserves. An appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(d) Other. Such other insurance coverages, including flood insurance and worker's compensation, as the Board shall determine from time to time desirable.

Section 2. Premium Expense. Premiums upon insurance policies purchased by the Board shall be paid by the Board and charged as a common expense to be collected from the Owners pursuant to the terms of this Declaration.

Section 3. Special Endorsements. The Board shall make diligent efforts to secure insurance policies that will provide for the following:

(a) recognition of any insurance trust agreement entered into by the Association;

(b) coverage that may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days' prior written notice to the named insured and any insurance trustee; and

(c) coverage that cannot be cancelled, invalidated or suspended on account of the conduct of any officer, director or employee of the Association without prior demand in writing that the Board cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured by the Association or any Owner.

Section 4. General Guidelines. All insurance policies purchased by the Board shall name Declarant as an additional insured and be with a company or companies licensed to do business in the State of North Carolina and holding a rating of "A VIII" or better by the current issue of Best's Insurance Reports. All insurance policies shall be written for the benefit of the Association and shall be issued in the name of and provide that all proceeds thereof shall be payable to the Association. Notwithstanding any of the foregoing provisions and requirements relating to insurance, there may be named as an insured, on behalf of the Association, the Association's authorized representative, who shall have exclusive authority to negotiate losses under any policy providing such insurance.

Section 5. Insurance Proceeds. Subject to any limitations imposed by any applicable financing documents, the Association shall use the net proceeds of casualty insurance carried by it to repair and/or replace any damage or destruction of property, real or personal, covered by such insurance. Any balance from the proceeds of casualty insurance paid to the Association remaining after satisfactory completion of repair and replacement shall be retained by the Association as part of the general reserve fund for repair and replacement of the Common Areas and/or Maintenance Areas.

Section 6. Insufficient Proceeds. If the insurance proceeds received by the Association are insufficient to reimburse the Association for, or to repair and/or replace, any damage or destruction to person or property covered by such insurance, the Board may levy a Special Assessment against the Owners to cover the deficiency.

Section 7. Owner's Personal Property. Neither the Association nor Declarant shall be liable in any manner for the safekeeping or condition of any personal property belonging to or used by any Owner or his family, tenants, guests or invitees, located on or used at the Common Areas. Further, neither the Association nor Declarant shall be responsible or liable for any damage or loss to or of any personal property of any Owner, his family, tenants, guests or invitees located on or used at the Common Areas. Each Owner shall be solely responsible for all

personal property and for any damage thereto or loss thereof, and shall be responsible for the purchase of, at such Owner's sole cost and expense, any casualty, liability or other insurance for damage to or loss of such property.

Section 8. No Obligation to Insure Owners' Property. By virtue of taking title to a Lot within the Project, each Owner acknowledges that neither the Association nor Declarant has any obligation to provide any insurance for any portion of such Lot or any Dwelling Unit or other property located thereon.

Section 9. Security. The Association may, in its sole discretion, but shall not be obligated to, provide certain security and fire protection measures, and maintain or support certain other activities within the Project designed to make the Project safer than it might otherwise be. Provided, however, should the Association provide, maintain or support any such measures or activities, then neither the Association, Declarant, nor any successor of Declarant shall in any way be considered insurers or guarantors of security or fire protection within the Project, and neither the Association, Declarant nor any successor of Declarant shall be held liable for any loss or damage by reason or failure to provide or take any security or fire protection measures or for the ineffectiveness of any such measures undertaken. Each Owner and Occupant of any Lot or Dwelling Unit and each tenant, guest and invitee thereof acknowledges and understands that neither the Association, Declarant nor any successor of Declarant are insurers, and each such Owner, and Occupant of a Lot or Dwelling Unit and their tenants, guests and invitees hereby assume all risks for loss or damage to persons, property or contents belonging to any such persons.

Section 10. Condemnation. Whenever all or part of the Common Areas shall be taken or condemned by any authority having the power of eminent domain, all compensation and damages for and on account of such taking shall be paid to the Association. The Association, acting through the Board, shall have the right to negotiate and litigate the issues with respect to taking and compensation affecting the Common Areas, without limitation on the right of the Owners to represent their own interests. Each Owner, by his acceptance of a deed to a Lot or other portion of the Property, hereby appoints the Association as his attorney-in-fact to negotiate, litigate or settle on his behalf all claims arising from the condemnation of the Common Areas. All compensation and damages paid to the Association on account of such a taking shall be used to restore the Common Areas, provided such restoration is possible, with the excess, if any, to be retained by the Association and applied to future operating expenses by the Board, in its sole discretion. Nothing herein is to prevent Owners whose Lots or other property are specifically affected by the taking or condemnation from joining in the condemnation proceedings and petitioning on their own behalf for consequential damages relating to loss of value of the affected Lots or other property, or Improvements, fixtures or personal property thereon, exclusive of damages relating to the Common Areas. In the event that the condemnation award does not allocate consequential damages to specific Owners, but by its terms includes an award for reduction in value of Common Areas, Lots or other property without such allocation, the award shall be divided between affected Owners and the Association, as their interests may appear, by the Board in its sole discretion.

ARTICLE X

EASEMENTS AND OTHER RIGHTS

Declarant and the Association and their successors and assigns, in addition to any other easements granted or reserved herein, shall have the following non-exclusive easements on, upon, over, across, through and under the Property. In addition, Declarant and its successors and assigns, shall have the right, on behalf of itself and the Association, to grant additional easements on, upon, over, across, through and under the Common Areas and any portion of the Property owned by Declarant as Declarant deems to be in the best interests of and proper for the Project, including, but not limited to, easements in favor of Declarant, the Association, the Owners, and all their family members, guests, invitees and tenants and to various governmental and quasi-governmental authorities and agencies and private concerns for the purposes and uses hereinafter specified.

Section 1. Easements and Cross-Easements on Common Areas. Declarant, its designees and the Association, shall have the right to impose upon the Common Areas henceforth and from time to time such easements and cross-easements for ingress and egress, installation, maintenance, construction and repair of utilities and facilities including, but not limited to, electric power, telephone, cable television, master antenna transmission, surveillance services, governmental and quasi-governmental purposes, sewer, water, gas, drainage, irrigation, storm water management, lighting, television transmission, garbage and waste removal, emergency services, pedestrian walking trails or paths and the like as it deems to be in the best interests of, and necessary and proper for, the Project or any portion thereof.

Section 2. Use of Common Areas. Subject to any limitation or restriction set forth in this Declaration, Declarant declares that the Common Areas are subject to a perpetual nonexclusive easement in favor of Declarant, the Association and their designees, the Owners and all their family members, guests, invitees and tenants, and appropriate governmental and quasi-governmental agencies to use the Common Areas for all proper and normal purposes including, but not limited to, ingress, egress and access for the furnishing of services and utilities and for such use of the facilities as the same are reasonably intended in accordance with the terms of this Declaration and any Additional Declaration. If ingress or egress to any Lot or other portion of the Property is through any Common Area, any conveyance or encumbrance of such area is subject to this easement. Any portions of the Common Areas on which graves or cemeteries are located are subject the rights of others, if any, to maintain and visit such graves or cemeteries as may be provided by applicable laws or regulations.

Section 3. Right-of-Way Over Roadways. Declarant is hereby granted, for the benefit of itself, its agents, employees, lessees, invitees, designees, successors and assigns, and grants to the Association, its agents, employees, tenants, invitees, designees, successors and assigns, and to each Owner of a Lot, their family members, tenants, guests, invitees, successors and assigns, and to each Occupant of a Lot and to all governmental and quasi-governmental agencies and service entities having jurisdiction over the Property while engaged in their respective functions, a perpetual non-exclusive easement, license, right and privilege of passage and use, both pedestrian and vehicular, over and across the Roadways for the purpose of providing access, ingress and egress to and from, through and between the Property and for the

purpose of furnishing services and utilities and for the use of such facilities as the same are reasonably intended in accordance with the terms of this Declaration.

Section 4. Right of the Association and Declarant to Enter Upon the Common Areas and Maintenance Areas. Declarant hereby reserves for the benefit of itself, its successors in interest and assigns, and grants to the Association and all agents, employees or other designees of the Association an easement for ingress, egress and access to enter upon or over the Common Areas and Maintenance Areas for the purposes of inspecting any construction, proposed construction, or Improvements or fulfilling the rights, duties and responsibilities of ownership, administration, maintenance and repair of Declarant or the Association, as applicable. Such easement includes an easement in favor of the Association and Declarant to enter upon the Common Areas and Maintenance Areas now or hereafter created to use, repair, maintain and replace the same for the purposes for which they are initially designated or for such purposes as they are hereafter redesignated or as Declarant otherwise determines them to be reasonably suited. Notwithstanding the foregoing, nothing contained herein shall be interpreted as imposing any obligation upon the Association or Declarant to maintain, repair, or construct Improvements which an Owner is required to maintain, construct or repair.

Section 5. Easement for Encroachments. Declarant hereby reserves, for the benefit of itself, its successors in interest and assigns, and grants to the Association, the Owners, their successors and assigns, and to the Occupants of Lots, easements for encroachments, to the extent necessary, in the event any portion of the Improvements located on any portion of the Property now or hereafter encroaches upon any of the remaining portions of the Property as a result of minor inaccuracies in survey, construction or reconstruction, or due to settlement or movement. Any easement(s) for encroachment shall include an easement(s) for the maintenance and use of the encroaching Improvements in favor of Declarant, the Association, the Owners and all of their designees.

Section 6. Maintenance Areas. Declarant hereby reserves, for the benefit of itself, its successors in interest and assigns, and grants to the Association, their successors and assigns, the following nonexclusive perpetual easements over certain areas of the Property as hereinafter described for the purposes hereinafter described:

(1) Easements for the purposes of landscaping and maintaining entryways and erecting and maintaining entrance monument(s) for the Project, over, across and under those portions of the Property shown and designated as "Monument Easement" or other similar designation on the Plats and over, across and under those portions of property outside of the Property for which Declarant or the Association has secured monument signage and landscaping easements (herein referred to as the "Entrance Monument Signage and Landscaping Easements"). Declarant and/or the Association shall have the right to landscape and maintain the areas of the Property so designated as entryways to the Project, to erect and maintain entrance monument(s) thereon bearing the name of the Project, and to erect and maintain lighting for such monument(s), plantings, landscaping, irrigation systems and other improvements typically used for entryways.

(2) Easements for the installation, maintenance, repair and removal of landscaping and landscaping amenities, including signage, lighting, monuments and irrigation systems, over, across and under those portions of the Property shown and designated as "Landscape Easements" or other similar designation on the Plats (herein referred to as "Landscape Easements").

(3) Easements for the installation, maintenance, repair and removal of sidewalks, if any, over, across and under those portions of the Property shown and designated as "Sidewalk Easements" or other similar designation on the Plat (herein referred to as the "Sidewalk Easements").

(4) Easements for the installation, maintenance, repair and removal of storm drainage facilities within the areas shown as "Stormwater BMP Easement," "S.D.E.," "Storm Drainage Easement," or other similar designation on the Plats.

(5) Easements for the installation, maintenance, repair and removal of pedestrian trails and walking paths within areas designated as such on the Plats.

All of the above-described areas and items shall herein be referred to as the "Maintenance Areas." The Association shall maintain the Maintenance Areas to a consistent standard of maintenance typical of a first-class development. Notwithstanding the foregoing, the Association shall not be obligated to maintain the Maintenance Areas that are located on the Lots. The Association shall have the right, but not the obligation, to enter onto and maintain the Maintenance Areas that are located on the Lots. Each Owner shall be obligated to maintain all portions of any Maintenance Area located upon his or her Lot to the extent the Association does not maintain it.

Section 7. Utility and Drainage Easements. The Property shall be subject to all easements and rights-of-way for utilities and drainage shown on the Plats, including, but not limited to, those certain easements shown and designated on the Plats as:

(a) "Utility Easement"; and

(b) "Stormwater BMP Easement" or "Public Storm Drainage Easement" or "Drainage Easement" or "S.D.E."

Such easements are hereby established for the use of Declarant, its successors and assigns, and are hereby established for the use of the Association, its successors and assigns, and include, without limitation, storm drainage easements of variable width, whether or not depicted on a Plat, over the entire area within all ditches along any Roadway.

Additionally, Declarant hereby reserves, for the benefit of itself, its successors and assigns, and grants to the Declarant and the Association, its successors and assigns, a non-exclusive easement and right-of-way over, under and along the Maintenance Areas for the installation and maintenance of lines, conduits, pipes and other equipment necessary for

furnishing electric power, gas, telephone service, cable service, water, irrigation, septic system, sanitary sewer and drainage facilities, storm drainage and/or other utilities. Within the above-described easements no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation of utilities or which may change the direction or flow of drainage channels in the easements. This establishment of easements shall not prohibit the construction of driveways, at locations approved by the Architectural Review Board, over such easements.

Section 8. Utility Easement on Lots. Additionally, Declarant hereby reserves, for the benefit of itself, its successors and assigns, and grants to the Declarant and the Association, its successors and assigns, a non-exclusive easement and right-of-way over, under and along the first ten feet from the edge of the Roadways right of way on each Lot for the installation and maintenance of lines, conduits, pipes and other equipment necessary for furnishing electric power, gas, telephone service, cable service, water, irrigation, septic system, sanitary sewer and drainage facilities, storm drainage and/or other utilities. Within the above-described easements no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation of utilities or which may change the direction or flow of drainage channels in the easements. This establishment of easements shall not prohibit the construction of driveways, at locations approved by the Architectural Review Board, over such easements.

Section 9. Declarant's Right to Assign Easements; Maintenance of Easement Areas. Declarant shall have the right to assign and convey, in whole or in part, the easements created hereunder. The areas burdened by the easements and rights-of-way established in favor of Declarant on each Lot or other portion of the Property pursuant hereto, including any Improvements in such areas, which are not to be maintained by the Association or a public authority or utility, shall be maintained continuously by each Owner of such Lot or other portion of the Property, but no structures, plantings or other material shall be placed or permitted to remain upon such areas or other activities undertaken thereon which may damage or interfere with the installation or maintenance of utilities or other services, or which may retard, obstruct or reverse the flow of water or which may damage or interfere with established slope ratios or create erosion problems. Notwithstanding the above, the Association and Declarant shall have the right, but not the obligation, to maintain the landscaping in the easement areas on any Lot.

Section 10. Easement Created for the Association and Declarant. Full rights of access, ingress and egress are hereby granted to Declarant for itself and the Association at all times over and upon any Lot or other portion of the Property for the exercise of the easement rights described in this Article X and for the carrying out by Declarant or the Association of the rights, functions, duties and obligations of each hereunder; provided, that any such entry by Declarant or the Association upon any Lot or portion of the Property shall be made with the minimum inconvenience to the Owner of such property as is reasonably practical, and any damage caused as a result of the gross negligence or intentional malfeasance of Declarant, the Association or their employees or agents shall be repaired by Declarant or the Association, as the case may be, at the expense of Declarant or the Association, as the case may be.

Section 11. Additional Easements. Declarant shall have the right to grant over, under, across and upon any portion of the Property owned by Declarant, and the Board shall have

the authority, in its sole discretion, to grant over, under, across and upon the Common Areas, such easements, rights-of-way, licenses and other rights in accordance with or to supplement the provisions of this Declaration or as may otherwise be desirable for the development of the Project, by the execution, without further authorization, of such grants of easement or other instruments as may from time to time be necessary or desirable. Such easements may be for the use and benefit of persons who are not Association Members or Owners. After such time as the members of the Board are no longer appointed by Declarant, the Board shall cooperate with Declarant and execute such grants of easements over the Common Areas as may be desirable to Declarant for the development of the Project and the preservation and enhancement of Declarant's interest therein.

Section 12. No Merger of Easements. The easements hereby established shall not be terminated by merger or otherwise, except upon execution and recordation of an instrument specifically terminating any such easement.

ARTICLE XI

GENERAL PROVISIONS

Section 1. Duty of Maintenance. Except for those portions, if any, of a Lot which the Association may elect to maintain or repair hereunder, the Owner of any Lot shall have the duty and responsibility, at such Owner's sole cost and expense, to keep the Lot owned by such Owner, including Improvements thereon and ground and drainage easements or other rights-of-way incident thereto, in compliance with the covenants, conditions, restrictions and development standards contained in this Declaration (to the extent applicable), and in any applicable Additional Declaration, in accordance with the provisions of the Guidelines, and in a well-maintained, safe, clean and attractive condition at all times. Such maintenance, as to unimproved and improved Lots, shall include, but shall not be limited to, the following:

(i) Prompt removal of all litter, trash, refuse and waste;

(ii) Keeping land, including any lawns and shrub beds, well maintained and free of trash, uncut grass and weeds;

(iii) Keeping all sediment resulting from land disturbance or construction confined to the respective Owner's property;

(iv) Complying with all governmental health, safety and law enforcement requirements;

(v) Maintenance of natural areas and landscaping in accordance with the Guidelines;

(vi) Keeping parking areas and driveways in good repair;

(vii) Repainting of Improvements; and

(viii) Repair of damage and deterioration to Improvements, it being understood and agreed that if any Improvements are damaged or destroyed by fire or other casualty, then within

six (6) months following the date such damage or destruction occurs, the Owner of the Lot on which such Improvements are situated must repair and restore such damaged Improvements (in accordance with plans and specifications approved by the Architectural Review Board and otherwise in accordance with the terms and provisions of this Declaration and of each Additional Declaration applicable thereto) or remove such damaged Improvements and restore the Lot to its condition existing prior to the construction of such Improvements.

Notwithstanding anything contained herein to the contrary, the above-described maintenance responsibilities as to any Lot shall commence only upon a Plat showing such Lot being recorded in the Office of the Register of Deeds of Chatham County and upon the conveyance of such Lot by Declarant. If an Owner of any Lot has failed in any of the duties or responsibilities of such Owner as set forth herein, then the Board and Declarant, either jointly or severally, may give such Owner written notice of such failure, and such Owner must, within ten (10) days after receiving such notice (which notice shall be deemed to have been received upon deposit in an official depository of the United States mail, addressed to the party to whom it is intended to be delivered, and sent by certified mail, return receipt requested), perform the care and maintenance required or otherwise perform the duties and responsibilities of such Owner as described herein. Provided, however, this cure period shall be extended for a time not to exceed sixty (60) days so long as Owner shall have commenced to cure such nonconformity and shall diligently prosecute the same. Should any such Owner fail to fulfill this duty and responsibility within such period, then the Association, acting through its authorized agent or agents, or Declarant (until such time as a Certificate of Occupancy has been issued for a residence on every recorded Lot within Stonecrest at Norwood), acting through its authorized agent or agents, either jointly or severally, shall have the right and power to enter onto the premises of such Owner and perform such care and maintenance without any liability for damages for wrongful entry, trespass or otherwise to any Person. The Owner of the Lot on which such work is performed shall be liable for the cost of such work, together with interest on the amounts expended by the Association or Declarant in performing such work computed at the highest lawful rate as shall be permitted by law from the dates such amounts are expended until repayment to the Association or Declarant, as the case may be, and for all costs and expenses incurred in seeking the compliance of such Owner with his duties and responsibilities hereunder, and such Owner shall reimburse the Association or Declarant, as the case may be, on demand for such costs and expenses (including interest as above provided). If such Owner shall fail to reimburse the Association or Declarant, as the case may be, within thirty (30) days after the mailing to such Owner of a statement for such costs and expenses, then, without limitation of any other rights of the Association or Declarant, the Association may impose a Special Individual Assessment against such Owner for the amount owed.

Section 2. Duration. This Declaration and the controls, covenants, restrictions and standards set forth herein shall run with and bind the Property and any Owner, and shall inure to the benefit of every Owner of a Lot in the Property and every Owner of any other portion of the Property, including Declarant, and their respective heirs, successors, and assigns, for a term of thirty (30) years beginning on the date this Declaration is recorded in the Office of the Register of Deeds of Chatham County, North Carolina. At the end of such thirty (30) year period, the easements, covenants, conditions and restrictions set forth herein shall automatically be extended for successive periods of ten (10) additional years, unless prior to the expiration of a respective period, by a vote of no less than eighty percent (80%) of all votes

entitled to be cast by the Association Members, there shall be adopted a resolution to terminate these covenants and restrictions. Owners may vote in person or by proxy at a meeting duly called for such purpose at which a quorum is present, written notice of which shall have been given to all Owners at least thirty (30) days in advance of the date of such meeting, which notice shall set forth the purpose of such meeting. The foregoing shall not limit the right of Declarant to amend and/or supersede, in whole or in part, the terms and provisions hereof, as such right in favor of Declarant is described in Section 3 below.

Section 3. Amendment. Except as otherwise expressly provided herein and subject to the limitations hereinafter contained, this Declaration may be amended or modified at any time by a vote of no less than sixty-seven percent (67%) of all votes entitled to be cast by the Association Members, which vote is taken at a duly held meeting of the Association Members at which a quorum is present, all in accordance with the Bylaws. Provided, however, if sixty-seven percent (67%) of all votes entitled to be cast by the Association Members cannot be obtained at such a meeting, then this Declaration may be amended by obtaining the vote of sixty-seven percent (67%) of all votes present at a duly held meeting of the Association Members at which a quorum is present and by, within ninety (90) days of such vote, obtaining written consent to such amendment by Association Members holding a sufficient number of votes to comprise, along with such Association Members voting in favor of the amendment, a total of sixty-seven percent (67%) of all votes entitled to be cast by Association Members. Further provided, that any amendment or modification to this Declaration must be consented to by Declarant, until such time as a Certificate of Occupancy has been issued for a residence on every recorded Lot within Stonecrest at Norwood, which consent Declarant may grant or withhold in its sole discretion. Any amendment or modification upon which the vote of Association Members is required pursuant to this Section 3 shall become effective when an instrument executed by the Association Members voting for such amendment or modification is filed of record in the Office of the Register of Deeds of Chatham County, North Carolina; provided, however, such an amendment or modification, in lieu of being executed by the Association Members voting for such amendment or modification, may contain a certification of the Secretary of the Association stating that the amendment or modification has been voted on and approved by the requisite number of votes of the Association Members, as provided in this Section 3.

Notwithstanding the terms of the immediately preceding paragraph of this Section 3, until the Turnover Date, Declarant, without obtaining the approval of any Association Member or any Owner or Owners other than Declarant, shall have the unilateral right, in its sole and absolute discretion, to make any amendments or modifications hereto which Declarant deems necessary or desirable, including, without limitation, amendments or modifications to any procedural, administrative or substantive provision of this Declaration.

Section 4. Release of Property. Until the Turnover Date, Declarant shall have the right, in its sole and absolute discretion, without the consent of the Association, any Association Member or any other Owner, to release any portion of the Property then owned by Declarant from the terms of this Declaration by recording a release in the Office of the Register of Deeds of Chatham County, North Carolina. After the recordation of such release, the portion of the Property described therein shall not be subject to the terms of this Declaration.

Section 5. Enforcement; Litigation. The Association shall be authorized to impose sanctions for violations of this Declaration, the Bylaws, or the Guidelines. Sanctions may include reasonable monetary fines not to exceed $100.00 per day and suspension of the right to vote and to use any facilities within the Common Areas (excepting drainage rights and rights of access to Lots) after notice and opportunity for a hearing. In addition, the Association, through the Board, after notice and opportunity for a hearing, shall have the right to exercise self-help to cure violations, and shall be entitled to suspend any services provided by the Association to any Owner or Lot in the event that such Owner is more than thirty (30) days delinquent in paying any assessment or other charge due to the Association. The Association, Declarant or any Owner shall have the right, but not the obligation, on its own behalf or on behalf of others, to enforce the provisions of this Declaration or any Additional Declaration. Enforcement of the controls, covenants, conditions, restrictions, easements, development guidelines, charges and liens for which provision is made in this Declaration shall be by a proceeding at law or in equity (or otherwise, as provided in this Declaration) against any person or persons violating or attempting to violate any such control, covenant, condition, restriction, easement, development guideline, charge or lien, either to restrain such violation or to recover damages, and against the land to enforce any lien created by these covenants; and failure by the Association, Declarant or any Owner to enforce any such control, covenant, condition, restriction, easement, development guideline, charge or lien shall in no event be deemed a waiver of the right to do so thereafter or of any other or future violation of any thereof. The Board shall attempt to meet with a potential defendant in order to investigate the possibility of any early settlement of any lawsuit or claim, and shall give the potential defendant notice of the claim or the potential litigation and a reasonable opportunity to cure the problem before the claim is filed. The immediately preceding sentence shall not apply, however, to (a) actions brought by the Association to enforce the provisions of this Declaration, (b) the imposition and collection of assessments, charges or other fees hereunder, (c) proceedings involving challenges to ad valorem taxation, (d) counter-claims brought by the Association in proceedings instituted against it or (e) actions brought by the Association against any contractor, vendor, or supplier of goods or services to the Project.

Section 6. Severability of Provisions. If any section, paragraph, sentence, clause or phrase of this Declaration shall be or become illegal, null or void for any reason or shall be held by any court of competent jurisdiction to be illegal, null or void, the remaining sections, paragraphs, sentences, clauses and phrases of this Declaration shall continue in full force and effect and shall not be affected thereby. It is hereby declared that the remaining sections, paragraphs, sentences, clauses and phrases would have been and are imposed irrespective of the fact that any one or more other sections, paragraphs, sentences, clauses or phrases shall become or be illegal, null or void.

Section 7. Notice. Except as otherwise set forth herein expressly, whenever written notice to an Owner or Association Member (including Declarant) is required hereunder, such notice shall be given by the mailing of same, postage prepaid, to the address of such Owner or Association Member appearing on the records of Declarant or the Association. If notice is given in such manner, such notice shall be conclusively deemed to have been given by placing same in the United States mail properly addressed, with postage prepaid, whether received by the addressee or not. Declarant's address as of the date of recording of this Declaration is 154 Ruffed Grouse, Chapel Hill, NC 27517.

Section 8. Titles. The titles, headings and captions which have been used throughout this Declaration are for convenience only and are not to be used in construing this Declaration or any part thereof.

Section 9. No Exemption. No Owner or other party may exempt himself from the coverage hereof or obligations imposed hereby by non-use of such Owner's Lot(s) or other property located within the Project or the Common Areas.

Section 10. Changes to Plans for the Project. Nothing contained herein shall be deemed to incorporate, by reference or otherwise, any plans or proposals promulgated by Declarant with respect to the development of the Project, and Declarant, subject to the covenants, conditions and restrictions contained in this Declaration and any Additional Declaration, reserves the right to change any plans for the Project at any time and from time to time as Declarant may determine to be necessary based upon Declarant's continuing research and design program and/or market conditions, and any plans for the Project shall not bind Declarant or its successors and assigns to adhere to such plans in the development of the Property or any part thereof. In addition, Declarant reserves the right to change, from time to time, the uses and densities that exist on any portion(s) of the Property owned by Declarant, subject to the covenants, conditions and restrictions contained in this Declaration and any Additional Declaration.

[Signatures on following page.]

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

STONECREST AT NORWOOD, LLC

By: _____
Cindy N. Marshall, Manager

NORTH CAROLINA

COUNTY OF CHATHAM

I certify that the following person personally appeared before me this day and acknowledged to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Cindy N. Marshall, Manager.

Witness my hand and Notarial stamp this 13th day of June, 2018.

My Commission Expires:

March 10, 2021

_____
Notary Public
Print Name: Patrick E. Bradshaw

[Affix Notary Stamp or Seal]

PATRICK E. BRADSHAW
NOTARY
My Comm. Expires
03/10/2021
PUBLIC
GUILFORD COUNTY, N.C.

EXHIBIT A

The Property

All that tract or parcel of land, together with the improvements and appurtenances belonging thereto, lying and being in Chatham County, North Carolina, as shown on a plat entitled, "MAJOR SUBDIVISION PLAT STONECREST AT NORWOOD – PHASE 1 PROPERTY OF STONECREST AT NORWOOD, LLC BALDWIN TOWNSHIP – CHATHAM COUNTY – NORTH CAROLINA," dated November 30, 2017, prepared by Jamie Shane Strickland, PLS, of CE Group, Inc., consisting of four pages recorded at Plat Slides 2018-95, 2018-96, 2018-97 and 2018-98, Chatham County Registry (the "Plat"), and to which Plat reference is hereby made for a more particular description of said land; SAVE AND EXCEPT from the above described land all of that portion of the land labelled, "AREA TO BE RETAINED BY OWNER" on the Plat, containing 9.499 acres, more or less, which area is not a part of the Property that is subject to this Declaration.