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**DECLARATION OF TERMS, CONDITIONS, RESTRICTIONS AND
PROTECTIVE COVENANTS FOR SYCAMORE COVE DEVELOPMENT**

DECLARANT: LCV VENTURE, LLC

Prepared by and Return to: Thomas C. Grella, McGuire, Wood & Bisette, P.A.
Courthouse Box 31

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POLITICAL SIGNS.**

submitted electronically by "McGuire, Wood & Bisette"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Buncombe County Register of Deeds.

COUNTY OF BUNCOMBE

DECLARATION OF TERMS, CONDITIONS, RESTRICTIONS AND PROTECTIVE COVENANTS FOR SYCAMORE COVE DEVELOPMENT

THIS DECLARATION OF TERMS, CONDITIONS, RESTRICTIONS AND PROTECTIVE COVENANTS FOR SYCAMORE COVE DEVELOPMENT made and entered into this the ____ day of October, 2021 by and between LCV VENTURE, LLC, a North Carolina limited liability company and all Future Owners of Lots in SYCAMORE COVE DEVELOPMENT (herein “Development”) as hereinafter described.

WITNESSETH:

THAT WHEREAS, Declarant is the owner of certain property in Buncombe County, North Carolina, referred to as SYCAMORE COVE DEVELOPMENT a/k/a “SYCAMORE COVE DUPLEXES”, said property (the “Property”) being more particularly described on Exhibit “A” attached hereto (the Property described being and comprising the “Development”) and as shown on that Plat recorded in Plat Book 221, at Pages 164-166, Buncombe County Registry (herein “Plat”); and

WHEREAS, the Declarant desires for the protection and benefit of all persons who may hereafter become owners of lots located within the Development that the Property be developed with limitations, restrictions and uses. These covenants are to run with the land and be binding upon all parties purchasing Lots and all persons claiming by, through or under Declarant.

AGREEMENT:

NOW THEREFORE, the Declarant does hereby make the following declaration as to limitations, restrictions and uses to which the above-described Property known as SYCAMORE COVE DEVELOPMENT (herein “Development”) shall be and are hereby subjected:

**ARTICLE I
Definitions**

1. “Act” shall mean and refer to the North Carolina Planned Community Act as set forth and contained in Chapter 47F of the North Carolina General Statutes which shall apply to the Development, and are incorporated herein by reference.

2. “Association” shall mean and refer to Sycamore Cove Homeowners’ Association, Inc., a nonprofit corporation organized under the laws of the State of North Carolina, its successors and assigns.

3. “Board” or “Board of Directors” shall mean and refer to the Board of Directors of the Association.

4. “Bylaws” shall mean and refer to the Bylaws of the Association which are attached to these Restrictions as Exhibit B.

5. “Common Elements” shall mean and refer to the Property, together with any improvements thereon, owned by the Association, or to be owned by the Association upon deed from Declarant, whether in fee or by easement, for the common benefit of the Owners of Lots within the Development, and specifically including, without limitation, i) the entrance area as shown on the Plat as Common Open Space #2, including any signs, gates or other improvements erected thereon; ii) any other property designated as such by the Declarant (including all Common Open Spaces on the Plat, which may include such improvements as Declarant may develop in its sole discretion, including without limitation, a gazebo, picnic tables, park benches, walking trails, playground and a mailbox receptacle); and iii) any real estate owned by the Association, other than a Lot (being all of the Property, with the exception of the Lots, upon final conveyance of the Common Elements by Declarant to the Association), and including without limitation all underground utilities serving the Lots, exterior lighting not attached to a Unit or on a Lot, traffic or directional signs, and any of the following (without limitation) which are now or hereafter may be (but shall not be required to be) constructed on the Property: common streets and street improvements, ingress/egress rights of way #1 and #2, community areas, infiltration systems, storm water improvements, utility lines, the bridges which are a part of the streets, spillways, floodways, sewer lines as shown on the Plat and maintenance areas. All of the above-described Common Elements are deemed to benefit all of the developed Lots within the Development.

6. “Common Expenses” shall mean and include all sums declared Common Expenses by any specific provision of these Restrictions or the Association Bylaws, and shall include, without limitation, the following: real estate taxes, and other governmental assessments or charges against the Common Elements; costs associated with the maintenance, repair and improvement of the Common Elements; premiums for any and all insurance maintained by the Association, including any deductible or coinsurance amount not covered by insurance; legal and accounting fees and the expenses of other persons and entities employed by the Association for Association business; costs and expenses incurred in connection with any litigation or administrative proceeding pursuant to the Association Bylaws; deficits remaining from any prior assessment period; the cost, including fees and interest, incurred in connection with any borrowing done by the Association; the cost of all fidelity bonds; costs imposed upon the Association or any part of the Common Elements by, or incurred by the Association as a result of the performance, enforcement or amendment of, any agreement or easement to which the Association is a party or to which the Common Elements, or any part of either thereof, is or may be subject including, but not limited to amounts determined necessary for reserve funds; and indemnity payments made by the Association pursuant to the Association Bylaws. For the purpose of clarity as to allocation of expenses, it is declared by Declarant that notwithstanding that the areas outside of the footprint of a Unit on a Lot are contained within the bounds of a Lot, all expenses related to landscaping, and the upkeep and maintenance of yards are deemed to be a common expense of the Association, it also being understood that the control of such areas as to

maintenance and use is solely within the authority of the Association notwithstanding fee ownership.

7. “Developer” and/or “Declarant” shall mean LCV Venture, LLC, a North Carolina limited liability company, or its successors and/or assigns; including any person or entity which succeeds to any Special Declarant Rights as set forth herein.

8. “Directors” shall mean and refer to the members of the Board of Directors of the Association.

9. “Limited Common Elements” are Common Elements which use is allocated and limited to one or more, but less than all, of the Lots. At the time of these Restrictions, and Limited Common Elements are the driveways used by a Unit on a Lot if jointly used between each side of the duplex building constructed between two Lots. Use of all driveways shall be in conformance with Article III, Section 16 herein.

10. “Lot” shall mean and refer to any parcel of land within the Development as described on Exhibit “A” and as shown on the Plat (or on any other plat hereafter recorded by Declarant of all or any part of the Property and all other Lots which may be added pursuant to any expansion right of Declarant as described herein) as a “Lot,” and designated for separate ownership or occupancy by a Lot Owner. For purpose of clarity, each Lot is intended to include all improvements located thereon to the center of the common wall between two duplexes Units (except Lot 47 which contains only one detached single-family residence as of the recording date hereof) constructed thereon but does not include any Limited Common Element as defined above and constructed for use by more than one Lot and its owners (ie. common driveways).

11. “Lot Owner” and/or “Owner” shall mean and refer to the Declarant or any other person who owns fee simple title to any Lot which is part of the Development; but does not include a person having an interest in a Lot solely as security for an obligation.

12. “Member” shall mean and refer to each owner or owners of a Lot within the Development who shall also then be a member of the Association for such period of ownership. If a Lot is owned by more than one person, then such persons collectively shall be the Member and shall be entitled to vote only those voting shares allocated to such Lot.

13. “Restrictions” shall mean and refer to this Declaration of Terms, Conditions, Restrictions and Protective Covenants for Sycamore Cove Development, as the same may be released, amended or changed; either in whole or part, as provided for herein.

14. “Special Declarant Rights” shall mean and refer to those rights defined in Chapter 47F-1-103(28) of the Act as the same are reserved herein and in the Bylaws for the benefit of Declarant.

15. “Subdivision” and/or “Property” and/or “Development” shall mean and refer only to that certain real property described on Exhibit “A” and as shown on any Plat of such real

property described on Exhibit "A" as recorded by Declarant. The Declarant shall not be deemed to have subjected any other real property which the Declarant may now or hereafter own or acquire to the restrictions set forth herein until such time as a recorded instrument specifically subjecting such property is recorded in the Buncombe County Register of Deeds office. The Declarant specifically reserves the development right to subject any other property which the Declarant may now own or which Declarant may hereafter acquire to the restrictions set forth herein, which shall, as of the date Declarant so adds such property pursuant to an amendment hereto (any such amendment shall not require the consent of any other person or entity other than Declarant) become a part of the Property and Development.

16. "Unit" shall mean and refer to a dwelling situated upon a Lot and intended for use and occupancy as a residence by a single family. Initially, Declarant intends to have a single building on each Lot, each with a common wall with a single-family dwelling on an adjoining and contiguous Lot, with the exception of Lot 47 upon which shall be situated a single family detached dwelling (but which Lot or existing dwelling is subject to subdivision by Declarant, or which Lot is subject to redevelopment by Declarant (such as, by way of example and not limitation, Declarant may declare the dwelling presently located on the Lot as a condominium), in its absolute discretion, but only for so long as Declarant shall own such Lot 47).

ARTICLE II

Submission of Property to the Act and Creation of a Planned Community

1. Submission of the Property and Creation of the Development: Pursuant and subject to the terms and provisions of the Act, Declarant hereby creates a planned community initially comprised of the Property. Declarant hereby submits all of such Property to the Act and the terms of this Agreement, and reserves the right to submit additional platted lots as shown on a revised plat of the Development as may hereafter be recorded and amendments hereto declaring such additional real property lots to be subject hereto.

2. Name: The name of the Development created hereunder is Sycamore Cove Development.

3. Designation of Lots and Common Elements: The Declarant does hereby designate that real property as shown on the Plat as separate Lots and Common Elements.

4. Reservation of Special Declarant or Developer Rights: Declarant hereby reserves unto itself and its successors in interest as Special Declarant or Developer Rights, the following:

(a) Those Special Declarant or Developer Rights as set forth in the Act;

(b) The right, subject to the terms of Article VII, Section 15 herein, during the Declarant Control Period (as defined in Article VII, Section 16), and to the fullest extent permitted by law, to modify, amend, change, vary or release all or any part of these Restrictions; and

(c) The right to re-designate a previously designated Lot, or portion of the Common Elements, as an easement or right of way for access to adjoining property, whether now or hereafter owned by such Declarant.

5. Owners' Easements of Enjoyment and Access. Except as limited by the terms herein, the Association Bylaws and by Rules and Regulations adopted by the Association and/or the Board of Directors, and the terms and authority granted in the Act, every Owner shall have a right and easement of enjoyment in, use of and access to, from, and over the Common Elements, which right and easement shall be appurtenant to and shall pass with title to every Lot.

6. Delegation of Use.

(a) Family. The right and easement of use and enjoyment granted to every Owner by Section 5 of this Article II may be exercised by members of the Owner's family who occupy the Unit of the Owner as their principal residence in Buncombe County, North Carolina.

(b) Tenants. The right and easement of use and enjoyment granted to every Owner by Section 5 of this Article II may be delegated by such Owner to his tenants or contract purchasers who occupy such Owner's Unit, as their principal residence in Buncombe County, North Carolina.

(c) Guests. The right and easement of use and enjoyment granted to every Owner by Section 5 of this Article II may be delegated to guests of such Owners, tenants or contract purchasers, subject to such Rules and Regulations as may be established by the Board of Directors.

ARTICLE III
Terms, Conditions, Restrictions,
Protective Covenants and Other Matters

The following terms, conditions, restrictions and protective covenants are applicable to all of the Development (including all Lots):

1. Architectural Control. Prior to commencement of construction or re-construction of any improvements, all plans, including elevations, specifications and landscape plans, shall be submitted as an application to the Declarant, its agent or its successors or assigns, for approval as to quality of materials, harmony of external design with existing structures and as to location with respect to topography and finish grade elevation. The Declarant reserves the right, in its sole and absolute discretion to either approve or not approve of any plans and specifications for any reason whatsoever. The Declarant shall have the right to charge a reasonable fee for receiving each application for approval of plans and specifications. The Declarant reserves the right to modify, waive or increase such application fee. Construction shall thereafter be completed in strict conformity with such approved plans and specifications and the Declarant shall be entitled

to stop any construction which is in violation of these Restrictions. Improvements shall be constructed only by a builder who is a licensed general contractor and which has been approved by the Declarant. The Declarant reserves the right to approve the builder and to from time to time compile a list of approved builders (or to approve a contractor to perform work who is not a licensed general contractor, but is otherwise licensed, if the work to be performed by the contractor is a specialty otherwise licensed under applicable law). In any event, a builder or contractor shall be approved or not approved in the Declarant's sole and absolute discretion. Either during or after the Control Period, the Declarant reserves the right to establish an Architectural Review Committee to succeed to the rights reserved herein to Declarant. Such Committee shall be part of the Association and shall be appointed by the Board of Directors after the Control Period.

2. Design and Development Guidelines. The Declarant may, from time to time, publish and promulgate architectural, design and landscape guidelines. Such architectural and design guidelines shall be explanatory and illustrative of the general intent of the development of the Lots and are intended to guide Lot Owners and their improvement designers and builders and to assist the Declarant in reviewing plans and specifications for improvements. Such architectural and design guidelines may also set out, among other things, the procedures for submission, review and approval of plans and specifications to the Declarant and the fees to be imposed by the Declarant, as more specifically described in Section 1 of this Article III above. In any event, such architectural and design guidelines shall not be binding upon the Declarant, may be revised and amended at any time by the Declarant in its sole discretion, and shall not constitute, in every event, the basis for approval or disapproval of plans, specifications and other materials submitted to the Declarant for approval. The architectural and design guidelines described above shall herein collectively be referred to as the "Design and Development Guidelines." The Declarant may publish and promulgate different guidelines for different phases or areas of the Development. Lot Owners shall be permitted to make additional minor landscape improvements around and adjacent to their Lots, subject to the prior written consent of Declarant, and so long as any such Lot Owner pays to the Declarant an amount equal to the cost and expense reasonably necessary to pay for continued maintenance of any such additional minor landscape improvements.

3. Uses. Except as specifically set forth herein, all Lots shall be used solely for residential purposes. All dwellings constructed on Lots (other than Lot 47) are attached duplex dwellings (each dwelling on a single Lot, and each dwelling having a common wall with another dwelling which is located on an adjoining Lot along a common boundary line). Lot 47 shall be used solely for a single-family residence, except that so long as Declarant shall own such Lot, Declarant may, in its absolute discretion, either subdivide said Lot 47 into two Lots upon which each Lot so created may contain a separate duplex dwelling, or redevelop such Lot 47 in any other manner determined by Declarant in its sole discretion (which might include, by way of example and not limitation, declaring the existing dwelling located thereon as a condominium containing two or more condominium units). Except as permitted in this paragraph, no business or commercial activity will be permitted on or upon a Lot and no commercial structure or activity of any type shall be placed on any Lot; provided, however, the Declarant shall be allowed to utilize one or more Lots together with such portion of the Common Elements as it

shall require as a place of business, construction office, sales office and for demonstration purposes so long as Declarant shall retain ownership of one or more Lots, together with the right to place display signs, window display signs or other advertising materials therein, thereon and on the Common Elements for the purposes of promoting the Property. Any Lot or Lots owned or leased by Declarant may serve as a construction office and/or model and/or the management office of Declarant, and Declarant may also allow or delegate to its contractor, or real estate company the right of use for such purposes. Declarant may locate and relocate the foregoing as often as Declarant deems advisable. Declarant shall remove its signs not later than five days after all of the Lots have been conveyed to Lot Owners other than Declarant. The restrictions set forth in this paragraph above shall not be construed to disallow the following: (a) the Declarant, real estate brokers, Lot Owners and their agents may show Lots for sale or lease, and (b) an occupant of a Unit may conduct business activities within the Unit so long as: (i) the occupant obtains all necessary governmental licenses and approvals (including, without limitation, a special use permit, if required) for the conduct of such business in the Unit and is otherwise owned and operated in compliance with all applicable laws and regulations (such as, by way of example and not limitation, stay-at-home offices conducted fully within the Unit); (ii) the existence and operation of the business activity is not apparent or detectable by sight, sound, or smell from outside the Unit (and, in particular, no sign advertising or otherwise acknowledging the business is permitted); (iii) the business activity does not involve door-to-door solicitation of residents; (iv) the business activity does not constitute a nuisance, a hazardous or offensive use, or a threat to the security or safety of others; and (v) the business activity does not, in the sole and exclusive discretion of the Board, generate a level of vehicular or pedestrian traffic or the movement or parking of a number of vehicles beyond that of a Unit in which no business is operated.

4. Completion of Construction. Once begun, construction and clean-up of debris shall be completed within one (1) year from commencement of construction. A Unit shall not be occupied until completed. A Unit shall be deemed completed upon final inspection and approval by the applicable government inspector. The Declarant reserves the express right to modify or amend the periods for commencement and completion of construction as Declarant in its sole and absolute discretion may determine.

5. Satellite Dish and Antennas. No erection of any satellite dish, antenna or tower shall be allowed on any Lot without the prior written approval of Declarant in accordance with the Architectural review process set forth in Article III, Section 1 above. This prohibition shall not be construed as a prohibition on the use of a satellite dish or antenna if the prohibition of such use is not allowed under applicable state or federal laws or ordinances. In no event shall the immediately preceding sentence be construed to authorize or permit a Lot Owner to place or erect any such antenna or dish on any of the Common Elements, or extending into any of the Common Elements, without the consent of the Association, which consent is within the Association's sole discretion.

6. Signs. Other than Declarant, no sign of any kind shall be displayed to the public view on any Lot without the prior written approval of Declarant in accordance with the architectural review process set forth in Article III, Section 1 above, except as the same might be

expressly permitted under the provisions of the Act, it being understood that the Declarant reserves unto itself and the Association the greatest authority to regulate the placement of signs permitted under the Act. Signs utilized by the Declarant or Declarant's agent shall be of such size and placement as determined by Declarant in Declarant's sole and absolute discretion. Notwithstanding the above, temporary signs such as realty signs, such as "for sale," "for lease" or the like, are permitted but must be clean, neat and maintained in good repair, and removed as soon as a sale is closed, or lease executed, as the case may be.

7. Subdivision of Lot. In the event of the destruction of a Unit (duplex, house or other permitted building improvement) on a Lot due to fire or other disaster, or due to any other cause, there shall be no re-subdivision of such Lot so as to create an additional building lot, except any such re-subdivision by Declarant, or with the prior written consent of Declarant which consent shall be within Declarant's sole discretion. In such event, no trailer, basement, tent, shack, garage or other outbuilding on any Lot shall be, at any time, used as a residence or for any other purpose, either temporarily or permanently, nor shall any residence or other improvement be moved onto a Lot within the Development. Specifically, no mobile homes, trailers, manufactured homes, or structures of similar construction shall be placed on or allowed to remain on any Lot, at any time. Notwithstanding the above, if Lot 47 is ever converted to a two Lot duplex, or any other redevelopment of more than one Unit thereon as described in Article III, Section 3 above (such as a two or more condominium unit condominium), it is understood that: 1) each of the Units shall be considered as situated on its own Lot (each such Lot created out of the original Lot which shall be shown on a plat of the recorded subdivision, unless if condominium, then each condominium unit shall be considered a "Lot" but shown on plans if units have horizontal boundaries), 2) the Owners of the Units per the subdivision shall be members of the Association, 3) the vote and allocation of expense of each of the Members in the Association shall be the same as all other Members of the Association, and 4) the terms and provisions of Article VII herein shall apply with respect to each of the Units created by such subdivision having common walls with other Units.

8. Nuisances and other Prohibitions.

(a) No noxious or offensive activity shall be allowed or carried on upon any Lot nor shall anything be done thereon which may become an annoyance or nuisance to the neighborhood. No disabled, abandoned or unlicensed vehicles shall be permitted on any Lot or within the Development, nor shall any vehicle be stored thereon, nor shall any repairs be permitted upon any vehicle parked within the Development, whether upon a Lot, or in the Common Elements (including, without limitation, the parking areas within such Common Elements). No waste will be committed in the Common Elements or on a Lot. Each Unit Owner shall abide by all rules and regulations of governmental authorities and rules and requirements of the issuer of all insurance policies with respect to the Common Elements.

(b) No trucks other than pickup trucks of one (1) ton or less shall be kept on any Lot, or within the Development.

(c) No hunting or discharge of firearms of any kind shall be allowed within the Development. No motorcycles, mini-bikes or motorized two-wheel vehicles shall be allowed, other than licensed vehicles which are used exclusively for transportation purposes, and then only if properly managed, with it being further stipulated that such motorcycles, mini-bikes or motorized two-wheel vehicles which are licensed and used exclusively for transportation purposes shall be allowed to operate within the Development only upon the regularly platted roads or parking areas thereof. All motor vehicles kept and operated within the Development shall have properly working mufflers.

(d) Only central air conditioning units are permitted, and no window, wall or portable air conditioning units are permitted. No air condition or heating apparatus, unit or equipment may be installed on the ground in front of, or attached to, the front wall of any Unit.

(e) Children's toys and lawn furniture shall not be left in an unsightly condition or position within the Development.

(f) No unsightly window coverings visible from the exterior shall be allowed.

(g) There shall be no obstruction of the Common Elements, nor shall anything be stored in the Common Elements without the prior consent of the Association, except as hereafter expressly provided; provided, however, that during construction and for a reasonable period thereafter, the Declarant, or any contractor authorized by Declarant in Declarant's sole discretion, shall have the right to store construction equipment and material thereon so long as the same shall not unreasonably interfere with the rights of others.

(h) No clothes, sheets, blankets, laundry of any kind or other articles shall be hung out or exposed on any unimproved portion of a Lot, on any improvement on a Lot, or on any part of the Common Elements.

9. Garbage and Refuse Disposal. No Lot shall be used or maintained as a dumping ground for rubbish, trash, garbage, or other waste and such shall not be kept outside except in sanitary containers kept from view. Such sanitary containers shall be placed in plain view only on the day garbage is to be collected. No lumber, metals, bulk materials, refuse or trash shall be burned, whether in indoor incinerators or otherwise, kept, stored or allowed to accumulate on any portion of the Property, except normal residential accumulation pending pick-up and building materials during the course of construction or reconstruction of any approved building or structure.

10. Livestock, Poultry and Other Animals. No animals, rabbits, livestock, fowl or poultry of any kind shall be raised, bred or kept on any Lot or in the Common Elements, except that dogs, cats, or other household pets (such as caged birds or domestic fish in tanks) may be kept in dwelling improvements on Lots, subject to the Rules and Regulations, which may regulate the conduct of pets in the Development and other matters adopted by the Association related thereto, and also provided that they are not kept, bred or maintained for any commercial purpose; and provided further that any such pet causing or creating a nuisance or disturbance

shall be permanently removed from the Development upon seven (7) days prior written notice from the Board of the Association. Notwithstanding the foregoing, no Lot Owner or occupant may keep more than two (2) dogs on a Lot. No Lot Owner or occupant is permitted to maintain on a Lot an American Staffordshire terrier, bull terrier (pit bull), Rottweiler or other dog generally considered to be vicious, mean or of a violent temperament, or otherwise evidencing such temperament. Pets shall not be allowed in any of the Development Common Elements, except under restraint of a leash. Each pet owner shall be required to clean up after the pet in order to properly maintain the exterior portions of the Lot and the Common Elements. Each Lot Owner, by acquiring a Lot in the Development, indemnifies the Association and all other Lot owners, and holds them harmless, from and against any loss or liability resulting from such Lot Owner's, such Lot Owner's family, and any occupant or tenant on such Lot Owner's Lot ownership or possession of a pet within the Development.

11. Exterior Surface of Buildings and Improvements. Lot Owners (other than Declarant's rights as otherwise set forth in these Restrictions) shall not cause or permit anything to be hung or displayed in or on windows or placed on the outside walls of any building or structure now or hereafter erected on any of the Property, any Lot or any Common Elements (including, without limitation any Unit constructed on a Lot), and no sign, awning, canopy, or shutter shall be affixed to or placed upon the exterior walls or roof or any part thereof, or in the Common Elements contrary to the Rules as may be established thereof by the Association, other than those originally provided (or approved pursuant to Section 1 and Section 2 of this Article III) by the Declarant, if any. No Lot Owner shall paint, decorate, remodel, or in any manner change or improve the appearance of the exterior of any building, structure or improvement now or hereafter erected on any of the Property, any Common Elements or any Lot (including, without limitation any Unit constructed on a Lot, including any deck or porch attached thereto), or the driveways, parking areas or walkways, or any other portions of the Common Elements or any improvements thereto contrary to the Rules as may be established thereof by the Association (or contrary to the procedures and guidelines established in Section 1 and Section 2 of this Article III). Notwithstanding the above, nothing in this Section is intended to regulate or prohibit the display of political signs or flags of the United States of America or State of North Carolina, except that it is understood that Declarant and Association shall have the right to prohibit and regulate the display of such signs and flags as set forth in the last paragraph of Section 3-121 of the Act, to the fullest extent permitted therein. This provision is, however, intended to allow Declarant or Association to uniformly regulate the display of political signs.

12. Parking. No Owner or a member of his family, lessee or sublessee of an Owner shall convert any garage for living space. Unless the Association has given its prior written approval, all parking areas within the Development shall only be used for the parking of Automobiles by the Owner of a Lot or the invitees and guests thereof (and then only in the specific designated parking spaces, if any are created, in accordance with the rules and regulations of the Association). Further, no one shall, except with the prior written consent of the Association: (i) park any vehicle on the street within or adjoining the Development except in a designated paved parking space; (ii) park or keep on any Lot or street within or adjoining the Development any abandoned, partly dismantled or inoperative vehicle; or (iii) park or keep on any Lot or any street within or adjoining the Development any boat or boat trailer, motor home,

camper, bus, truck in excess of one ton weight, commercial vehicle, truck or van, or any other type of motorized vehicle other than an Automobile. For the purpose of the preceding sentence, the term "keep" shall mean present for either a period of more than ten (10) hours or overnight, whichever is less.

Notwithstanding the foregoing, no vehicle of any type or size which transports inflammatory or explosive cargo or which stores or transports materials or substances defined as hazardous or toxic by any applicable legal requirements shall be kept or stored or allowed to remain in or on the Property at any time, except as may be required to effectuate transportation or removal of such prohibited materials and substances through or from the Property, or, with respect to explosive materials, as may be reasonably required in connection with the construction or installation of streets and utilities in the Property, or as may be allowed by Declarant, during the Declarant Control Period, and thereafter, the Board, when reasonably required for the construction of other improvements within the Property.

The Board of Directors shall have the right and authority to make, implement and enforce such additional parking rules and regulations as it might determine from time to time necessary or appropriate, and shall have the right and authority to enforce same, including, but not limited to, the right to levy fines for violations thereof. Furthermore, the Association shall have the right and authority to have towed any vehicle parked or maintained in violation of these or subsequently adopted parking rules and regulations, and the cost of towing and storage shall be the responsibility of the Owner of the Lot to which such vehicle is registered or the Owner of the vehicle, as appropriate.

For purposes of these Restrictions the term "Automobiles" shall include domestic cars, trucks, motorcycles, sport utility vehicles and small trucks. The term "Automobiles" shall not include: i) commercial-use vehicles and trucks, and any motorized vehicle with a carrying capacity and/or size designation greater than or equal to 3/4th ton, ii) any vehicle which is not in a condition to be normally operated or that does not have a current registration tag, and iii) recreational vehicles or related equipment, including any boat, houseboat, trailer, motor home or "camper" vehicle. The foregoing parking restrictions shall not apply to the parking and storage of construction vehicles and equipment reasonably necessary to construct (or reconstruct in the event of damage or destruction of the dwelling improvement on a Lot) any Unit or other improvement in or to the Development or any Lot therein. Any automobile (other than an automobile parked as permitted herein), vehicle or other item improperly parked in the Development may be removed and/or stored at the sole expense of the Unit Owner who shall have caused or permitted the improper parking.

13. Limitation of Access. Except as to Declarant (which is not limited as to its right to grant easements to others, including without limitation any real property contiguous with Development, to use and enjoyment of the rights of way and easements (ingress, egress, and utilities) within the Development under any terms or conditions as set by Declarant): 1) no part of a Lot shall be used for any access to any property that lies outside of the Development, and 2) no other easements, rights of ways or rights of access shall be deeded, granted, or in any way given by any Lot Owner to any other person through or over any Lot so as to permit any portion

of a Lot or Development Property to be used for access to or from any adjoining real property. This paragraph shall not be construed so as to prevent the Declarant from having the special right to re-designate a previously designated Lot or Common Element as an easement or right of way for access to adjoining property whether now or hereafter owned by Declarant. The Declarant specifically reserves the right to establish such easements or rights of way as Declarant deems necessary or desirable for access to adjoining property whether now or hereafter owned by Declarant; and such rights of way within the Development shall then be considered appurtenant to such adjoining property and such adjoining property shall thereafter be deemed to be benefitted by road rights of way within the Development.

14. Alteration of Common Elements and Improvements. Nothing shall be altered or constructed in or removed from the Common Elements except as hereinafter provided and except upon the written consent of the Association. No decoration, placement of statuary or yard ornamentation of any kind shall be permitted in the Common Elements, or any unimproved portion of a Lot, unless done pursuant to prior written approval of the Board. No free-standing basketball sets, swing sets, slides, playground equipment, sheds, barns, tents, treehouses or other such structures or devices shall be permitted in the Common Elements, or any unimproved portion of a Lot, without the prior written approval of the Association Board.

No change, alteration, construction or redecoration of any kind shall be permitted to the exterior of any Unit on a Lot, or on any portion of a Lot which is exterior of any Unit thereon (such as the driveway or yard), or any other improvement on a Lot allocated thereto after it has been originally constructed or its appurtenant deck, porch, patio, driveways, yard or walks, including any change of color of the exterior of any Lot improvement, unless done pursuant to prior written approval of the Board (in accordance with Section 1 and 2 of this Article III). Landscaping within the Common Elements and all unimproved portions of the Lots shall be tastefully done, shall be maintained by the Association, and shall not be placed or erected without the prior written approval of the Board of the Association. Association shall have a right of easement over and across all unimproved portions of every Lot, and allocated Limited Common Elements of the Lot, in the Development for the purpose of providing landscaping, and landscape maintenance (including, without limitation, yard mowing), and all costs associated therewith shall be a Common Expense as defined in the Bylaws of the Association generally allocated to, and assessed against, all Lot Owners as set forth therein, notwithstanding that some of this yard and landscaping maintenance is on unimproved portion of the Lots. Notwithstanding this general prohibition, a Lot Owner has the sole and exclusive right, but not the obligation, to plant, landscape and occupy for decorative purposes (but subject to the Association Bylaws and the Rules, as may hereafter be amended, and subject to any other use and easement rights as otherwise set forth herein, and understanding that to the extent that such right is exercised in compliance with Association Rules, no other Lot Owner shall disturb such right) that portion of his unimproved Lot which is located directly in front of (its "Front Yard Area"), behind (its "Back Yard Area"), or to the non-common wall side (its "Side Yard Area") of the Unit improvement. Each such Yard Area (Front, Back or Side) shall be limited as follows: 1) no such Yard Area shall cross, or include, the right of way boundary of a subdivision street or Development boundary line, 2) no such Yard Area is closer than fifteen (15) feet from the boundary of any other Lot's constructed Unit, and 3) no such Yard Area for one Lot shall include

any portion of any other Lot (it being understood that these limitations may exclude some Lots from having Back Yard Areas and Side Yard Areas).

Notwithstanding the above, or anything else in this Declaration to the contrary, all decisions regarding the extent and nature of landscaping and yard maintenance to be provided by the Association (whether in the Common Elements or on the Lots), or to be permitted to be done by a Lot Owner by the Association on a Yard Area), shall be within the sole and absolute discretion of the Declarant during the Declarant Control Period, and thereafter the Board of Directors of the Association.

No natural, artificial or man-made fence or hedge, or natural, artificial or man-made wall (other than any wall which is part of a Lot Unit, or originally constructed by Declarant), trellis, arbor or any similar nature, artificial or man-made means of screening or physically separating one Lot from another shall be permitted without the prior written approval of the Board.

No Lot Owner, guest, invitee or tenant shall overload any electrical, structural, or plumbing systems used by any improvement in the Development (whether a Common Element improvement, or an improvement situated on a Lot).

15. Leasing of Units. Except as set forth in this Section 15, and other than Declarant (which can lease Units for any length and upon any terms it so desires), no Lot Owner shall lease or rent a Unit except in compliance with the terms of these Restrictions, or as set forth in the Association Bylaws or Rules. Every lease of a Unit (other than leases in which Declarant is Lessor) shall be for a minimum of six (6) months, shall describe that the whole Lot is to be leased (ie. there shall be no leasing of only a portion of a Unit, or Lot), be in writing, be subject to these Restrictions and the Bylaws, and any failure of the lessee in every such instance to comply with the terms of such documents shall be a default under said lease. Any Lot Owner desiring to enter into a lease for its Lot or Unit shall promptly notify the Declarant (during the Declarant Control Period) and the Association in writing of the name and address of each proposed Lessee, the Lot to be rented, and the term of the lease, and such lessee's proposed use of the leased premises permitted under said lease. Except for Lots owned by Declarant, no Lot or Unit shall be subjected to or used for any timesharing, cooperative, licensing or other arrangement that would entail weekly, monthly or any other type of revolving or periodic occupancy by any person, firm or corporation.

Notwithstanding the above, up to fourteen (14) Lots in the Development may be leased for terms of less than six (6) months duration (including, without limitation, leases which are considered Vacation Rentals as defined in Chapter 42A of the North Carolina General Statutes, all such leases, "Short Term Leases"), but shall be permitted only upon Lots where the right to lease under Short Term Leases is granted to the Lot (and thereby its owner) in the original deed of a Lot from Declarant to a third party purchaser. The right to lease under Short Term Leases, as granted by the Declarant in the deed to a Lot, shall run with the land of the Lot so conveyed the right from Declarant, and which right as an appurtenance may not be deeded separate and apart from the Lot to which it is granted. The right of Declarant to grant up to fourteen (14) Lots the right to do Short Term Leases is solely a right of the Declarant (which shall be treated as a

Special Declarant Right), and shall not be construed as: 1) an obligation of Declarant, it being intended that Declarant may, in its sole discretion, decide to grant the right to do Short Term Leases to fewer than fourteen (14), or 2) a right of the Association to grant additional rights to Lots to do Short Term Leases (in the event Declarant decides to grant this right to fewer than fourteen (14) Lots). Notwithstanding that Declarant is granting certain Lots the right to have Short Term Leases, Declarant does not warrant that exercise of that right by any Lot owner is compliant with existing, or future applicable planning and zoning governmental ordinances. Lot owners are only permitted to do any leasing on a Lot to the extent such leasing activity is otherwise permitted under applicable laws, ordinances or regulations.

16. Limited Common Element Driveways. For each duplex Unit built on adjoining Lots which is serviced by a joint driveway with the adjoining Unit, notwithstanding that a portion of the driveway is on the bounds of each of the Lots, such driveway shall be a Limited Common Element allocated solely to the two adjoining Units, and the owner or occupant of a Lot shall only be permitted to use the portion of such driveway immediately in front of the Unit on such Lot. Driveways which connect solely to a single garage on a single Lot shall be a part of the Lot upon which the driveway is located. All driveway expenses shall be allocated solely to those Lots allocated use thereof.

17. Declarant Control. It is understood and agreed and subsequent grantees expressly agree by acceptance of a deed conveying title to any Lot, that any portion of the protective covenants set forth in this Article III may be released, changed, modified, amended or varied without the consent or joinder of any Lot Owner solely by the Declarant during the Control Period, as hereinafter defined, and thereafter by the Lot Owners in accordance with Article VII, Section 15 hereof.

ARTICLE IV Easements, Rights of Ways, Utilities

1. Utilities. The Declarant reserves the right to subject the Property to a contract with Progress Energy for the installation of underground electric cables and/or the installation of street lighting, either or both of which may require an initial payment and/or a continuing monthly payment to Progress Energy by the Lot Owners. This right shall also apply to the suppliers of other utility services including telephone and, if available, gas and cable television hook-ups. All utility services from a lot line to the Unit shall be installed underground. In addition, the easements for the installation and maintenance of driveway, walkway, water line, sewer lines, natural gas lines, telephone, cable television, electric power transmission lines, storm water drainage facilities, and other public or quasi-public utility installations are reserved as shown on the recorded plats of the Property or by other recorded instrument establishing same. Within any such easement herein provided, and notwithstanding any right of a Lot Owner to landscape, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or maintenance of the utilities installed thereon, or which may change the direction of flow or drainage of water through drainage pipes or channels constructed in such easements.

So long as Declarant owns any land within the Property, Declarant reserves an easement and right of ingress, egress and regress on, over and under the Property to maintain and correct drainage or surface water runoff in order to maintain reasonable standards of health, safety and appearance. Such right expressly includes the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action that it deems reasonably necessary or appropriate. After such action has been completed, the person or entity taking such action shall grade and seed the affected property and restore the affected property to its original condition to the extent practicable, but shall not be required to replace any trees, bushes or shrubbery necessarily removed. The person or entity taking such action shall give reasonable notice of its intent to take such action to all affected Lot Owners.

2. Road Rights of Way. The Property is serviced by those certain road rights of way shown on the Plat or to be created; and which may be drives that each lead from Charlotte Highway (US 74 Alternate), and onto the Development Common Element space. Declarant does hereby dedicate said driveways as shown on the Plat, or to be built in the Common Elements as private roadways. As such, and pursuant to NCGS 136-102.6, all future lot owners acknowledge that the driveway rights of way are private road rights of way dedicated for Development use and will not be required to be developed to North Carolina Department of Transportation specifications, even if they are so developed. If Declarant develops the roads within the Development to standards and specifications which are appropriate for acceptance by the North Carolina Department of Transportation into its streets or road system, Declarant shall have the right, but not the obligation, to submit the Development roads for acceptance by the North Carolina Department of Transportation. In the event that Declarant does not petition the North Carolina Department of Transportation for acceptance of the Development roads into the state system, the Association may do so after the end of the Declarant Control Period. In no event, however, shall anything in this Declaration be construed as a guarantee or assurance by the Declarant that the Development roads will either: 1) be built to the standards for acceptance in to the North Carolina Department of Transportation system, or 2) even if they are built to the standards of the North Carolina Department of Transportation as of the date they are constructed, that they will be accepted into such system by the North Carolina Department of Transportation. All future lot owners, and their heirs, successors and assigns, covenant and agree that they shall be jointly responsible for the maintenance, upkeep, repair and service of such road rights of way as described herein. Each Lot Owner (of a Lot upon which there is located a Unit) shall be subject to only their pro rata share of annual maintenance which shall be determined by taking the total cost of annual maintenance and dividing said figure by the number of Lots (upon which is situated a Unit) located within the Development. The covenant of maintenance shall be a covenant running with the Development, and each Lot therein forever, and may be enforceable as a lien against a defaulting Lot Owner as if said lien were a Statutory Lien enforceable in accordance with 47F-3-116 of the North Carolina General Statutes, or as otherwise enforceable under the provisions of the Act or the Bylaws of the Association. The Declarant shall not be obligated to contribute towards the maintenance or upkeep of such rights of way or Common Elements (and shall not be obligated to pay the per Lot assessment set forth above on undeveloped Lots), except to the extent that the funds collected from Lot owners as described

above are not sufficient to pay the full obligation for maintenance of such driveways and Common Elements (as determined by Declarant) during the Declarant Control Period only.

3. Easement for Support. Every Lot and Unit which contributes to the lateral and/or vertical support of any adjoining Unit(s) shall be burdened with an easement of support for the benefit of such adjoining Unit(s).

4. Easement for Encroachments. In the event that any structure erected on a Lot at the time of and in connection with the initial construction of the Unit thereon encroaches upon any other Lot or the Common Elements, and such encroachment was not caused by the purposeful act or omission of the Owner of such Lot, then an easement appurtenant to such Lot shall exist for the continuance of such encroachment upon the Common Elements or other Lot for so long as such encroachment shall naturally exist. In the event that any structure erected principally on the Common Elements encroaches upon any Lot, then an easement shall exist for the continuance of such encroachment of such structure onto such Lot for so long as such encroachment shall naturally exist. The foregoing shall not be construed so as to allow any extension or enlargement of any existing encroachment or to permit the rebuilding of the encroaching structure, if destroyed, in a manner so as to continue such encroachment, except such encroachment as was in existence as of the date of conveyance of the Lot to an Owner other than the Declarant.

5. Easement Over Common Elements. A perpetual, nonexclusive easement over, under and through the Common Elements is hereby granted to each Lot and its Owners, family members and tenants of such Owners, the occupants of such Lot, and guests and invitees of such Owners, tenants or occupants, for the purpose of providing reasonable access, ingress and egress to, from and over the Common Elements and for utilities serving such Lot. Any conveyance or encumbrance of such Common Elements is subject to the easements granted herein.

6. Association's Easement Upon Lots. The Association shall have a right, license and easement to go upon any Lot for the purpose of fulfilling its obligations under this Declaration, the restrictive covenants applicable to the Development, and any other laws, ordinances, rules and regulations, public or private, which the Association is obligated or permitted to enforce. Such easement shall include, without limitation, the right to go on any Lot to correct, repair or alleviate any condition which, in the opinion of the Board of Directors of the Association or of the manager employed by the Association, creates or may create an imminent danger to the Common Elements or improvements thereon.

7. Easements for Governmental Access. An easement is hereby established over the Common Elements and every Lot for the benefit of applicable governmental agencies for installing, removing, and reading water meters; maintaining and replacing water, sewer and drainage facilities; and acting for other purposes consistent with public safety and welfare, including, without limitation, law enforcement, fire protection, garbage collection, and the delivery of mail.

8. Easements for Private Contractors. The Association shall have the right to assign

its rights and delegate its duties to any individual or entity. In the event that the Association employs or engages a third party any individual or entity to provide security within the Property, perform inspections of improvements, collect garbage, or perform any other function, an easement is established over the Common Elements and every Lot for the benefit of such contractors for such purposes.

9. Private Utilities. It is anticipated that all Lots shall be serviced by public water and sewer services. Furthermore, no individual water well or sewage disposal system shall be permitted on a Lot unless the Lot cannot be serviced by the public water and sewer service intended, said well or system is approved by Declarant and the sewage disposal system is designed in accordance with the requirements, standards and recommendations of the County of Buncombe Health Departments. Approval of such system as installed shall be obtained from Declarant and/or such governmental authority, or its successors.

10. Operations and Maintenance related to Stormwater Management. Declarant desires, pursuant to Article VII of Chapter 26 of the Code of Ordinances, Buncombe County, North Carolina ("County"), to declare a restriction on the Property to ensure that future development and redevelopment of the Property maintains the Property consistent with County's stormwater management requirements. Declarant hereby declares, to ensure that future development and redevelopment of the Property maintains the Property consistent with the County's stormwater management requirements, that all of the Development shall be held, sold and conveyed subject to the following restrictions, which shall run with the Property and be binding on all parties having any right, title or interest in the Property, or any part thereof, their heirs, successors and assigns, for the term of these covenants as set forth below, and shall inure to the benefit of each holder thereof:

(a) Stormwater Management Plan. There is an approved stormwater management plan for the property. Declarant for itself, and for all future owners of Lots in the Development, agrees to comply with the provisions thereof.

(b) Operation and Maintenance Manual. There is an approved operation and maintenance manual for the on-site stormwater system to be kept by the Association.

(c) Future Activity: Any activity not already approved in the Plan, including without limitation any change in use of the Property, any development or redevelopment of the Property, or any increase in the impervious surface on the Property, shall require an amendment to the Plan consistent with the requirements of Article VII of Chapter 26 of the Code of Ordinances, Buncombe County, North Carolina, applicable to such new activity, and the issuance of a new stormwater permit prior to undertaking such new activity.

(d) Access: Declarant hereby gives to County permission to access the Property at reasonable times for inspection by County and/or its agent or representatives.

(e) Default: If an order directing the correction, repair replacement or maintenance of the facility or any portion thereof is not satisfactorily complied with by the owner within the time

period specified in the notice, County, or its designee, may after notice to Declarant, enter the Property and perform all necessary work to place the Facility in proper working condition, and may assess the Declarant with the cost of said work which cost shall be a lien on such property and may be collected as provided in N.C. Gen. Stat. § 153A-140. Notice shall be provided five (5) business days prior to entry and performance of necessary work by the County. Notice shall be in writing and shall be delivered to Owner by hand delivery; certified mail, return receipt requested; or by any means allowed by Rule 4 of the North Carolina Rules of Civil Procedures. Declarant shall be responsible to County for any costs incurred by County pursuant to this agreement, and the property shall be subject to the imposition of liens if owner does not reimburse the County for all such costs incurred by the County, if Declarant does not pay such costs to County within thirty (30) days of Declarant's receipt of a statement for all such costs incurred. For purposes of this Section 4 "Facility" means the on-site stormwater system located on the Property.

(f) Notices: All notices required pursuant to this Section 4 shall be delivered by personal delivery to be evidenced by a signed receipt, or by certified mail, return receipt requested to the addresses set forth below

If to the County: Stormwater Administrator
County of Buncombe
46 Valley Street
Asheville, NC 28801

If to the Declarant: LCV Venture, LLC
8 Spring Rain Drive
Fletcher, NC 28732

(g) Binding Agreement: The restrictions set forth herein shall run with the land and shall be binding upon Owner, its successors and assigns, and all other persons whomsoever claiming under or through Declarant, it being specifically understood that the agreement of Declarant in this Section 4 are intended to be continuing obligations of the Association upon the sale of the first Lot to an owner other than Declarant.

(h) Reporting: Declarant shall submit at least every three years an inspection report on the operation and maintenance of the stormwater management system to the Buncombe County Stormwater Administrator on a form or forms designated by the Stormwater Administrator. The inspection will be performed by a licensed engineer, surveyor or a landscape architect.

ARTICLE V

Sycamore Cove Homeowner's Association

The Declarant does hereby establish a non-profit corporation which shall be known as the Sycamore Cove Homeowner's Association, Inc. (herein "Association"). The purpose of the Association shall be to provide for the orderly enforcement of these covenants, including, but not

limited to, the maintenance, upkeep and repair of the joint rights of way within the Development and any Common Elements or any other matter or area determined by the Association to be a common element or other area of common interest. The Bylaws of the Association are attached as Exhibit B and incorporated herein by this reference. The Board of Directors as established in the Bylaws of the Association shall constitute the Executive Board as defined in N.C.G.S. 47F-3-103, which shall operate in accordance with the provisions of such statute, except as set forth in these Restrictions or the terms of the By Laws of the Association.

ARTICLE VI Party Walls

The following terms and provisions of this Article VI apply to all Lots upon which a Unit is constructed and adjoins another Unit by a common wall along a common boundary line (ie. all Lots in the Development other than Lot 47 as of the date hereof):

(a) General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Unit upon a Lot and placed on the dividing line between any of more than one of the Lots shall constitute a party wall and to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto. Adjoining Lot Owners shall have an easement for any encroachment of a Lot Owner's Lot onto an adjoining Lot by virtue of settling or shifting of a building, or as a result of a survey error in description. Should a Lot be destroyed and require rebuilding, an easement for any encroachment resulting from such reconstruction shall exist in favor of all adjoining Lot Owners.

(b) Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of party walls shall be shared equally by the Owners of Lots or Units adjoining such party wall.

(c) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Lot Owner who has used the wall may restore it, and if other Lot Owners thereafter make use of the wall, such Lot Owners shall contribute equally to the cost of restoration thereof, without prejudice, however, to the right of any such Lot Owners to call for a larger contribution from the other under any rule of law regarding the liability for negligence or willful acts or omissions.

(d) Weatherproofing. Notwithstanding any other provision of this Article, a Lot Owner who by his negligence or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

(e) Alteration. The Owner of any Lot may not construct, reconstruct, extend or modify a party wall in any manner without the prior approval of the Declarant or the Architectural Review Committee (as the case may be) and of any other Lot Owner adjoining the party wall.

(f) Right of Contribution Runs with the Land. The right of any Lot Owner to contribution from any other Lot Owner under this Article shall be appurtenant to the land and shall pass to such Lot Owner's successors in title.

(g) Certification by Adjoining Owner That No Contribution Is Due. If any Lot Owner desires to sell his Lot, he may, in order to assure a prospective purchaser that no adjoining Lot Owner has a right of contribution as provided in this Article VI, request of the adjoining Lot Owner a certification that no right of contribution exists, whereupon it shall be the duty of such adjoining Lot Owner to make such certification immediately upon request and without charge. Where the adjoining Lot Owner does claim a right of contribution, the certification shall contain a recital of the amount claimed and the basis on which the claim is made.

(h) Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article VI, such dispute may be settled by the Association Board of Directors with the consent of the Lot Owners involved, otherwise by arbitration as provided by the then existing laws of North Carolina relating to arbitration.

ARTICLE VII

General Matters

1. Adjoining Properties and Governmental Actions. All purchasers of Lots do hereby acknowledge that Declarant has made no representations as to uses of adjoining properties, and such purchasers have been advised to investigate on their own accord any particular uses of adjoining properties and acknowledge that they have assumed such responsibility. By acceptance of a deed conveying title to any Lot within the Development, such Purchasers do hereby understand and agree that Declarant is not responsible for any activities or actions conducted on any property adjoining the Development, or in any way relating to or arising out of any use of any property adjoining the Development. The purchaser of any Lot acknowledges that they have investigated on their own accord how such uses may affect the Development and are satisfied that they do not materially or substantially affect the value, use or enjoyment of any Lot.

2. Special Property Rights. The right and easement in and to the Common Elements which shall be appurtenant to and shall pass with the title of every Lot as described in Article II, Sections 4 and 5, subject to the following without limitation (all of which shall be subject to any procedures established in the Act):

(a) The right of the Association to suspend the voting rights and right to use the Common Elements (except rights of access to Lots) of a Lot Owner, and such Lot Owner's guests and invitees, for any period during which any assessment against such Lot Owner's Lot remains unpaid (as described in these Restrictions and the Bylaws, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations, but subject to application of the requirements of the Act with respect to the procedures that must be afforded to any Lot

owner prior to the suspension of rights, which procedures and requirements are incorporated herein by reference).

(b) The right of the Association to dedicate or transfer all or part of the Common Elements to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Declarant, or the Association, subject to the voting requirements otherwise set forth herein.

(c) The right of the Association to impose rules and regulations for the use and enjoyment of the Common Elements and the improvements thereon, which rules and regulations may further restrict the use of the Common Elements and improvements thereon (the "Rules").

(d) The right of the Association to enter upon any Lot to make emergency repairs and to do other work reasonably necessary for the proper maintenance and operation of the Development.

3. Insurance.

(a) Casualty Insurance.

i. Lots and Lot Improvements. Each Lot Owner shall maintain at his own cost and expense, fire and extended coverage insurance with vandalism and malicious mischief endorsements (known commonly as "all risk" insurance) with respect to the Lot he owns, any Unit and improvements located thereon, and with respect to any patio, porch or deck accessory thereto. All such insurance shall be in an amount equal to the full replacement costs of the property covered thereby. The Association and each mortgagee in whose favor a mortgage with respect to such Lot shall be named as insured parties in such policies as their interest may appear and such casualty insurance policies shall provide that all proceeds payable as a result of losses shall be paid jointly to the respective mortgagees and the Lot Owners as their interests may appear. Such insurance policies shall provide for the issuance of certificates of insurance to the Association and to the holders of mortgages on the Lots and shall further provide that coverage shall not be terminated, canceled or materially modified without ten (10) days prior written notice to the Association and the mortgagees.

ii. General Common Elements. The Association, as a Common Expense, shall maintain for the benefit of each Lot Owner, such insurance as it deems necessary for the structures and improvements, if any, comprising the Common Elements of the Property.

iii. Waiver. In respect of all policies of insurance obtained by the Association and by the Lot Owners, the Association and each Lot Owner do hereby waive (to the extent permitted by such policy, but only the extent of the proceeds payable in connection therewith) all rights of recovery and causes of action against each other, the Owners of Lots, the members of the family of each Owner of a Lot, and their tenants and other occupants of the Property, the Association, the Board, and the managing agent, if any, for any loss which may result from any of the perils insured against under any such policies; and each such policy shall provide for release by the

insurance company issuing such policy of such of its rights of subrogation thereunder as shall be coextensive with the foregoing waivers.

(b) Public Liability Insurance. The Association shall maintain public liability insurance for the benefit of, and naming as insured, the Lot Owners and occupants, the Association, the Board, the manager, if any, the Declarant, and their respective officers, directors, agents and employees, in such amounts and with such coverage as shall be determined by the Board; provided that the public liability insurance shall be for at least One Million Dollars (\$1,000,000.00) per occurrence for death, bodily injury and property damage. Said insurance shall contain a severability-of-interest endorsement precluding the insurer from denying liability because of negligent acts of any insured. All insureds shall be insured against liability arising out of or in connection with the use, ownership or maintenance of the Common Elements.

(c) Fidelity Coverage. Fidelity coverage may be maintained by the Association in commercial blanket form covering each director and officer of the Association, any employee or agent of the Association and any other person handling or responsible for handling funds of the Association. Any fidelity coverage shall contain waivers of any defense based upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression and shall contain an appropriate endorsement to cover persons who serve without compensation. The premiums on said policy shall be a Common Expense.

(d) Other Insurance. The Association may procure such other insurance as is permitted by the Act, or required by the Bylaws, and the premiums thereof shall be a Common Expense.

(e) Insurance Trustee. The Board may engage an insurance trustee, and pay any cost thereof as a Common Expense. The duty of the insurance trustee shall be to receive such proceeds as are paid to it and to hold the same in trust and disburse the same for the purposes elsewhere stated in these Restrictions, Bylaws or Act, for the benefit of the insured(s).

(f) Individual Policy for Unit Owners. Except as otherwise provided herein, any Lot Owner may obtain insurance of any kind or nature, at said Lot Owner's own expense, to the extent and in the amount such Lot Owner deems necessary. No such insurance shall be in conflict herewith, nor shall it provide that contribution as against the insurance purchased by the Association is available. If a casualty loss is sustained and a reduction in the amount of the Association's proceeds occurs due to the insurance purchased by a Lot Owner under this Section, such Lot Owner must reimburse the Association to the extent of such reduction upon demand; and, by acceptance of the deed to a Lot, assigns the proceeds of his insurance, to the extent of such reduction, to the Association.

4. Damage to or Destruction of the Unit. In the event of damage to or destruction of any Unit located on a Lot as a result of fire or other casualty, the Lot Owner shall have the responsibility of repairing or reconstructing said Unit. The Lot Owner must collect the proceeds from the property damage insurance above referred to and repair or rebuilding shall proceed in conformity with the standards approved by the Declarant or the Architectural Review Committee

(as the case may be) as described in Article III, Section 1 hereof (including without limitation that all work shall be performed by a licensed general contractor approved through that process, and, notwithstanding approval by the Architectural Review Committee that all work must be permitted by the Buncombe County Building Department). In the event the cost to repair or reconstruct said Unit on the Lot shall exceed the balance of insurance proceeds payable (and notwithstanding whether a Lot Owners' mortgagee requires that insurance proceeds be applied to pay down its mortgage), the cost to repair or reconstruct shall be the expense of the Lot Owner. In case of default by any such Lot Owner in the payment in full of the cost to repair or reconstruct said Unit, the Association is authorized (but not required) to advance for the benefit of said Lot Owner and other Owners within the Development the balance necessary to pay for said repair or reconstruction, in which case said sums advanced, together with costs and reasonable attorney's fees incurred in connection with the collection thereof, shall be a continuing lien against the Lot which such additional costs were incurred and shall also be a personal debt of the Lot Owner of said Lot at the time of such damage or destruction, and the collection of such costs advanced can be enforced in the same manner as a lien for annual or special assessments as the same is set forth in the Act, these Restrictions and the Bylaws of the Association. In the event that the cost of repair or reconstruction of such Unit is less than the amount of insurance proceeds available for such purpose, then such excess may be retained by the Lot Owner of the damaged Unit at the time of the damage or destruction.

In the event of damage to or destruction of more than sixty (60%) percent of the value of all Units within one (1) building to which the Party Walls provisions of Article VI apply, the Lot Owners of such Units and their mortgagees shall have the right to unanimously vote not to reconstruct the damaged Units subject to the condition that the decision not to reconstruct be unanimous, that all debris be removed at the expense of the Lot Owners and their mortgagees, and that the Lot Owners and their mortgagees convey their interest in and to their properties (fee ownership to both such Lots) to the Association without consideration to be paid by the Association.

5. Delegation of Use. Any Lot Owner may delegate, in accordance with Article II, Section 5 herein and any established rules and regulations regarding such delegation as established by the Association, his rights or enjoyment of the Common Elements and facilities thereon, to the members of his family, his tenants or contract purchasers who reside on the Lot. In any case, the rights to and enjoyment of the Common Elements and facilities thereon shall be limited to those persons actually occupying the Lot; extension of these rights to guests or invitees of such occupants shall be subject to rules and regulations imposed by the Association.

6. Declarant Exclusion from Payment of Assessments. Notwithstanding anything else herein to the contrary, and in accordance with the terms of Section 2 of Article IV herein, the Declarant shall not be obligated to contribute towards the maintenance or upkeep of the Development roadways, rights of way, landscaping or yard maintenance or Common Elements (and shall not be obligated to pay the per Lot assessment set forth above on undeveloped Lots), except to the extent that the funds collected from Lot Owners as described above are not sufficient to pay the full obligation for maintenance of such roadways, rights of way and Common Elements (as determined by Declarant), during the Declarant Control Period only.

After the expiration of the Declarant Control Period, Declarant shall have no obligation for the payment of assessments on any undeveloped Lot within the Development. A Lot owned by Declarant shall only be considered developed (and subject to assessment) upon final completion of an improvement thereon and sale by Declarant to a third party.

7. Additional covenants. Declarant, by these Restrictions, and all other Owners, by their acceptance of a deed to a Lot, further covenant and agree as follows:

(a) That the Common Elements shall remain undivided (other than as a result of Declarant exercising its rights under these Restrictions or the Act), and no Owner of a Lot shall bring any action for partition (or sale in lieu thereof), it being agreed that this reservation is necessary in order to preserve the rights of the Owners;

(b) That no Owner shall be deemed to own any pipes, wires, conduits, or other public utility lines or public convenience facilities running through a Lot or Unit which are utilized for or provide service to more than one Lot or Unit, and that each Lot is subject to an easement in favor of Declarant, the Association and their designees for location, relocation, placement, repair and maintenance of the same.

(c) That no structure or other external visible item shall be placed in, on or about the Development by anyone other than the Declarant during the Declarant Control Period, unless Declarant consents thereto. Subsequent to the Declarant Control Period, no structure or other external visible item shall be placed in, on or about the Development by anyone other than the Association, without the express prior written consent of the Association.

8. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or equity against any person or persons violating or attempting to violate or circumvent any covenant or restriction, either to restrain or enjoin violations, or to recover damages, or in addition to the lien enforcement rights set out in 47F-3-107.1 and 47F-3-116 of the North Carolina General Statutes, by any appropriate proceeding at law or equity against the land to enforce any lien created by these covenants. The remedies granted and reserved herein are distinct, cumulative remedies and the exercise of any of them shall not be deemed to exclude the rights of other property owners to exercise any or all of the other remedies or those which may be permitted by law or equity. The failure to enforce any rights, restrictions or conditions contained herein, however long continued, shall not be deemed a waiver of this right to do so hereafter as to the same breach, or as to a breach occurring prior to or subsequent thereto and shall not bear on or affect its enforcement. Any person entitled to file a legal action for violation of these covenants shall be entitled as part of any judgment in favor of the filing party to recover a reasonable attorney's fees as a part of such action.

9. Mediation. Notwithstanding any other terms in this Article VII, each Lot Owner, by accepting a deed to a Unit, agrees that: 1) the Association may require that any unresolved matter among the Owners or before the Board of Directors or before the Association, or 2) any Owner may require that any unresolved matter between such Owner and any other Owner respecting the Development or these Restrictions, be submitted to non-binding mediation, prior

to pursuing any other remedies. The fees and expenses of mediation shall be paid by the participants and shall not be a Common Expense unless Association is a participant or unless 75% or more of the Owners so agree in writing.

10. Arbitration. Notwithstanding Section 9 of this Article, each Lot Owner, by accepting a deed to a Unit, agrees that: (1) the Association may require that any unresolved matter among the Owners or before the Board of Directors or before the Association, or (2) any Owner may require that any unresolved matter between such Owner and any other Owner respecting the Development or these Restrictions, be submitted to binding arbitration pursuant to the Uniform Arbitration Act set forth in N.C.G.S. § 1-567.1 et seq. as the same shall be amended from time to time. The fees and expenses of arbitration shall be paid as set forth in the award and shall not be a Common Expense unless Association is a participant and the award directs Association is to pay, or unless 75% or more of the Owners so agree in writing.

11. Civil Suit. Any Owner may also bring a civil action against any other Owner, or against the Association, or against the Board of Directors, or any one of more of them, to enforce any obligation imposed hereunder.

12. Special Arbitration Provision. Notwithstanding any provisions regarding dispute resolution herein, any claim or dispute between the Association and Declarant, or its successors or assigns, relating to any of the obligations of Declarant under any Contract between the Association and Declarant, or related to any obligation of Declarant pursuant to these Restrictions or Bylaws, or pursuant to any law or ordinance (including, without limitation, any claim or dispute related to the quality of the workmanship of any Unit that may have been constructed on a Lot prior to the sale of such Unit by Declarant to a Lot Owner, and whether or not such claim is asserted against Seller / Declarant, or any general contractor hired by Declarant to construct such Unit, or any other claim by the Association against any such general contractor related to its work in construction of any Unit or with respect to any of the improvements on any of the Common Elements of the Development), shall, at the option of Declarant, be determined solely and exclusively in accordance with the American Arbitration Association's Construction Industry Arbitration Rules then in effect, and the Association shall be bound by such determination and shall fully comply with same. Notwithstanding the above, it is agreed that mediation of any claim or dispute shall be conducted prior to litigation or arbitration. At the option of Declarant, any such mediation may be conducted in two (2) separate meetings. The initial meeting would be a "technical mediation" and only address the validity or scope of the claims or disputes. Such mediation shall be conducted within sixty (60) days of a request by Declarant. The mediator shall be an architect, engineer or consultant selected by the Declarant, but shall be someone other than the professional who did the original work on the Lot, Unit or Property (as the case may be) for the Seller, as described in these Restrictions. The second meeting will address the liability or the respective liability of the parties. This second meeting shall be conducted within sixty (60) days of completion of the "technical mediation". The mediator for the second mediation shall be mutually selected by the Association and Declarant, but if the parties cannot agree, the mediator shall be selected by the Declarant. Such mediation meetings shall be conducted pursuant to the rules of the American Arbitration Association. If the claim or dispute is raised prior to completion of all Units in the Development, or any of its Unit's

improvements, by Declarant, no such claim or dispute shall interfere with the progress of the work being performed by Seller to complete the improvements to the Property, Lot or Unit (as the case may be). Association agrees to be joined in any arbitration proceeding involving claims or disputes relating to the Development or any obligation of the Association to any Lot Owner. Association also acknowledges and agrees to include a paragraph substantially similar to this dispute resolution paragraph for the benefit of Declarant in any agreement it enters into with any prospective Lot Owner. This paragraph is not intended to affect any dispute resolution agreements existing between the Declarant, and any general contractor it has contracted with to construct the Development Common Elements or any of the Units on any of the Lots.

13. Nonliability of Declarant. To the fullest extent permissible under applicable law, neither Declarant nor its principals, members, managers, officers or other representatives, successors or assigns shall be liable for any claim whatsoever arising out of or by reason of any actions performed pursuant to any authorities granted or delegated to it by or pursuant to these Restrictions in the management and operation of the Development or the Association, whether or not such claim (i) shall be asserted by a Lot Owner, occupant, the Association, or by any person or entity claiming through any of them; or (ii) shall be on account of injury to person or damage to or loss of property wherever located and however caused; or (iii) shall arise ex contractu or (except in the case of gross neglect) ex delicto. Without limiting the generality of the foregoing, the foregoing enumeration includes all claims for, or arising by reason of, the Property or any part thereof (including any and all improvements on the Common Elements) being or becoming out of repair or containing any patent or latent defects, or by reason of any act or neglect of any Lot Owner, occupant, the Association, and their respective agents, employees, guests, invitees, or by reason of any neighboring property or personal property located on or about the Development, or by reason of the failure to function or disrepair of any utility services (heat, air conditioning, electricity, gas, water, sewage, etc.). The foregoing exculpatory language shall not include claims against the Declarant arising from Declarant's capacity as a seller.

14. Security. The Association may, but shall not be obligated to, maintain or support certain activities within the Development designed to make the Development safer than it otherwise might be. Neither the Association, the original Declarant, or any successor Declarant shall in any way be considered insurers or guarantors of security within the Development, nor shall any of them be held liable for any loss or damage by reason of failure to provide adequate security or the ineffectiveness of security measures undertaken. No representation or warranty is made that any system or measure, including any monitoring system or any mechanism or system for limiting access to the Development, cannot be compromised or circumvented, nor that any such system or security measure undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands and covenants to inform its tenants and all occupants of its Unit and Lot improvements that the Association, its Board of Directors and Board established committees, Declarant, and any successor Declarant are not insurers and that each Person using the Development, and any Lot or Unit assumes all risks of personal injury and loss or damage to property, resulting from acts of third parties.

15. Amendment and Modification. The Declarant does hereby declare the advantages accruing to the Property from these covenants and restrictions hereinabove set forth. All covenants, restrictions and affirmative obligations set forth herein shall run with the Property and shall be binding on all parties and persons claiming under them. During the Control Period, the Declarant hereby reserves the absolute right to modify and/or to amend these Restrictions in whole or in part in Declarant's sole and absolute discretion as the Declarant deems proper or appropriate. After the Control Period, an amendment to these Restrictions shall be made and approved in the manner whereby at an annual meeting or specially called meeting of the members, sixty-seven per cent (67%) of the members vote in favor of such amendment and once made, shall become effective when recorded in the Buncombe County Register of Deeds office. Whenever herein the Declarant has reserved a right or the discretion to decide a matter, then the exercise of such right and the decision of such matter shall be in the sole and absolute discretion of the Declarant. Nothing herein shall require or shall be construed so as to require the Declarant or its related persons or entities to subject all or any part of its remaining adjoining property to these Restrictions.

16. Declarant Control. The "Control Period", "Declarant Control Period" or "Developer Control Period" shall mean that period of time from the date of the recording of these restrictions through the earlier of 1) January 1, 2039 or 2) that date upon which Declarant, or its successors or assigns, conveys the last Lot owned by the Declarant (other than to a related entity) as shown on the plat or any subsequently recorded plat adding property to the Development. Notwithstanding the above, Declarant may, in Declarant's sole discretion, terminate the Declarant Control Period on that date upon which Declarant records an instrument with the Buncombe County Register of Deeds conveying release same to the Association; however, nothing contained herein shall be construed to require Declarant to terminate the Declarant Control Period on any date other than as set forth in this paragraph, or as by law may be otherwise required.

17. Invalidation. Should any covenant, restriction, article, paragraph, subparagraph, sentence, clause, phrase or term herein contained be declared to be void, invalid, illegal or unenforceable, for any reason whatsoever, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, then such judgment shall in no way affect any other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

18. Conflicting Terms. In the event of a conflict or ambiguity between these Restrictions and the Act, then these Restrictions shall be deemed to govern, except in the event that the Act requires that the terms of the Act shall control, in which case the terms of the Act shall govern. The Act is incorporated herein by reference to the extent not inconsistent with the specific terms of these Restrictions.

EXECUTION ON FOLLOWING PAGE

IN WITNESS WHEREOF, the Declarant has hereunto caused this instrument to be signed in its name by its duly authorized Manager by authority given, as of the day and year first above written.

Declarant:

LCV Venture, LLC, a North Carolina limited liability company

By: David Day (SEAL)
David Day, Manager

Buncombe County, North Carolina

I certify that the following person personally appeared before me this day, each acknowledging to me that he voluntarily signed the foregoing document for and on behalf of LCV Venture, LLC, the Declarant for the purpose stated therein and in the capacity indicated: David Day, Manager.

Date: October 18, 2021

Suzanne G. Winkler
Official Signature of Notary
Suzanne G. Winkler

(Official Seal)
SUZANNE G. WINKLER
Notary Public, North Carolina
Buncombe County
My Commission Expires
November 05, 2023
Suzanne G. Winkler

My commission expires: 11-05-2023

SUZANNE G. WINKLER
Notary Public, North Carolina
Buncombe County
My Commission Expires
November 05, 2023

EXHIBIT A

PROPERTY DESCRIPTION

Being all of that 7.064 acre tract shown on that Plat of Sycamore Cove Development, recorded in Plat Book 221, at Pages 164-166, Buncombe County Registry, reference to which is hereby made for a more particular description.

EXHIBIT B

**BYLAWS OF
SYCAMORE COVE HOMEOWNERS' ASSOCIATION, INC.
A NORTH CAROLINA NON-PROFIT CORPORATION**

**ARTICLE I
Identity**

These are the Bylaws of the Sycamore Cove Homeowners' Association, Inc., a North Carolina non-profit corporation, (the "Association").

For purposes of these Bylaws, terms specifically defined either in the Restrictions for Sycamore Cove Development and amendments thereto (the "Restrictions") located in Buncombe County or the North Carolina Nonprofit Corporation Act, Chapter 55A, North Carolina General Statutes (the "Non-Profit Act"), shall have the same meaning herein.

**ARTICLE II
Definitions**

2.1. "Sycamore Cove Development" shall include and mean that real estate located in the Development as set forth in the Restrictions.

2.2. "Common Element", "Community Property" and/or "Common Community Areas" shall mean those areas used in common by all the owners of lots within the Development, including the private roads providing access to public rights of way and/or such areas that may be denoted as "Common Elements", "Community Property" or "Common Community Areas" on plats of record for the Development.

2.3. "Declarant" shall mean LCV Venture, LLC, a North Carolina limited liability company.

2.4. "Declarant Control Period" shall mean the time in which Declarant has to exercise certain exclusive rights such as, but not limited to, electing the Board of Directors of the Association and/or retaining approval authority for amendments to the Bylaws. The Declarant Control Period shall be as set forth in the Restrictions.

2.5. "Lot" shall mean any improved or unimproved parcel of land located within Sycamore Cove Development and intended to be developed now or hereafter with a residential dwelling thereon ("Unit" as defined in the Restrictions).

2.6. "Owner" shall mean and refer to the owner or owners as shown by the real estate records in the Office of the Register of Deeds of Buncombe County, North Carolina, of fee simple title to any Lot situated within the Development. For purposes of voting or representation

on any Committees or Boards, the marital spouse of the Owner may be treated as being an "Owner".

ARTICLE III

Qualifications and Responsibilities

3.1. Membership. Every Lot Owner in Sycamore Cove Development shall be a member of the Association and shall remain a member until he ceases to be a Lot Owner.

3.2. More Than One Owner. When there is more than one owner of a Lot, all such persons shall be members of the Association, but it is understood that each Lot shall be entitled to only one vote on matters coming before the Association (as set forth in Article IV herein).

3.3. Registration. It shall be the duty of each Lot Owner to register his name and his mailing address with the Secretary of the Association. If a Lot Owner does not so register, the Association shall be under no obligation to recognize his privileges of being a member. In addition, a Lot Owner shall register with the Secretary the name and mailing address of any applicable person, firm or company holding a note secured by a first deed of trust lien on that Lot (the "First Mortgage").

3.4. Prohibition of Assignment. The interest of a Member in the Association assets cannot be transferred or encumbered except as an appurtenance to his Lot.

ARTICLE IV

Members' Meetings and Voting

4.1. Place. Meetings of the members shall be held at such place within the Development or within Buncombe County, North Carolina, as may be designated from time to time by the Board of Directors of the Association (the "Board").

4.2. Annual Meetings. The members shall meet at least once each year in July, the day being specified in the notice of such meeting given pursuant to Section 4.4. At each annual meeting, the members may transact any business properly coming before them.

4.3. Special Meetings. Special meetings of the members may be called at any time by the President, by a majority of the Board, and shall be called and held within sixty (60) days after written request thereof signed by members of the Association entitled to cast at least ten percent (10.0%) of the total votes in the Association is delivered to any officer or Director of the Association. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

4.4. Notice. Notice of all meetings of the members, stating the time and place, and accompanied by a complete agenda thereof, shall be given by the President or Secretary to each member. Such notice shall be in writing, and shall be hand delivered or sent by United States mail to the members at the addresses of their respective Lots and to other addresses as any

member may have designated to the President or Secretary as it appears on the records of the Association, at least sixty (60) days in advance of any annual or special meeting. Notice shall be deemed delivered when deposited in the United States mail addressed to the member at his address for the respective Lot and/or as it appears on the records of the Association. The Association may vote or transact business on any matter at an annual meeting whether or not specific notice of said item had been given in the notice of the annual meeting. However, for special meetings, only items which were included in the meeting's notice to members can be voted on.

4.5 Quorum. A quorum shall consist of members present, in person or by proxy, entitled to cast at least fifty one percent (51%) of the total votes in the Association. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present.

4.6. Voting. Each Owner of a Lot is entitled to one (1) vote per each Lot owned. When there is more than one Owner of a Lot, said Owners shall designate the person authorized to vote for said Lot.

4.7. Manner of Casting Votes. Votes may be cast in person or by proxy. A proxy must be in writing, be signed by all owners of the Lot, the votes of which are subject to the proxy, be given only to another member or to a Security Holder of that Lot, and be filed with the Secretary on or before the meeting. A proxy shall be valid until revoked in writing by all Lot Owners of such Lot. A proxy should denote the vote desired on a specific issue and/or be a general authorization to the proxy holder to vote according to his discretion.

4.8. Required Votes. All questions shall be decided by a majority of the votes cast on the question, unless the provisions of applicable law, the Restrictions or these Bylaws require a greater vote.

4.9. Action by Members without Meeting. Any action that may be taken at a meeting of the members, may be taken without a meeting if such action is authorized in writing setting forth the action taken and is signed by all members, or if such action is taken in any other manner permitted by law.

4.10. Prohibition of Cumulative Voting. There shall be no cumulative voting.

ARTICLE V

Directors

5.1 First Board. The first Board shall consist of three (3) persons, whose names are either set forth in the Articles of Incorporation, or shall be named by Declarant as set forth below.

5.2. Number and Qualifications of Directors. The Board shall consist of three (3) natural persons, as determined in the sole discretion of Declarant during the Declarant Control Period and thereafter by the members. During the Declarant Control Period, a Director need not

be a member of the Association or be a resident of North Carolina. A Board member may be the Declarant or a representative of Declarant. After the Declarant Control Period expires, a Director must be a Lot Owner or the individual nominee of a Lot Owner which is other than an individual.

5.3 Election of Directors. During the Declarant Control Period, the Declarant reserves the right to elect the Board. Election of Directors by the members shall occur at the first annual meeting of the members after the end of the Declarant Control Period, and at each subsequent annual meeting after the term of the Directors have expired. The members shall elect the Directors by a majority of the votes cast in the election. In the event that an insufficient number of members are willing to have their names placed in nomination to serve on the Board of Directors, the names of each and every member who is not otherwise an officer or director of the Association shall be automatically placed in nomination for the position of director, and a sufficient number of members names shall be selected by lot from the total of such names nominated. Upon election the Association shall, within thirty (30) days give notice to each member of the name and address of each Director in accordance with the terms of the Act.

5.4. Term. The term of the Directors during the Declarant Control Period shall be in the sole discretion of Declarant. After the Declarant Control Period has expired, the term of the Directors shall be for two (2) years. No Director may serve consecutive terms. Once elected, a Director shall hold office until his successor has been duly elected and has qualified.

5.5. Removal. During the Declarant Control Period, the Declarant retains the sole authority to remove any Director, with or without cause. After the Declarant Control Period has expired, any Director may be removed, with or without cause, by a vote of the members entitled to cast at least sixty-six and two-thirds percent (66 2/3%) of the total votes in the Association, at a special meeting called for such purpose. During the Declarant Control Period, the Declarant shall appoint a successor to serve for the balance of the removed Director's term (which term is within the sole discretion of Declarant during the Declarant Control Period). Thereafter, the members by majority vote shall appoint a successor to serve the balance of the removed Director's term.

5.6. Vacancies. Any vacancy in the Board arising by death or resignation of a Director shall be filled by act of the remaining Directors, whether or not constituting a quorum, and a Director so elected shall serve for the unexpired term of his predecessor in office.

5.7. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors, but at least three (3) times a fiscal year (as that term is defined in Sections 5.13(a) and 8.2 below). Notice of regular meetings shall be given to each Director, personally or by mail, telephone, facsimile or telegraph, at least thirty (30) days prior to the meeting.

5.8. Special Meetings. Special meetings of the Board may be called by the President and shall be called by the President or the Secretary and held within ten (10) days after written request signed by two (2) Directors is delivered to any other Director or the President or the

Secretary. Not less than seventy-two (72) hours' notice of such special meeting shall be given personally or by mail, telephone, facsimile or telegraph to each Director; provided that in case the President or any Director determines that an emergency exists, a special meeting may be called by giving such notice as is possible under the circumstances. All notices of a special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except that which is stated in the notice thereof.

5.9. Adjournment if No Quorum. Fifty percent (50.0%) of the Board shall constitute a quorum for the transaction of business at any meeting of the Board. If a quorum is not present, the meeting shall be adjourned from time to time until a quorum is present. The signing by a Director of the minutes of a meeting shall constitute the presence of such Director at that meeting for the purpose of determining a quorum.

5.10. Manner of Acting. Each Director shall be entitled to one (1) vote. The act of a majority of the Directors present at a meeting shall constitute the act of the Board unless the act of a greater number is required by the provisions of applicable law, the Restrictions or these Bylaws.

5.11. Meeting Forums: Board Action Without Meeting. Although regular or special meetings may occur at such places as specified in the notice, regular or special meetings by means of a conference telephone or similar communication device are permissible as long as the required notice is given. Any action that may be taken at a meeting of the Board may be taken without a meeting if such action is authorized in writing, setting forth the action taken, signed by all Directors.

5.12. Compensation of Directors Restricted. Directors shall receive no compensation for their services but may be paid for out-of-pocket expenses incurred in the performance of their duties as Directors.

5.13. Powers and Duties of Board. All of the powers and duties of the Association shall be exercised by the Board, including those existing under the common law, applicable statutes (including without limitation, the Act), the Restrictions (as delegated by the Declarant), the Articles, and these Bylaws, as any thereof may from time to time be amended. Such powers and duties shall be exercised in accordance with the provisions of applicable law (including without limitation, the Act), the Restrictions, the Articles, and these Bylaws, and shall include, but not be limited to, the following:

(a) To prepare and provide to members annually by December 15th, a budget report for the fiscal year commencing January 1st and ending December 31st of the each calendar year (the "Fiscal Year"), said report containing at least the following:

(i) A statement of the status and amount of any reserve or replacement fund and any portion of the fund designated for any specified project by the Board.

(ii) A statement of the financial condition of the Association for the last Fiscal Year.

(iii) A statement of the status of any pending suits or judgments in which the Association is a party.

(iv) A statement of the insurance coverage provided by the Association.

(v) A statement of any unpaid assessments payable to the Association, identifying the Lot and the amount of the unpaid assessment. **All Lot owners do hereby acknowledge that this reporting of unpaid assessments shall not constitute a violation of any federal or state unfair debt collection laws.**

(b) To adopt and amend budgets and to determine, and collect assessments to pay the Association's common expenses, including operating expenses and Community Property maintenance fees (the term "Common Expenses" being defined with more particularity in Section 9.12 herein), and capital improvement costs. The Board may engage an accountant to do the Association bookkeeping, to file annual returns and to assist in preparing the report described above.

(c) To regulate the use of, and to maintain, repair, replace, modify and improve the Community Property, and areas upon Lots which are to be maintained and regulated by the Association (including, without limitation, landscaping and yard maintenance).

(d) To adopt and amend rules and regulations affecting the Lots and to establish reasonable penalties for infraction thereof, in accordance with the terms of the Act.

(e) To enforce the provisions of the Restrictions, the Articles, these Bylaws, the Act (if and when applicable), and rules and regulations by all legal means, including injunction and recovery of monetary penalties.

(f) To hire and terminate agents and independent contractors.

(g) To institute, defend, intervene in, or settle any litigation or administrative proceeding in its own name on behalf of itself or two (2) or more Lot Owners on matters affecting the Community Property.

(h) To establish and dissolve and liquidate, from time to time, reserve accounts for any purpose.

(i) To borrow money for the maintenance, repair, replacement, modification or improvement of the Community Property and to pledge and pay assessments, and any and all other revenue and income, for such purpose.

(j) To buy Lots in foreclosure of an assessment lien, or at any other time or for any other reason, and to sell, lease, mortgage, and otherwise deal in Lots from time to time owned by the Association.

(k) To impose and receive payments, fees and charges for the use, rental or operation of the Community Property for all purposes permitted a Nonprofit corporation.

(l) To grant leases, licenses, concessions and easements through and over the Community Property, unless contrary to the Restrictions.

(m) To impose and collect reasonable charges, including reasonable costs and attorneys' fees, for the enforcement of any use restrictions or rules and regulations set forth in the Restrictions or these Bylaws, subject to the terms of the Act.

(n) To provide for indemnification of the Association's Officers and Directors and maintain Officers and Directors liability insurance.

(o) To impose charges for late payment of assessments and, after notice and an opportunity to be heard, levy reasonable fines for violations of the Restrictions, these Bylaws, or the rules and regulations, in accordance with the terms of the Act.

Any assessments, charges or fines levied against members shall specifically relate to the need to preserve and fulfill the purposes set forth in the Association's Articles of Incorporation and are applied to owners of Lots in their capacity as owners-members rather than in some other capacity such as customers for services.

ARTICLE VI **Officers**

6.1. Designation of Officers. The officers of this Association shall be a President, a Vice President, a Secretary, and a Treasurer. During the Declarant Control Period, officers do not have to be members or residents of North Carolina. Officers may include the Declarant or a representative of Declarant. After the Declarant Control Period, each officer shall be a Lot Owner or the individual nominee of a Lot Owner which is other than an individual. A person may hold one or more of such offices at one time, except that the President shall not at the same time hold the office of Secretary at the same time. The Board may elect an assistant treasurer, an assistant secretary and such other officers as in its judgment may be necessary.

6.2. Election of Officers. Officers of the Association shall be elected by the Board. Elections shall be held every two (2) years at the first meeting of the Board held after the annual meeting of the members. The first Board shall elect officers as soon as practicable after filing of

the Articles. In the event that an insufficient number of members are willing to have their names placed in nomination to serve as an officer of the Association, the Board of Directors shall place the names of each and every member who is not otherwise an officer or director of the Association in nomination for the position of officer, and a sufficient number of members names shall be selected by lot from the total of such names nominated. The determination of which of the chosen names shall fill which of the vacant officer positions shall be in the sole discretion of the Board of Directors. Upon election the Association shall, within thirty (30) days give notice to each member of the name and address of each Officer in accordance with the terms of the Act.

6.3. Term. Each officer shall serve until his successor has been duly elected and has qualified.

6.4. Removal. Any officer may be removed, with or without cause, and without notice, by the Board.

6.5. Vacancy. Any vacancy in any office shall be filled by the Board, and an officer elected to fill a vacancy shall serve for the unexpired term of his predecessor in office.

6.6. Powers and Duties of Officers.

(a) President. The President shall be the chief executive officer of the Association and shall see that all actions and resolutions of the Board are carried into effect.

(b) Vice President. The Vice-President shall perform such duties of the President as shall be assigned to him by the President, and in the absence of the President shall perform the duties and functions of the President.

(c) Secretary. The Secretary shall keep the minutes of all meetings and actions of the Board and of the members; shall give all required notices to the Directors and members; shall keep the records of the Association, except those kept by the Treasurer; shall perform all other duties incident to the office of a secretary of a corporation; and shall perform such other duties required by the Board or the President.

(d) Treasurer. The Treasurer shall have custody of all intangible property of the Association, including funds, securities, and evidences of indebtedness; shall keep the books of the Association in accordance with good accounting practices and principles, and upon request, shall submit them, together with all vouchers, receipts, records, and other papers to the Board for examination and approval; shall deposit all monies and other valuable effects in depositories designated by the Board; shall disburse funds of the Association as directed by the Board; and shall perform all other duties incident to the office of a treasurer of a corporation.

6.7 Execution of Agreements, Etc. All agreements, deeds, mortgages, or other instruments (including amendments to the Restrictions) shall be executed by the President or Vice President, or by such other person or persons as may be designated by the Board.

6.8 Compensation of Officers Restricted. No officer shall be compensated for his services in such capacity, but may be reimbursed for out-of-pocket expenses incurred in performing his duties.

ARTICLE VII

Indemnification of Directors and Officers

The Association shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as permitted by the North Carolina General Statutes, as now enacted or hereafter amended. In addition, the Association is authorized to maintain Officers and Directors Liability Insurance.

ARTICLE VIII

Fiscal Management

8.1. Depository. The Board shall designate a depository for the funds of the Association, and may change such depository at any time. Withdrawal of funds from such depository shall be only by checks signed by any two (2) officers of the Association, or as authorized by the Board.

8.2. Fiscal Year. The Fiscal Year of the Association shall run from the 1st of January through December 31st.

ARTICLE IX

Assessments

9.1 Obligation of Members to Pay Assessments: Amount of Levy. Each Lot Owner shall be personally and severally liable for an assessment (to pay such Lot Owner's share of all Common Expenses) determined in accordance with the provisions of Article IV, Section 2 of the Restrictions. The levy of the annual assessment so determined does not include any special assessment which may be levied against a Lot owner in accordance with Section 9.7 below.

9.2. Allocation of Common Surplus. Any common surplus, including funds in reserve accounts, may be allocated to each Lot in accordance with its percentage of the share of assessments, and, if allocated, shall be owned by the Lot Owner, and, if allocated, may be paid to the Lot Owner or credited against that Lot's share of Common Expenses subsequently assessed. Notwithstanding the above, the Board shall retain the authority to apply said surpluses to any current Fiscal Year expenditures in order to satisfy the exempt function income qualification for Nonprofit corporations under Section 528 of the Internal Revenue Code.

9.3. Preparation of Budget and Levying of Assessment. Except as hereinafter provided, for each Fiscal Year, beginning with the Fiscal Year commencing in the year 2022, the

Board shall prepare and adopt a budget, including therein estimates of the amount necessary to pay the Common Expenses, together with amounts considered necessary by the Board for reserves. After preparation and adoption of each such budget, the Board shall provide each member with a copy, and shall give each member notice of the assessment made against that member's Lot based upon such budget and may also state the interest to be charged on delinquent payments thereof (other than as provided in these Bylaws). The assessment shall be deemed levied upon the giving of such notice.

9.4. Assessment A Lien. Every assessment shall constitute a lien upon each Lot as set forth in the provisions of N.C.G.S. 47F-3-116, prior to all other liens except only (i) real estate taxes and other governmental assessments or charges against that Lot and (ii) liens and encumbrances recorded before the docketing of a claim of lien.

9.5. Payment of Assessments. Assessments shall be payable when notice thereof is given, but shall not be delinquent if paid at the times and in the amounts specified by the Board in the notice of assessment. Payments shall be made to the Association, or as the Board may from time to time otherwise direct. Unless the notice states contrary, annual assessments are typically due and payable in monthly installments at the first of every month.

9.6. Notice to First Mortgagees. Although the lien of assessments may be superior to the lien of a First Mortgagee, any enforcement of said assessment lien by the Association's filing of a collection or foreclosure action with the courts shall require the giving of notice to the applicable First Mortgagee, if any. All owners of Lots acknowledge that such notice shall not constitute a violation of any state or federal unfair debt collection laws. Failure to give the notice provided for herein shall not be a defense for the defaulting member in the enforcement action filed by the Association.

9.7. Special Assessments. In addition to the assessments levied pursuant to Section 9.3., the Board, in its sole discretion during the Declarant Control Period, may levy special assessments at such other and additional times as in its judgment are required for:

- (a) Alterations, restoration and reconstruction of Community Property and its facilities.
- (b) Improvements, acquisitions and additions to the Community Property and to the areas upon Lots which are to be maintained and regulated by the Association (including, without limitation, landscaping and yard maintenance).
- (c) Payment of costs and expenses incurred in curing defaults pursuant to Sections 10.1. and 10.3. hereof.

Special assessments made pursuant to this Section shall be a Common Expense, shall be deemed levied upon notice thereof being given to the members subject to such special assessment, and shall be payable as determined by the Board and as set out in such notice. After the Declarant Control Period, the Board may levy special assessments only with the consent of

67% of the members voting. Notwithstanding anything else herein to the contrary, Unimproved Lots (as that term is defined in Article IV Section 2 of the Restrictions) owned by Declarant shall not be subject to any special assessments without the express, written prior consent of Declarant (whether prior to or after the end of the Declarant Control Period).

9.8. Failure to Prepare Budget and Levy Annual Assessment: Deficiencies in Procedure. The failure of the Board or delay of the Board in preparing any budget, and to levy or in levying assessments, shall not constitute a waiver or release of the members' obligation to pay assessments whenever the same shall be determined and levied by the Board. Until a new assessment is levied by the Board pursuant to Section 9.3, each member shall continue to pay the assessment then previously levied pursuant to Section 9.3 in the same amount and at the same periodic times as levied, or as the Board may otherwise advise in writing. Also, any deficiencies or inadequacies in the procedure followed by the Board in levying an assessment shall not in any way affect its validity or the obligation of members to pay such assessment.

9.9. Assessment Roll: Certificate. All assessments shall be set forth upon a roll of the Lots which shall be available in the office of the Association for inspection at all reasonable times by members and Security Holders, and their duly authorized representatives. Such roll shall include, for each Lot, the name and address of the member or members, all assessments levied, and the amount of all assessments unpaid. The Association, upon written request, shall furnish to a Lot Owner, or his authorized agent, a recordable certificate setting forth the amount of unpaid assessments currently levied against his Lot. The certificate shall be furnished within fourteen (14) business days after receipt of the request and shall be binding upon the Association and all Lot Owners. For such certificate a reasonable fee may be charged by the Board. All owners of Lots acknowledge that such notice provided in an assessment roll or certificate shall not constitute a violation of any state or federal unfair debt collection laws.

9.10. Default and Enforcement. If any assessment, or installment thereof, remains delinquent for thirty (30) days, then that assessment, and all other assessments then a lien against that Lot, may be declared by the Board to be immediately due and payable in full, with interest, without further notice, and such lien may be enforced in accordance with 47F-3-107.1 and 47F-03-116 of the Act or such other relief allowed by law. All fees, late charges, attorneys' fees, fines or interest levied or collected by the Association in connection with any unpaid assessments shall have the same priority as the assessment to which they relate.

The Association also shall be entitled to suspend the right of a defaulting Lot Owner to use the Community Property, to the extent allowed by law, and its facilities until the delinquency is cured.

The remedies noted herein for default on assessments shall include, without limitation, any and all remedies set forth in the Restrictions. The failure of the Association to enforce any assessment delinquency shall not constitute a waiver or abrogation of the right of the Association or its agents to enforce such delinquency in the future, irrespective of the number of breaches thereof that may have occurred by the member regarding assessments.

9.11. Interest on Delinquent Assessments. Assessments, or installments thereof, paid before they become delinquent, shall not bear interest, but all sums delinquent more than thirty (30) days shall bear interest at the rate of eighteen percent (18%) per annum or as set forth in the notice levying the assessment (but not exceeding the highest rate of interest allowed by law) from the date of the delinquency until paid. All payments upon account shall be applied first to interest and then to the assessment, or installment thereof, longest delinquent. All such interest shall have the same priority as the assessment on which such interest accrues.

9.12. Common Expenses. Common Expenses shall mean and include all sums declared Common Expenses by any specific provision of these Bylaws or the Restrictions, and shall include, without limitation, the following: real estate taxes, and other governmental assessments or charges against the Common Elements; costs associated with the maintenance, repair and improvement of the Common Elements (and areas upon Lots which are to be maintained and regulated by the Association (including, without limitation, landscaping and yard maintenance); premiums for any and all insurance maintained by the Association, including any deductible or coinsurance amount not covered by insurance; legal and accounting fees and the expenses of other persons and entities employed by the Association for Association business; costs and expenses incurred in connection with any litigation or administrative proceeding pursuant to Section 5.13(g) hereof; deficits remaining from any prior assessment period; the cost, including fees and interests, incurred in connection with any borrowing done by the Association; the cost of all fidelity bonds; costs imposed upon the Association or any part of the Common Element by, or incurred by the Association as a result of the performance, enforcement or amendment of, any agreement or easement to which the Association is a party or to which the Common Element, or any part of either thereof, is or may be subject including, but not limited to amounts determined necessary for reserve funds; and indemnity payments made by the Association pursuant to Article VII hereof.

9.13 Initial Assessment. In order to pay for initial establishment of the Association administration and records keeping, and otherwise to create a reserve fund for the Association (and in addition to all other assessments, the Declarant shall collect at each closing of the sale of a Lot from Declarant to the first purchaser of the Lot, a set-up fee of two hundred fifty dollars (\$250.00) per Lot, which assessment shall be paid by the purchaser and deposited in the general account of the Association.

ARTICLE X
Compliance. Enforcement.
Fines and Penalties other than Assessment Liens

10.1. Default and Remedies. A default in or failure to comply with any of the terms, conditions, obligations, and provisions of the Restrictions, these Bylaws, the Articles, or the rules and regulations, as the same may be amended from time to time, by any Lot Owner or Occupant, shall be grounds for relief that may include, without intending to limit the same or to constitute an election of remedies, an action to recover fines and penalties as determined by the Board, sums due for damages, an injunction, or any combination thereof, and which relief may be sought by the Association, an aggrieved Lot Owner, or by any person or class of persons

adversely affected. Also, if any member fails to perform any obligation under the Act (if so required), the Restrictions, these Bylaws, the Articles or such rules and regulations as hereinafter promulgated, then the Association may, but is not obligated to, perform the same for the member's account, and for such purpose may enter upon his Lot, may make necessary repairs, advance expenses or other sums necessary to cure the default, and for such expenses and costs may levy a special assessment against the Lot owned by such defaulting member. The Association also shall be entitled, to the furthest extent permitted by law, to suspend the right of a defaulting Lot Owner to use the Common Community Areas and its facilities until the default is cured.

10.2. Notice of Default and Failure to Cure. In the event of any such default or failure, the Board or any Officer (so long as such officer is not in default hereunder) shall serve upon or mail to the defaulting member, and to each First Mortgagee of that member's Lot when required under Section 9.6 of these Bylaws, a written notice specifying the nature of the default or failure, the cure thereof, and the time within which the cure shall be fully accomplished. Within the time limit specified in the notice, the defaulting member may cure the default or failure specified, or serve upon or mail during the specified cure period a written notice to the Board requesting a hearing before the Board. If a hearing is so requested, the Board shall thereafter serve upon or mail to the defaulting member, and to each First Mortgagee which was entitled to notice of the default as above provided, a notice specifying the time and place for such hearing. At the hearing, the Board shall take such evidence and hear such testimony as it deems necessary or desirable. The Board shall not exercise any remedies to obtain relief from the default until the hearing is over and the Board has made its determination and served upon or mailed the same to the defaulting member and each such First Mortgagee. The hearing may be continued from time to time as determined by the Board. Upon taking such evidence and hearing such testimony, the Board, at the hearing or at such later time, shall determine, in writing, and at its sole option, to waive the default in whole or in part, to extend the time within which the default may be cured, or to proceed immediately to levy a fine or penalty, or to exercise any one or more of the remedies available to the Board due to such default. The Board shall serve upon or mail to the defaulting member, and to each such First Mortgagee which was entitled to notice of the default as above provided, a copy of its determination. A violating party shall have thirty (30) days to appeal a decision of the Board to a court of law and failure to file said appeal within thirty (30) days after receipt of the hearing determination or notice of default and cure if a hearing is not requested shall bar any challenges or any causes of action brought afterwards by said party. The Board's finding of default shall be conclusive in a case of a party's failure to appeal within the above prescribed time. If the defaulting member (i) does not cure the default or request a hearing within the time limit specified in the original notice of default given pursuant to this Section, or (ii) so requests a hearing, but fails to cure the default (to the extent not waived by the Board) within the extended time, if any, granted by the Board after hearing, then the Board shall serve upon or mail to the defaulting member, and to each such First Mortgagee which was entitled to notice of the default as above provided, a written notice of such member's failure to effect a cure, and the Board may then proceed to take such action as it deems necessary to obtain relief. If the defaulting member is also a member of the Board, the defaulting member shall not have the right to vote on such determination of default if the alleged default is a failure to pay assessments of any kind. In the event of any other default, and a failure of the Board and

Officers to agree upon a resolution of such alleged default, any member or Lot owner shall have the right to bring an independent action in his or her own name to enforce the covenants set forth herein.

10.3. Remedy of Abatement in Addition to Other Remedies. In the event a member fails to effect the cure specified by the Board within the time period set out in Section 10.2. hereof, where the default is a structure, thing, or condition existing in or on the premises of the Member's Lot, the Board, or its duly authorized representative, shall have the right (to the extent permitted under law) to enter upon the premises of the member's Lot in which, on which, or as to which, such default exists, and summarily to abate and remove, at the defaulting member's expense (and levy an assessment therefore as provided in Section 10.1. hereof), the structure, thing, or condition constituting the default, and the Board, the Association, and their agents, employees, and representatives shall not thereby be deemed guilty of any manner of trespass.

10.4. Injunction. Any person or class of persons entitled to seek relief for any such default or failure may obtain a temporary restraining order, injunction or similar relief, without first using the procedure established by Section 10.2 hereof, if such default or failure creates an emergency or a situation dangerous to persons or property.

10.5. Recovery of Attorneys' Fees and Costs. In any proceeding arising because of an alleged default by a member, the prevailing party shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees as may be allowed by the court, with interest thereon at the higher of (i) 4% over the prime rate as published in the money section of the Wall Street Journal, at the time the costs are incurred and (ii) the highest rate allowed by law at the time the costs are incurred, from the dates such costs are incurred until paid.

10.6. Non-waiver of Covenants. The failure of the Association or of any member thereof to enforce any term, provision, right, covenant, or condition that may be granted by the Restrictions, these Bylaws, the Articles, the rules and regulations or the Act, as the same may from time to time be amended, shall not constitute a waiver or abrogation of the right of the Association or a member to enforce such term, provision, right, covenant, or condition in the future, irrespective of the number of violations or breaches thereof that may have occurred.

10.7. Assessment Liens. Assessment liens shall be enforced pursuant to Article IX hereof and not pursuant to this Article X.

ARTICLE XI **Amendment**

During the Declarant Control Period, the power to alter, amend, or repeal the Bylaws or adopt new Bylaws shall be vested in the Board with Declarant approval being necessary for any particular change. After the Declarant Control Period has expired, the amendment of Bylaws or adoption of new Bylaws can only occur at a regular meeting of the members and shall require an affirmative vote of sixty-seven percent (67%) of the members to such changes.; however, even if after the end of the Declarant Control Period, no amendment may be adopted if it shall alter the

financial obligation of Declarant to pay either regular or special assessments, absent the written consent and approval of Declarant.

ARTICLE XII

General Provisions

12.1. Rules and Regulations.

(a) By the Board. The Board, including the first Board, may promulgate from time to time such rules and regulations as it deems reasonable and necessary governing the administration, management, operation and use of the Community Property so as to promote the common use and enjoyment thereof by Lot Owners and Occupants and for the protection and preservation thereof. In addition, the Board may adopt such rules and regulations as it deems reasonable and necessary with respect to Lots to provide for the common good and enjoyment of all Lot Owners and Occupants.

(b) By the Association. After the Declarant Control Period has expired, any such rule or regulation adopted by the Board may be amended, modified, or revoked, and new and additional rules and regulations may be adopted, by members at an annual or special meeting of the members. Any such act of the members shall control over any contrary rule or regulation then or thereafter adopted by the Board.

(c) Uniform Application. All rules and regulations shall be equally and uniformly applicable to all Lot Owners and their Occupants, but need not be equally and uniformly applicable if it is determined that such unequal or non-uniform application is in the best interest of the Association or if equal and uniform application is not practicable.

(d) Copies Furnished. Copies of all such rules and regulations and any amendments thereto shall be furnished to all members, and a copy shall be posted or otherwise made available to members at the office of the Association. However, failure to furnish, or post, or make available, such rules or regulations shall not affect in any way their validity or enforceability.

12.2. Parliamentary Authority. Robert's Rules of Order, Newly Revised, shall govern the conduct of Association proceeding when not in conflict with the Restrictions, these Bylaws, the Articles, the Act, or any statutes of the State of North Carolina applicable thereto. The President of the Association shall have the authority to appoint a parliamentarian.

12.3. Compliance with the Act: Conflict: Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of these Bylaws conflict with any of the provisions of said Act, the provisions of these Bylaws shall control, except with respect to any provision of the Act which the Act requires to take precedence over these Bylaws, in which event the terms of the Act shall control unless the Act permits these Bylaws to override the Act. In the case of any conflict between the provisions of these Bylaws and the Restrictions, the Restrictions shall control. If any term, provision, limitation, paragraph, or clause of these Bylaws, or the

application thereof to any person or circumstance, is judicially held to be invalid, such determination shall not affect the enforceability, validity, or effect of the remainder of these Bylaws, or the application thereof to any other person or circumstance.

12.4. Corporate Seal. An impression of the Corporate Seal of the Association is affixed hereto. Said seal shall be sufficient if it states "Corporate Seal" and is circular in style. Said seal shall also be considered the official seal if around the circular edge thereof the words "Sycamore Cove Development Homeowners' Association, Inc." are used.

12.5. Form of Notice. Whenever in the Restrictions, the Act or these Bylaws it shall be required or permitted that notice or demand be given or served on the Association or a Lot Owner or a First Mortgagee or other party entitled to notice, such notice or demand shall be given in writing by registered or certified mail, postage prepaid, to the respective addresses as hereinafter set forth. All notices or demands provided under the terms of the Restrictions, the Act or these Bylaws shall be effective when actually received by a party entitled to notice or when attempted to be delivered as authorized above. The addresses of a party entitled to notice may be changed, from time to time, by either party serving notice as above provided.