

2009
3

Drawn by: Donald M. VonCannon
Return to: Donald M. VonCannon
PO Box 5129
Winston-Salem, NC 27113-5129

NORTH CAROLINA)
DAVIDSON COUNTY)

**SECOND AMENDMENT TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
HIGHLANDS AT MEADOWLANDS**

THIS SECOND AMENDMENT TO DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR HIGHLANDS AT MEADOWLANDS, made
this 17th day of December, 2009, by THE HIGHLANDS AT MEADOWLANDS
HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation
(hereinafter, the "Association") and MEADOWLANDS DEVELOPMENT, LLC, a North
Carolina limited liability company, (hereinafter, the "Declarant");

WITNESSETH:

WHEREAS, the Declarant caused to be recorded in Book 1740, Page 1005,
Davidson County Registry, a Declaration of Covenants, Conditions and Restrictions for The
Highlands at Meadowlands (hereinafter, the "Declaration"), which established certain
Restrictions, Covenants and Conditions for the property described therein;

WHEREAS, the Declarant desires to amend the Declaration by amending the
subparagraph (b) of Section 3 of Article IV to change the amount of increase of the
maximum annual assessment;

WHEREAS, Section 3 of Article XII of the Declaration provides that the Declaration may be amended upon "... the affirmative vote of the Members to which at least sixty-seven percent (67%) of the votes of the Association are allocated, such vote to include at least fifty-one percent (51%) of the votes of all Members present, in person or by proxy, and voting at such meeting other than the Declarant ..." and with the consent of the Declarant during the Declarant's Development Period;

WHEREAS, at a duly called meeting of the Members, the Members approved amending the Declaration to change the amount of increase of the maximum annual assessment by a vote substantially more than the required amount to amend the Declaration;

WHEREAS, the Members further directed and authorized the officers of the Association to sign and have recorded this Amendment to the Declaration and that by signing this Amendment, the Officers of the Association hereby verify and confirm that full and proper notice of the meeting was given and that the vote by the Members more than conformed to the requirements of the Declaration to amend the Declaration; and

WHEREAS, the Declarant joins in the execution of this Amendment to give its consent to the Amendment.

NOW, THEREFORE, after obtaining the necessary votes required by Section 3 of Article XII of the Declaration to amend the Declaration, the Association and the Declarant do cause the Declaration to be amended, as follows:

1. The following language of subparagraph (b) of Section 3 of Article IV is hereby deleted in its entirety:

"The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall automatically increase by the greater of ten percent (10%) per year over the maximum annual assessment for the previous year or the percentage increase in the U.S. Department of Urban Price Index - All Urban Consumers (1982-84=100) when comparing the two most current years for which such index is available. If at any time such index is no longer computed or published, the Executive Board of the Association shall select a comparable index reflecting the increase of costs incurred by the Association."

2. In place of the language deleted above, the following language shall be used in its place and stead:

"The annual assessment may be increased by the Board of Directors no more than ten percent (10%) over the previous year's assessment, unless the Members provide otherwise as stated hereinafter."

EXCEPT AS AMENDED HEREIN, all other terms and conditions of the aforesaid Declaration shall remain as stated.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed by authority duly given the day and year first above written.

THE HIGHLANDS AT
MEADOWLANDS HOMEOWNERS
ASSOCIATION, INC.

By: [Signature]
Vice, President

CONSENT OF DECLARANT:

MEADOWLANDS DEVELOPMENT,
LLC

By: [Signature], Manager

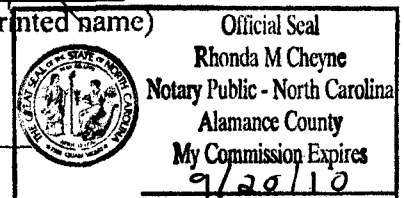
Forsyth County, North Carolina

I certify that the following person(s), either being personally known to me or proven by satisfactory evidence, personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: Gary T. Smith

Date: 12/21/09

[Signature]
Rhonda M Cheyne (Printed name)
Notary Public

My Commission Expires: 9/20/10



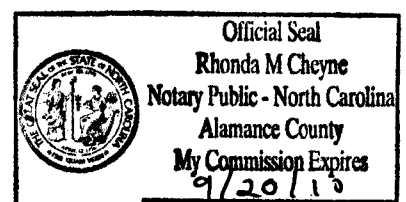
Forsyth County, North Carolina

I certify that the following person(s), either being personally known to me or proven by satisfactory evidence, personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: James Armentrout

Date: 12/22/09

[Signature]
Rhonda M Cheyne (Printed name)
Notary Public

My Commission Expires: 9/20/10



DAVIDSON COUNTY NC
Book 1795
Pages 1355-1358
4 PAGE(S)
FILED
06/19/2007 9:41 AM
DAVID T RICKARD
Register Of Deeds

THIS FIRST AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE HIGHLANDS AT MEADOWLANDS, made this 13th day of June, 2007, by MEADOWLANDS DEVELOPMENT, L.L.C., a North Carolina limited liability company (hereinafter referred to as the "Declarant") and THE HIGHLANDS AT MEADOWLANDS HOMEOWNERS ASSOCIATION, INC. (hereinafter the "Association").

WHEREAS, the Declarant caused to be recorded in Book 1740, Page 1005, Davidson County Registry, a Declaration of Covenants (hereinafter referred to as the "Declaration"), which established certain Restrictions, Covenants and Conditions for the property described therein, and known as The Highlands at Meadowlands (hereinafter referred to as the "Property");

WHEREAS, since recording the Declaration, the Declarant feels it is in the best interest of the Owners of Lots in The Highlands at Meadowlands to create certain limited common area for the Property, as more particularly shown on the recorded plat of The

Highlands at Meadowlands in Plat Book _____, Page _____, Davidson County Registry, and in any future plats of The Highlands at Meadowlands, and therefore desires to amend the Declaration by defining what constitutes "limited common area" and how the limited common area will be maintained;

WHEREAS, at the time of recording the Declaration and by an oversight, the Declarant failed to fill in blanks on page 15 (the maximum annual assessment for the first year of the Association) and on page 21 (minimum square footage of heated floor area), and the Declarant now desire to complete said blanks;

WHEREAS, the Declarant has discussed the need for these amendments to the Declaration with the officers of the Association, and the Association agrees that these amendments to the Declaration are beneficial to the Association and the Owners;

WHEREAS, Section 3 of Article XII of the Declaration provides that the Declaration may be amended by the officers of the Association upon the requisite approval of the Owners and Declarant; and

WHEREAS, more than sixty-seven percent of the Owners and the Declarant have approved the amendments contained herein.

NOW, THEREFORE, the Declarant does hereby amend the Declaration of Covenant, Conditions and Restrictions recorded in Deed Book 1740, Page 1005, Davidson County Registry, as follows:

1. The following definition is hereby added to Article I of the Declaration:

"SECTION 14. LIMITED COMMON AREA. Limited Common Area" shall mean and refer to all real property owned by the Association, whether owned in fee, by license, by easement, or leased by the Association, other than a Lot, and shall be Common Area which shall be specifically designated to the adjoining Lot or Lots, and which shall, in all respects, be the same as Common Area, except that the adjoining, specifically designated Lot Owner shall have exclusive use of said Limited Common Area, subject to the rights of the Association.

Notwithstanding any of the foregoing to the contrary, if any Lot Owner fences off or performs any landscaping or otherwise adds any other improvements on or to the Limited Common Area designated to the Owner's Lot which has not been approved by the Architectural Control Committee as being subject to maintenance by the Association, then and in that event, the Association shall have no responsibility for upkeep or

maintenance of the Limited Common Area designated to the Owner's Unit."

2. Paragraph (b), Section 3 of Article IV is hereby amended by filling in the amount of the maximum annual assessment until December 31 of the year of the conveyance of the first Lot to an Owner as being One Thousand Two Hundred and No/100 Dollars (\$1,200.00).

3. Section 4 of Article V is hereby amended by filling in the amount of square feet of heated floor area to be one thousand two hundred (1,200).

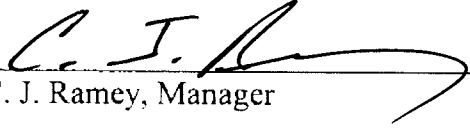
ALL CAPITALIZED WORDS AND TERMS used herein shall have the same meaning as the same words and terms in the Declaration.

EXCEPT AS AMENDED HEREIN, all other terms and conditions of the aforesaid Declaration shall remain as stated.

IN WITNESS WHEREOF, the Declarant has caused this instrument to be executed by authority duly given the day and year first above written.

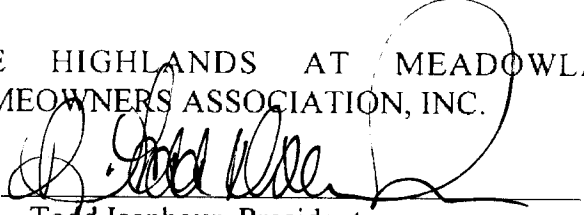
MEADOWLANDS DEVELOPMENT, LLC

By:


C. J. Ramey, Manager

THE HIGHLANDS AT MEADOWLANDS
HOMEOWNERS ASSOCIATION, INC.

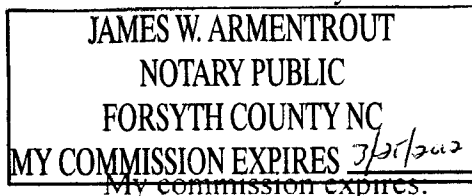
BY:


Todd Isenhour, President

NORTH CAROLINA)
)
COUNTY OF FORSYTH)

I, James W. Armentrout, a Notary Public of Forsyth County,
State of North Carolina, do hereby certify that C. J. Ramey, Manager of Meadowlands
Development, L.L.C., a North Carolina limited liability company, personally appeared before
me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal or stamp this the 13th day of June, 2007.



[Signature]
Notary Public

NORTH CAROLINA)
)
COUNTY OF FORSYTH)

I, EMILY MURPHY, a Notary Public of DAVIDSON County,
State of North Carolina, do hereby certify that Todd Isenhour, President of The Highlands
at Meadowlands Homeowners Association, Inc., a North Carolina non-profit corporation,
personally appeared before me this day and acknowledged the due execution of the foregoing
instrument.

Witness my hand and notarial seal or stamp this the 12 day of JUNE, 2007.

[Signature]
Notary Public

My commission expires: MARCH 10, 2007



DAVIDSON COUNTY NC
Book 1740
Pages 1005-1046
FILED 42 PAGE(S)
10/30/2006 3:09 PM
MARK C. MYERS
Register Of Deeds

131
42

Prepared by: Donald M. VonCannon
Return to: Donald M. VonCannon
PO Box 5129
Winston-Salem, NC 27113-5129

Declaration of Covenants, Conditions and Restrictions

for

The Highlands at Meadowlands

by

Meadowlands Development, LLC,

a North Carolina limited liability company

THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF THE FLAG OF THE UNITED STATES OF AMERICA AND THE FLAG OF THE STATE OF NORTH CAROLINA. THIS DOCUMENT REGULATES OR PROHIBITS THE DISPLAY OF POLITICAL SIGNS.

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**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
THE HIGHLANDS AT MEADOWLANDS**

THIS DECLARATION made this 30th day of October, 2006 by **MEADOWLANDS DEVELOPMENT, LLC**, a North Carolina limited liability company (hereinafter referred to as "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in the County of Davidson, North Carolina, which is more particularly described as follows;

BEING KNOWN AND DESIGNATED as Lots 598 through 611 and Lots 689 through 700 as shown on the plat of Meadowlands, Section One, The Highlands, Phase One, recorded in Plat Book 48, Page 006, Davidson County Registry (hereinafter, referred to as the "Property"). The term "Property" shall include any future plats which are recorded to more exactly define the locations of the Lots.

WHEREAS, Declarant desires to create on the Property an exclusive residential community of single-family attached residential townhome units to be named The Highlands at Meadowlands;

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

WHEREAS, the Declarant has deemed it desirable, for the efficient preservation, protection and enhancement of the values and amenities in the community and to provide for the maintenance and upkeep of the exterior of all residential units and the Common Area, to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Common Area and the exterior of the residential units and administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created;

WHEREAS, Declarant has incorporated or will incorporate under North Carolina law, **THE HIGHLANDS AT MEADOWLANDS HOMEOWNERS ASSOCIATION, INC.**, as a non-profit corporation for the purpose of exercising and performing the aforesaid functions;

WHEREAS, the Property shall be conveyed subject to the terms and conditions of this Declaration as well as the terms and conditions of the Declaration of Covenants, Conditions, and Restrictions for Meadowlands as recorded in Book 1600, Page 0233, Davidson County Registry; and

WHEREAS, while there is a golf course and clubhouse located in the greater subdivision known as "Meadowlands", neither this Association nor the Meadowlands Homeowners Association, Inc. has any control over or responsibility for the operation, maintenance, upkeep or management of the Meadowlands golf course, or any expenses in connection with said operation.

WHEREAS, the above-referenced plat of the Property only refers to the approximate locations of the Lots. After the units are actually constructed, the Declarant will record an additional plat or plats to show the exact location of each Lot. The recording of the additional plat shall automatically make the Lots shown thereon subject to the terms and conditions of this Declaration without any further annexation or action by the Declarant.

NOW, THEREFORE, Declarant hereby declares that all of the Property above, and such additions thereto as may be hereafter made pursuant to the terms of this Declaration, shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, such real property and be binding on all parties having any right, title or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

DEFINITIONS

SECTION 1. ASSOCIATION. "Association" shall mean and refer to The Highlands at Meadowlands Homeowners Association, Inc., its successors and assigns.

SECTION 2. COMMON AREA. "Common Area" as used herein shall mean all real property owned by the Association (whether owned in fee or by way of license or easement) or leased by the Association, other than a Lot. The Common Area shown on any recorded plat which is subject to this Declaration will be deeded to the Association by the Declarant, or its successors and assigns, after the Declarant has acquired title to all Lots in each Phase of the Property and when Units have been constructed on all Lots in each Phase of the Property. The Common Area includes and shall include all parking necessary for the Property's compliance with applicable local government parking requirements in effect at the time of the recording of the map showing such Common Area. Declarant reserves the right, in its sole discretion, to convey or cause to be conveyed to the Association from time to time and without the consent of the Association or its Members, additional property to the Association, which property may include any portion of the Property, including any Additional Property annexed by Declarant pursuant to Article XII, Section 4 hereof. The Common Area shall be conveyed to the Association without any express or implied warranties, which warranties are hereby expressly disclaimed by Declarant. The Association shall accept any such conveyance of property and thereafter such property shall be held and maintained by the Association as Common Area. Improvements, which may include but shall not be limited to roadways, retention or detention ponds or erosion control devices, may be located on such additional Common Area. Declarant does not contemplate the construction of any recreational improvements or amenities (i.e., swimming pool, tennis courts, club house, etc.). The Meadowlands golf course is specifically not a part of the Common Area, and neither the Declarant nor the Association has any control over or any responsibility for the said golf course. Except as otherwise provided in Section 47F-3-113 of the Planned Community Act, the Association shall be required to promptly repair and replace any portion of the Common Area for which the Association is required to maintain casualty insurance pursuant to the By-laws of the Association which is damaged or destroyed.

The Association also may acquire additional Common Area with the consent of the Members of the Association entitled to cast at least sixty-seven percent (67%) of the vote of each class of Members who are voting, in person or by proxy, at a meeting duly called for this purpose; provided, however, during Declarant's Development Period no such action shall be effective without Declarant's consent and approval. For such a conveyance to be

effective, the deed or instrument conveying to the Association additional Common Area must: (i) contain an attestation by the officers executing the instrument on behalf of the Association that the requisite owner and Declarant approval has been obtained and is evidenced by written acknowledgments signed by the owners approving the amendment and if required, Declarant, and that such acknowledgments are made a part of the minute book of the Association, and (ii) be properly recorded in the Davidson County Registry.

The Association shall maintain any retention or detention ponds, rip rap and other drainage or erosion control devices located on the Common Area now or hereafter conveyed to the Association by Declarant that are required to be maintained by the governmental office(s) having jurisdiction for watershed protection as directed by such governmental office(s). In the event the Association is dissolved or otherwise defaults on its obligation to maintain any such drainage or erosion control device, Declarant, for each Lot owned within the Property, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of such pond or erosion control device.

SECTION 3. DECLARANT. "Declarant" shall mean and refer to Meadowland Development, LLC, as well as its successors and assigns, pursuant to an express assignment or conveyance of any special declarant rights hereunder to such successor or assign, all of which rights, including Declarant's voting, architectural review, easement and development rights, shall be assignable and may be apportioned on a lot-by-lot basis.

SECTION 4. DECLARANT'S DEVELOPMENT PERIOD. "Declarant's Development Period" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Davidson County, North Carolina, and continuing for so long as Declarant shall have the right to annex any portion of the Additional Property pursuant to the provisions of Article XII, Section 4 hereof or Declarant shall own any portion of the Property.

SECTION 5. FHA. "FHA" shall mean and refer to the Federal Housing Administration of the Department of Housing and Urban Development.

SECTION 6. LOT. "Lot" shall mean and refer to any separately numbered plot of land shown upon any now or subsequently recorded subdivision plat of the Property intended for residential, townhome purposes and shall include any improvements constructed thereon and "Lots" shall refer to all such lots collectively. Declarant hereby reserves the right to reconfigure, from time to time and without the consent of the Owners or the Members of the Association, the boundaries of any Lot or Lots owned by Declarant and to thereby create

additional Lots, eliminate existing Lots or create additional Common Area; provided, however, in no event shall the Property contain a greater number of Lots than the number from time to time permitted by the appropriate governmental authority. If Declarant elects to exercise its right to revise the boundaries of one or more Lots owned by Declarant, Declarant shall record a revised plat of the affected Lot or Lots. Upon the recording by Declarant of such a revised plat, each lot shown on the previously recorded plat or plats, the boundaries of which are revised by the revised plat, shall cease to be a "Lot" as defined in this Declaration and each newly configured lot shown on the revised plat shall be a "Lot" as defined in this Declaration.

SECTION 7. MASTER PLAN. "Master Plan" shall mean and refer to the plan(s) for the Property and the Additional Property now or hereafter approved by the appropriate governmental authority, as such plan(s) may be from time to time amended and approved.

SECTION 8. MEMBER. "Member" shall mean and refer to every person or entity who holds Membership with voting rights in the Association.

SECTION 9. OWNER. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Property, as hereinafter defined, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

SECTION 10. PERIOD OF DECLARANT CONTROL. "Period of Declarant Control" shall mean and refer to the period of time commencing on the date this Declaration is recorded in the Office of the Register of Deeds, Davidson County, North Carolina, and continuing until the earlier of: (i) ten (10) years from the date this Declaration is recorded in the Office of the Register of Deeds, Davidson County, North Carolina; or (ii) such time as Declarant, together with all affiliated entities, shall cease to own at least twenty-five percent (25%) of the lots shown on the Master Plan which are intended for residential townhome purposes; provided, however, if after the expiration of such period of time, the Master Plan is amended to add additional lots, and Declarant, together with all affiliated entities, shall own twenty-five percent (25%) or more of the lots shown on the Master Plan as amended which are intended for residential townhome purposes, such period of time shall be reinstated and shall continue until the earlier of: (i) ten (10) years from the date this Declaration is recorded in the Office of the Register of Deeds, Davidson County, North Carolina; or (ii) such time as Declarant, together with all affiliated entities, shall cease to own at least twenty-five percent (25%) of the lots shown on the Master Plan which are intended for residential, townhome purposes.

SECTION 11. PROPERTY. "Property" shall mean and refer to that certain real property hereby subjected to the terms and conditions of this Declaration, and such additions thereto as may hereafter be subjected to this Declaration pursuant to the provisions of Article XII, Section 4, hereof.

SECTION 12. UNIT OR UNITS. "Unit" and/or "Units" shall mean and refer to the single family attached residential townhomes to be constructed on Lot.

SECTION 13. VA. "VA" shall mean and refer to the Department of Veterans Affairs.

ARTICLE II

PROPERTY RIGHTS

SECTION 1. OWNERS EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot. Each Owner also shall have a non-exclusive easement for egress and ingress over the Common Area to the extent necessary to provide access to a Lot for utilities serving that Lot. The right of access for necessary ingress and egress to the Lot and utility services cannot be suspended by the Executive Board of the Association for violation of this Declaration or non-payment of assessments. The Owners' easement rights are subject to the following limitations:

(a) easements, conditions and restrictions of record encumbering the Common Area at the time of conveyance to the Association and the easements herein reserved by Declarant or created in favor of Declarant or the Association, including, without limitation the easements set forth in Article IX hereof;

(b) the right of the Association to permit the use of and to charge reasonable admission and other fees for special or extraordinary uses of the Common Area;

(c) the right of the Association, acting through the Executive Board without Member, mortgagee or agency approvals, to suspend the right of any Member, and the rights of such Member's household, tenants, guests and invitees to use recreational facilities or other Common Area (to the extent that access and utility service are not impaired) for a period not to exceed 60 days, unless such rights are suspended for failure to pay assessments, in which case such rights may be suspended until the assessments are fully paid;

(d) the right of the Association, acting through the Executive Board without Member, mortgagee or agency approvals, to dedicate or transfer non-exclusive easements on, over and upon all or any part of the Common Area which are not inconsistent with and do not interfere with the intended use of the Common Area and otherwise for such purposes and subject to such conditions as may be agreed to by the Association's Executive Board; provided, however, no such dedication or transfer shall be effective unless an instrument executed on behalf of the Association by its duly authorized officers, agreeing to such dedication or transfer, has been recorded;

(e) the right of the Association, pursuant to Section 47F-3-112 of the Planned Community Act and with the consent of the Members entitled to cast at least eighty percent (80%) of the votes of the Members of the Association, such consent to include the consent of the Members entitled to cast at least fifty-one percent (51%) of the votes of the Members other than Declarant, to dedicate or transfer fee title to all or any part of the Common Area for such purposes and subject to such conditions as may be agreed to by the Members consenting to such dedication or transfer; provided, however, during Declarant's Development Period, Declarant must also consent to such action and, further provided that no such conveyance shall reduce total open space area below applicable zoning requirements, interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances.

(f) the right of the Association, acting through the Executive Board without Member, mortgagee or agency approvals, to impose rules and regulations for the use and enjoyments of the Common Area and improvements thereon, which regulations may further restrict the use of the Common Area, and specifically including the right to establish rules and regulations concerning parking and vehicular traffic flow on and along the streets and roadways, whether public or private, within or abutting the Property, which rules and regulations may restrict or prohibit on-street parking and may be enforced by towing at the expense of the vehicle's owner, by reasonable fine levied against the vehicle's owner and/or any Owner of a Lot to which such violation reasonably may be attributed, or by any other reasonable method of enforcement established by the Association's Executive Board;

(g) the right of the Association, with the consent of the Members entitled to cast at least eighty percent (80%) of the votes of the Members of the Association, such consent to include the consent of the Members entitled to cast at least fifty-one percent (51%) of the votes of the Members, other than Declarant, to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred (any such mortgage shall be effective if it is executed on behalf of the Association by its duly authorized officers and recites that the requisite consent of Members

has been obtained and documented in the Minute Book of the Association); provided, however, during Declarant's Development Period, Declarant must also consent to such action and, further provided that no such mortgage, encumbrance or hypothecation or foreclosure of the lien thereby created shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances; and further provided that a lender's rights, in the event of default upon any mortgage or deed of trust on the Common Area, are limited to, after taking possession of such Common Area, charging reasonable admission and other fees as a condition of continued enjoyment by members, and, if necessary, to a wider range of users and upon satisfaction of the mortgage or deed of trust, such Common Area is returned to the Association with full restoration of Member's rights; and

(h) the right of the Association, acting through the Executive Board without Member, mortgagee or agency approvals, consistent with applicable zoning and subdivision ordinances, to convey to Declarant or any Secondary Association portions of the Common Area for the purpose of correcting unintentional conveyances of Common Area, eliminating unintentional encroachments of dwellings or other improvements onto portions of the Common Area or exchanging portions of the Common Area for other portions of the Property; provided, however, no such conveyance shall interfere with or obstruct utility service to, or ingress, egress and regress to or from, the Lots or any remaining Common Area or cause any Lot or any remaining Common Area to fail to comply with applicable laws, regulations or ordinances; and provided further that no such conveyance shall reduce total open space area below applicable zoning requirements, materially affect development plans on file with FHA or VA, if FHA or VA insured loans have been obtained secured by Lots, and all Lots previously adjacent to the Common Area remain so located, unless the Owners of the Lots approve the transfer.

SECTION 2. DELEGATION OF USE. Any Owner may delegate, in accordance with the By-laws, his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants or contract purchasers who reside on the Lot of such Owner.

SECTION 3. LEASES OF LOTS. Any Lease Agreement between an Owner and a lessee for the lease of such Owner's Lot shall provide that the terms of the Lease shall be subject in all respects to the provisions of this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation and By-laws of the Association and that any failure by the lessee to comply with the terms of such documents shall be a default under the terms of the lease. All leases of Lots shall be in writing and shall have a term of at least one (1) month. Other than the foregoing there is no restriction on the right of any Owner to lease his Lot.

SECTION 4. RULES AND REGULATIONS. The Executive Board of the Association may establish reasonable rules and regulations concerning the use of the Common Area and locations thereon. Such rules and regulations may provide for permanent and/or temporary assignments of parking spaces and may establish rules and regulations concerning parking and vehicular traffic flow on and along the streets and roadways, whether public or private, within or abutting the Property, which rules and regulations may restrict or prohibit on-street parking and may be enforced by towing at the expense of the vehicle's owner, by reasonable fine levied against the vehicle's owner and/or any Owner of a Lot to which such violation reasonably may be attributed, or by any other reasonable method of enforcement established by the Association's Executive Board. In addition, such rules and regulations may include rules concerning pet ownership and may restrict the number, type and size of domestic pets. The Association may impose reasonable monetary fines and other sanctions for the violation of established rules and regulations and for the violation of any of the covenants and conditions contained in this Declaration, which monetary fines and sanctions shall be assessed and collected pursuant to the provisions of Article IV hereof. Copies of such rules and regulations and the amendments thereto shall be furnished by the Association to all owners prior to the effective date thereof. All such rules and regulations shall be binding upon the owners, their families, tenants, guests, invitees and agents until and unless such regulation, rule or requirement shall be specifically overruled, canceled, or modified by the Executive Board of the Association or by the Members of the Association entitled to cast at least sixty-seven percent (67%) of the votes of the Association, who are voting, in person or by proxy, at a meeting duly called for such purpose; provided, however, during Declarant's Development Period, Declarant must also consent to such action.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION 1. MEMBERSHIP. Every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including Declarant, shall be a voting Member of the Association. The foregoing is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. Such Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Association. Except as otherwise provided in Section 2 below, on all matters which the Membership shall be entitled to vote, the Member(s) owning each Lot shall be entitled to one (1) vote. When more than one person holds an interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

SECTION 2. VOTING CLASSES ON MEMBERSHIP. The Association shall have two classes of voting membership:

Class A. The Class A Members shall be every person or entity who or which is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, except Declarant during any Period of Declarant Control. Class A Members shall be entitled to one (1) vote for each Lot owned.

Class B. Declarant shall be the Class B Member and Declarant shall be entitled to three (3) votes for each lot shown on the Master Plan which has not been conveyed by Declarant to a Class A Member. The Class B membership shall cease and be converted to Class A membership on expiration of any Period of Declarant Control; provided, however, if a Period of Declarant Control should thereafter be reinstated, the Class B membership also shall be reinstated.

SECTION 3. DECLARANT RIGHT TO REPRESENTATION ON THE EXECUTIVE BOARD OF THE ASSOCIATION. During any Period of Declarant Control, Declarant shall have the right to designate and select all of the members of the Executive Board of the Association. Whenever Declarant shall be entitled to designate and select any person or persons to serve on the Executive Board of the Association, the manner in which such person or persons shall be designated shall be as provided in the Articles of Incorporation and/or By-laws of the Association, and Declarant shall have the right to remove any person or persons selected by it to act and serve on said Executive Board and to replace such person or persons with another person or other persons to act and serve in the place of any member or members of the Executive Board so removed for the remainder of the unexpired term of any member or members of the Executive Board so removed. Any Executive Board member designated and selected by Declarant need not be a resident of the Property. Except as otherwise provided in the By-laws with respect to the filling of vacancies, any members of the Executive Board, which Declarant is not entitled to designate or select, shall be elected by the Members of the Association. The undertakings and contracts entered into by or on behalf of the Association (including contracts for the management of the Property) during the time Declarant has the right to appoint the members of the Executive Board of the Association shall be binding upon the Association in the same manner as though such undertakings and contracts had been entered into by or on behalf of the Association after the Executive Board duly elected by the membership of the Association takes office; provided, however that (i) any management contract, employment contract, or lease of recreational or parking areas or facilities, (ii) any other contract or lease between the Association and a declarant or an affiliate of a declarant, or (iii) any contract or lease that is not bona fide or was unconscionable to the Members at the time entered into under the

circumstances then prevailing, may be terminated without penalty by the Association at any time after the Executive Board duly elected by the membership of the Association takes office, effective upon written notice to the other party. Notice of the substance of the provisions of this Article shall be set out in each contract entered into by or on behalf of the Association during the time Declarant has the right to appoint a majority of the members of the Executive Board of the Association.

SECTION 4. SPECIAL NOTICE AND QUORUM REQUIREMENTS. Written notice of any meeting of the Members of the Association called for the purposes of considering an amendment to this Declaration or any extraordinary action of the Association described in Section 4 below shall: (i) be given all Members at least 25 days but not more than 60 days in advance to all Members (at least 15 days but not more than 60 days advance notice is required in the case of a meeting for other purposes); (ii) state the purpose of the meeting and contain a summary of any amendments or extraordinary actions proposed; and (iii) contain a copy of the proxy that can be cast in lieu of attendance at the meeting. The presence at any such meeting of Members entitled to cast and/or proxies entitled to cast at least twenty percent (20%) of the votes of the Membership of the Association shall constitute a quorum.

SECTION 5. EXTRAORDINARY ACTIONS OF THE ASSOCIATION. Unless a larger percentage of Member approval is expressly required elsewhere in this Declaration or by-laws, the following extraordinary actions of the Association shall require the consent and approval of the Members entitled to cast at least sixty-seven percent (67%) of the votes of Members present, in person or by proxy, and voting at a meeting of the Association called for such purpose, such vote to include at least fifty-one percent (51%) of the votes of all Members present, in person or by proxy, and voting at such meeting other than the Declarant, or, if the Executive Board elects not to call a meeting of the Members with the written consent of the Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members of the Association, such consent to include the consent of the Members entitled to cast at least fifty-one percent (51%) of the total authorized votes of all Members of the Association other than Declarant, said consent having been obtained after written notice to all Members of the proposed amendment;

(a) determining not to require professional management if that management has been required by the Association documents, a majority of eligible mortgagees or a majority vote of the Members;

(b) expanding the Association to include land not previously described as Additional Property which increases the overall land area of the project or number of Lots by more than 10 percent;

(c) making capital expenditures (other than for repair or replacement of existing improvements) during any period of 12 consecutive months costing more than 20 percent of the annual operating budget.

In addition, unless a larger percentage of Member approval is expressly required elsewhere in this Declaration or by law, the following extraordinary actions of the Association shall require the written consent of the Members entitled to cast at least eighty percent (80%) of the total authorized votes of all members of the Association, such consent to include the consent of the Members entitled to cast at least fifty-one percent (51%) of the total authorized votes of all Members of the Association other than Declarant, said consent having been obtained after written notice to all Members of the proposed action:

- (a) dissolution of the Association except pursuant to a consolidation or merger;
- (b) conveyance of all Common Area;
- (c) merger or consolidation of the Association;
- (d) abandoning, partitioning, encumbering, mortgaging, conveying selling or otherwise transferring or relocating the boundaries of Common Area (except for (i) granting easements which are not inconsistent with or which do not interfere with the intended Common Area; (ii) dedicating Common Area as required by a public authority; or (iii) limited boundary-line adjustments made in accordance with the provisions of this Declaration); or
- (e) using insurance proceeds for purposes other than construction or repair of the insured improvements.

ARTICLE IV

COVENANT FOR MAINTENANCE AND ASSESSMENTS

SECTION 1. CREATION OF THE LIEN AND PERSONAL OBLIGATION OF ASSESSMENTS. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay: (a) to the Association: (i) annual and other assessments and charges provided for herein, together with interest and late fees, costs and reasonable attorney's fees; (ii) special assessments for capital improvements, such assessments to be established and collected as hereinafter provided; and (b) to the Meadowlands Homeowners Association, Inc.: (i) annual and other assessments or

charges provided for therein, together with interest and late fees, costs and reasonable attorney's fees; (ii) special assessments to be established and collected as therein provided; (c) to the appropriate governmental taxing authority: (i) a pro rata share of ad valorem taxes levied against the Common Area; and (ii) a pro rata share of assessments for public improvements to or for the benefit of the Common Area if the Association shall default in the payment of either or both for a period of six (6) months. All assessments and charges provided for herein, together with interest, any late fees, costs and reasonable attorney's fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made when a claim of lien is filed of record in the Office of the Clerk of Superior Court, Davidson County, North Carolina. Each such assessment and charge, together with interest, any late fees, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such property at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

SECTION 2. PURPOSE OF ASSESSMENTS.

(a) The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Property and in particular for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area or the Lots, including but not limited to, the costs of repairs, replacements and additions (including the maintenance to be performed by the Association in Section 1 of Article VI), the cost of labor, equipment, materials, management and supervision, the payment of any taxes assessed against the Common Area; the maintenance of open spaces and streets which have not been accepted for dedication by a public authority, roadway medians and islands (including medians and islands located in dedicated rights-of-way within the Property), drives and parking areas within the Common Area; the procurement and maintenance of liability insurance in accordance with the By-laws; the maintenance of dams and pond, including retention or detention ponds, or other bodies of water, if any, located within the Common Area; the maintenance of entranceways, landscaping and lighting of Common Area, road medians and islands and entranceways; the cost of operating, maintaining and repairing any street lights erected by the Association or the Declarant in the rights-of-way of streets (whether public or private) or in any other easement provided therefor within the Property; the payment of charges for garbage collection and municipal water and sewer services furnished to the Common Area; the exterior maintenance of the Lots and the dwellings located thereon as herein provided; the employment of attorneys and other agents to represent the Association when necessary; the provision of adequate reserves for the replacement of

capital improvements including, without limiting the generality of the foregoing, paving, and any other major expense for which the Association is responsible; and such other needs as may arise.

(b) The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of improvements to the Common Area and those other portions of the Property which the Association may be obligated to maintain. Such reserve fund is to be established out of regular assessments for common expense.

(c) All monies collected by the Association shall be treated as the separate property of the Association, and such monies may be applied by the Association to the payment of any expense of operating and managing the Property, or to the proper undertaking of all acts and duties imposed upon it by virtue of this Declaration, the Articles of Incorporation and the By-laws of the Association. As monies for any assessment are paid to the Association by any Owner, the same may be commingled with monies paid to the Association by the other Owners. Although all funds and common surplus, including other assets of the Association, and any increments thereto or profits derived therefrom shall be held for the benefit of the Members of the Association, no Member of the Association shall have the right to assign, hypothecate, pledge or in any manner transfer his Membership interest therein, except as an appurtenance to his Lot. When any Owner shall cease to be a Member of the Association by reason of his divestment of ownership of his Lot, by whatever means, the Association shall not be required to account to such Owner for any share of the fund or assets of the Association, or which may have been paid to the Association by such Owner, as all monies which any Owner has paid to the Association shall be and constitute an asset of the Association which may be used in the operating and management of the Property.

SECTION 3. ADOPTION OF BUDGET AND FIXING OF ANNUAL ASSESSMENTS; MAXIMUM ANNUAL ASSESSMENT.

(a) At least thirty (30) days in advance of each annual assessment period, the Executive Board shall establish an annual budget and fix the amount of the annual assessments in advance for the following year. Within thirty (30) days of the adoption of any proposed budget, the Executive Board shall provide to all of the Owners a summary of the budget and a notice of the meeting to consider ratification of the budget, including a statement that the budget may be ratified without a quorum. The Executive Board shall set a date for a meeting of the Owners to consider ratification of the budget, such meeting to be held not less than 10 nor more than 60 days after mailing of the summary and notice. There

shall be no requirement that a quorum be present at the meeting. The budget is ratified unless at that meeting the Owners of a majority of the Lots reject the budget. In the event the proposed budget is rejected, the periodic budget last ratified by the Owners shall be continued until such time as the Owners ratify a subsequent budget proposed by the Executive Board.

(b) Until December 31 of the year of the conveyance of the first Lot to an Owner, the maximum annual assessment shall be _____ and No/100 Dollars (\$ _____.00) per Lot, and will be collected in annual installments. After the Period of Declarant Control expires, the Board of Directors may change the collection of assessments from an annual collection to a monthly collection, if it so desires. The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter shall automatically increase by the greater of ten percent (10%) per year over the maximum annual assessment for the previous year or the percentage increase in the U.S. Department of Urban Price Index - All Urban Consumers (1982-84=100) when comparing the two most current years for which such index is available. If at any time such index is no longer computed or published, the Executive Board of the Association shall select a comparable index reflecting the increase of costs incurred by the Association. The maximum annual assessment for the calendar year immediately following the year in which conveyance of the first Lot to an Owner is made and for each calendar year thereafter may be increased without limit by a vote of the Members entitled to cast at least sixty-seven percent (67%) of the votes of each class of Members who are voting, in person or by proxy, at a meeting duly called for this purpose.

(c) The Executive Board may fix the annual assessment at an amount not in excess of the maximum, subject to the provisions of Section 6 of this Article.

SECTION 4. SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS.

In addition to the annual assessments authorized above, the Association may levy, in any calendar year, a special assessment for the purpose of defraying in whole or in part the costs of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the assent of the Members entitled to cast at least sixty-seven percent (67%) of the votes of each class of Members who are voting, in person or by proxy, at a meeting duly called for this purpose. All special assessments shall be fixed at a uniform rate for all Lots and may be collected on a monthly basis.

SECTION 5. NOTICE AND QUORUM FOR ANY ACTION AUTHORIZED UNDER SECTIONS 3 AND 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 of this Article shall be sent to all Members not less than fifteen (15) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast twenty percent (20%) of the votes of each class of Members shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (½) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

SECTION 6. RATE OF ASSESSMENTS. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly, quarterly or annual basis; provided, however, that so long as any Lot owned by Declarant remains unimproved or the dwelling on any Lot owned by Declarant is unoccupied as a residence, Declarant may elect that the annual assessments for each such Lot shall be an amount equal to twenty-five percent (25%) of the regular annual assessments fixed for each of the other Lots; provided, however, should Declarant so elect such reduced assessments and FHA or VA insured loans have been obtained to purchase Lots, Declarant must provide for or pay for all maintenance to such Lots and shall fund all operating budget deficits incurred during the Period of Declarant's Control, including reserves based upon expected lives of items for which reserves are maintained, but not including shortfalls caused by nonpayment of assessments by other members or extraordinary expenditures (e.g., expenses caused by natural catastrophes or environmental hazards). The foregoing obligation to fund budget deficits, should it arise, shall be a charge on the land and shall be a continuing lien upon those portions of the Property owned by the Declarant when a claim of lien is filed of record in the Office of the Clerk of Superior Court, Davidson County, North Carolina.

SECTION 7. DATE AND COMMENCEMENT OF ANNUAL ASSESSMENTS: DUE DATES. The annual assessments provided for herein shall commence as to a Lot on the first day of the month following the date a Certificate of Occupancy is issued for the residence constructed on the Lot. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The due dates shall be established by the Executive Board. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid.

SECTION 8. WORKING CAPITAL ASSESSMENTS. In addition to the annual assessments authorized above, at the time of the closing of the first sale of each Lot, the purchaser(s) thereof shall pay to the Association an amount equal to two-twelfths (2/12) of

the then current annual assessment established by the Association. Such funds shall be used by the Association to establish a Working Capital Fund, the purpose of which is to insure that the Association will have sufficient monies available to meet its initial operational needs. No such payments made into the Working Capital Fund shall be considered advance or current payment of regular assessments. All monies paid into the Working Capital Fund shall be held and administered by the Association in accordance with the terms of the Declaration and these By-laws.

SECTION 9. EFFECT OF NONPAYMENT OF ASSESSMENTS: REMEDIES OF THE ASSOCIATION. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at a per annum rate from time-to-time established by the Executive Board of the Association not to exceed the lesser of (i) that per annum rate charged by the Internal Revenue Service on delinquent taxes or (ii) eighteen percent (18%) per annum. In addition, the Association may charge a reasonable late fee, the amount of which shall be established from time to time by the Executive Board of the Association, for assessments not paid within thirty (30) days after the due date. After notice and an opportunity to be heard, the Association may suspend privileges or services provided by the Association (except rights of access to Lots) during any period that assessments or other amounts due and owing to the Association remain unpaid for a period of thirty (30) days or longer, which suspension may continue without further hearing until the delinquency is cured. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien created herein against the property in the same manner as prescribed by the laws of the State of North Carolina for the foreclosure of a mortgage or deed of trust on real estate under power of sale, and interest, late fees, costs and reasonable attorney's fees for representation of the Association in such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessment provided for herein by nonuse of the Common Area or abandonment of his Lot nor shall damage to or destruction of any improvements on any Lot by fire or other casualty result in any abatement or diminution of the assessments provided for herein.

SECTION 10. EFFECT OF DEFAULT IN PAYMENT OF AD VALOREM TAXES OR ASSESSMENTS FOR PUBLIC IMPROVEMENTS BY ASSOCIATION. Upon default by the Association in the payments to the governmental authority entitled thereto of any ad valorem taxes levied against the Common Area or assessments for public improvements to the Common Area, which default shall continue for a period of six (6) months, each Owner of a Lot in the development shall become personally obligated to pay to the taxing or assessing governmental authority a portion of such unpaid taxes or assessments in an amount determined by dividing the total taxes and/or assessments due the governmental authority by the total number of Lots in the development. If such sum is not paid by the Owner within thirty (30) days following receipt of notice of the amount due, then

such sum shall become a continuing lien on the Lot of the then Owner, his heirs, devisees, personal representatives, and assigns, and the taxing or assessing governmental authority may either bring an action at law or may elect to foreclose the lien against the Lot of the Owner.

SECTION 11. SUBORDINATION OF THE LIEN FOR ASSESSMENTS TO THE LIEN OF FIRST MORTGAGES. When the holder of a first mortgage or first deed of trust of record, or other purchaser of a lot obtains title to the lot as a result of foreclosure of a first mortgage or first deed of trust or deed in lieu of foreclosure, such purchaser and its heirs, successors, and assigns, shall not be liable for the assessments against such Lot which become due prior to the acquisition of title to such Lot by such purchaser. Such unpaid assessments shall be deemed to be common expenses collectible from all Owners including such purchaser, its heirs, successors, and assigns. Such sale or transfer of any Lot which is subject to any such first mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which become due prior to such sale or transfer; provided, however, no such sale or transfer shall relieve such Lot or the Owner thereof from liability for any assessments thereafter becoming due or from the lien thereof.

SECTION 12. EXEMPT PROPERTY. All property dedicated to, and accepted by, a public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE V

ARCHITECTURAL CONTROL AND RESTRICTIONS

SECTION 1. IMPROVEMENTS. No improvements, alteration, repair, change in paint color, excavation, change in grade, planting, landscaping, exterior decoration (including, without limitation, window treatments or other items placed in a window and visible from the exterior, other than curtains, blinds and shutters which are white when viewed from the exterior, and yard ornaments, figurines, statues, bird baths, houses and feeders, flags and similar items) or other work which in any way alters the exterior of any Lot or the improvements located thereon from their natural or improved state existing on the date such Lot was first conveyed in fee by the Declarant to an Owner other than Declarant shall be commenced, erected or maintained upon any Lot and no building, fence wall, residence or other structure shall be commenced, erected, maintained, improved, altered or removed, except in exceptional cases, when in such case, the plans and specifications showing the nature, kind, shape, height, materials and location of the same shall have been submitted to

and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Executive Board of the Association or by an architectural committee composed of three (3) or more representatives appointed by the Board (the "Architectural Control Committee"). Absent such approval, the proposed improvement may not be commenced. No fence, deck or patio may be erected or constructed in the rear yard of Lots. Temporary seasonal exterior decorations shall not require the prior approval of the Executive Board or the Architectural Control Committee, but if any such decorations are determined, in the sole discretion of the Executive Board or the Architectural Control Committee, to be distasteful or otherwise disruptive of the aesthetics or visual harmony of the community, the Executive Board or the Architectural Control Committee may require that such decorations promptly and permanently be removed. In the event that an Owner neglects or fails to remove any such decorations at the request of the Executive Board or the Architectural Control Committee, the Association may provide such removal. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times for such purpose and the cost of such removal shall be added to and become a part of the assessment to which such Lot is subject. Notwithstanding the foregoing, nothing herein contained shall prevent or interfere with the right of Declarant to improve and develop the Property, including the Lots, as Declarant chooses, so long as said development follows the general plan of development of the Property previously approved by the appropriate governmental authority. Accordingly, Declarant need not seek or obtain the approval of the Architectural Control Committee for improvements erected on the Property by or at the direction of Declarant. In addition, during Declarant's Development Period, Declarant or its affiliate may approve any plans and specifications rejected by the Executive Board or the Architectural Control Committee for the construction or alteration of improvements on any Lot provided the construction or alteration approved by Declarant or its affiliate comport with the general scheme of development approved by the appropriate governmental authority. Such approval by Declarant or its affiliate shall operate and have the same effect as approval by the Executive Board or the Architectural Control Committee.

SECTION 2. PROCEDURES.

(a) Any person desiring to make any improvement, alteration or change described in Section 1 above shall submit the plans and specifications therefor, showing the nature, kind, shape, height, materials and location of the same, to the Executive Board of the Association or the Architectural Control Committee which shall evaluate such plans and specification in light of the purposes of this Article.

(b) Upon approval by the Architectural Control Committee of any plans and specifications submitted pursuant to this Declaration, a copy of such plans and specification, as approved, shall be deposited for permanent record with the Architectural Control Committee and a copy of such plans and specification bearing such approval, in writing, shall be returned to the applicant submitting the same. Approval for use in connection with any Lot of any plans and specification shall not be deemed a waiver of the Architectural Control Committee's right, in its discretion, to disapprove similar plans and specifications or any of the features or elements included therein if such plans, specifications, features or elements are subsequently submitted for use in connection with any other Lot. Approval of any such plans and specification relating to any Lot, however, shall be final as to that Lot and such approval may not be reviewed or rescinded thereafter, provided that there has been adherence to, and compliance with, such plans and specification, as approved, and any conditions attached to any such approval. As a condition to the granting of approval of any request made under this Article, the Association may require that the Owner(s) requesting such change be liable for any cost of maintaining, repairing and insuring the approved alteration. If such condition is imposed, the Owner(s) shall evidence consent thereto by a written document in recordable form satisfactory to the Association. Thereafter, the Owner(s), and any subsequent Owner(s) of the Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, are deemed to covenant and agree that the cost of maintaining, repairing and insuring such alteration shall be a part of the annual assessment or charge set forth herein, and subject to the lien rights described herein.

(c) Neither Declarant, nor any other member of the Association's Executive Board or Architectural Control Committee, shall be responsible or liable in any way for any defects in any plans or specification approved by them, nor for any structural defects in any work done according to such plans and specifications. Further, neither Declarant, nor any member of the Association's Executive Board or Architectural Control Committee, shall be liable in damages to anyone by reason of mistake in judgment, negligence, misfeasance, malfeasance or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any such plans or specification or the exercise of any other power or right provided for in this Declaration. Every Person who submits plans or specifications for approval agrees, by submission of such plans and specifications, and every owner of any Lot agrees, that he or she will not bring any action or suit against Declarant, or any member of the Association's Executive Board or Architectural Control Committee, to recover any such damage.

SECTION 3. LAND USE. No Lot shall be used except for single-family, residential townhome purposes; provided, however, Declarant, or any affiliated entity may use any Lot owned or leased by Declarant or any affiliated entity as a temporary sales office and/or model

for the purposes of carrying on business related to the development, improvement and sale of the Property or the Additional Property. No building shall be erected, altered, placed or permitted to remain on any Lot other than one attached single-family townhome dwelling.

SECTION 4. DWELLING SPECIFICATIONS. No dwelling shall be erected or allowed to remain on a Lot if the main structure, exclusive of open porches, decks and garages, contains less than ____ (____) square feet of heated floor area.

SECTION 5. NUISANCE. No noxious or offensive activity shall be conducted upon any Lot or the Common Area nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. In addition, no activity deemed noxious or offensive by the Architectural Control Committee shall be carried on upon any Lot or within the Common Area, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood as determined by said Architectural Control Committee. Examples of such offensive activities shall include, but are not limited to, the origination or emission of any loud or disturbing noise or vibrations, the maintenance of an auto repair site, the maintenance of unsightly outdoor storage of personal property (including toys, motorcycles or other motor vehicles, tricycles, bicycles, wood piles or other miscellaneous items) on porches, patios, terraces or yards, or similar unsightly activity not in keeping with the aesthetic character and high level of appearance of the community. The Architectural Control Committee, with the approval of the Board of Directors, may establish reasonable rules and regulations for enforcing the provisions of this Section.

SECTION 6. ANIMALS. No animals, livestock or poultry of any kind shall be kept or maintained on the Common Area or on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided that they are not kept or maintained for commercial purposes and further provided that they are kept and maintained in compliance with (i) all laws and ordinances of the State of North Carolina and the County of Davidson relating thereto; and (ii) such rules and regulations pertaining thereto as the Executive Board may adopt from time to time.

SECTION 7. CONTROL OF DOGS AND OTHER PETS. Every person owning or having possession, charge, care, custody or control of any dog or other pet shall keep such dog or other pet exclusively upon his own premises; provided, however, that such dog or other pet may be off the premises if it be under the control of a competent person and restrained by a chain, leash or other means of adequate physical control. The owner or person in possession of said animal will be responsible for cleaning up any and all waste deposited by animal.

SECTION 8. OUTSIDE ANTENNAS. Except as such restrictions may be prohibited under applicable regulations promulgated by the Federal Communications Commission or other applicable state, federal or local laws or regulations, (i) no outside antennas or satellite dishes and no free standing transmission or receiving towers shall be erected on any Lot within the Property without the prior written permission of the Architectural Review Committee and (ii) any antenna or satellite dish erected on any Lot within the Property shall be affixed to the dwelling, shall be a color which blends with its surroundings, shall have a mast only as high as reasonably necessary to receive the intended signal and shall not be visible from any street.

SECTION 9. PARKING. No house trailer, boat trailer, camper, tent, shed, or any other such vehicle, trailer, vessel or temporary structure shall be permitted to be parked or placed within the Property except within area(s) which may be specifically designated for such purposes by the Association; provided, however, temporary buildings and other structures shall be permitted during the construction period of houses or as a temporary real estate sales office of Developer for the sale of lots. No garage, outbuilding, or other appurtenant structure, if any, shall be used for residential purposes, either temporarily or permanently, nor shall any portion of the property (except as expressly stated in the preceding sentence) be used except for residential purposes and for purposes incidental or necessary thereto.

SECTION 10. SUBDIVISION OF LOTS. No Lot shall be subdivided into a lot smaller than or different from the Lot shown on the recorded plat and no street shall be laid out across or through any Lot, except with the written consent of Declarant.

SECTION 11. SIGNS. No sign of any kind whatsoever shall be erected upon or displayed or otherwise exposed to view on any lot or any improvement thereon without the prior written consent of the Board of Directors of the Association. Notwithstanding the foregoing, for so long as Declarant or any affiliated entity owns any townhome lot shown on the Master Plan, Declarant and any affiliate shall have the right to erect and maintain signs within the Common Area or on any Lot owned or leased by Declarant or any affiliate for the purpose of advertising and promoting the sale of such lots.

SECTION 12. GARBAGE AND REFUSE DISPOSAL. No Lot shall be used or maintained as a dumping ground for rubbish, and all trash, garbage or other waste shall be stored in sanitary containers in accordance with the rules and regulations of any health or public safety authority having jurisdiction over the property. All incinerators or other equipment shall be kept in clean and sanitary condition. No trash, garbage or other waste may be placed within the Common Area, except in containers approved by the Board of Directors.

SECTION 13. OIL AND MINING OPERATIONS. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon any Lot or within the Common Area. No derrick or other structure designated for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot or within the Common Area.

SECTION 14. SALES AND MARKETING. No activities will be engaged in by any Owner and no sign shall be erected or displayed that would negatively impact the sales and marketing of Property by the Declarant.

SECTION 15. NUISANCES AND GENERAL UPKEEP. Each Owner shall keep his or her Unit in good repair except for repairs required by the Association and shall refrain from any act on or use of his Unit which could reasonably cause embarrassment, discomfort, annoyance or nuisance to any other Member of the Association. No noxious, offensive or illegal activity shall be conducted in or on any Unit or Lot.

ARTICLE VI

MAINTENANCE

SECTION 1. MAINTENANCE TO BE PERFORMED BY THE ASSOCIATION. The Association shall maintain the Common Area and shall maintain the grounds of each Lot which is subject to assessments hereunder (except for any enclosed privacy area, which area shall be maintained by the Owner(s) of the Lot on which the residence is located as set forth in Section 2 below), as follows: mow, seed and fertilize all grassed areas, mulch, remove dead or diseased trees or shrubs if such trees or shrubs existed at the time Declarant initially conveyed the Common Area or the Lot on which the tree or shrub is located, replace dead or diseased trees or shrubs planted by the Declarant or the Association and prune all trees or shrubs planted by the Declarant or the Association. In addition, the Association shall provide exterior maintenance for the dwelling located on each Lot which is subject to assessments hereunder, as follows: paint, repair, replace and care of roofs, gutters, downspouts, exterior building surfaces (including doors and garage doors, but excluding glass surfaces, window or door screens, any storm doors installed by Owners and garage door openers), steps, and other exterior improvements. Such exterior maintenance shall not include the exterior maintenance to be performed by the Owners as provided in Section 2 below. In the event that the need for any maintenance, repair or replacement required hereunder to be performed by the Association is caused through the willful or negligent act of the Owner, his family, guests or invitees, or is caused by fire, lightning,

windstorm, hail, explosion, riot, riot attending strike, civil commotion, aircraft, vehicles or smoke, as the foregoing are defined and explained in North Carolina Standard Fire and Extended Coverage insurance policies, the cost of such maintenance, replacement or repairs shall be added to and become a part of the assessment to which such Lot is subject.

The Owner of any Lot may, at his election, plant flowers in the front and rear beds established by Declarant in developing the Lot; provided that such maintenance by the Owner does not hinder the Association in performing its maintenance of the exterior of the house and the remaining yard spaces. No such maintenance by an Owner shall reduce the assessment payable by the Owner to the Association. The Owner shall not plant any vegetation in the front yard except with the prior written approval of the Association.

(As a matter of information to future Members of the Association, the Declarant wishes to make it known that due to differing amounts of exposure to the elements and other factors, some dwellings may require more maintenance than others and that it is in the best interest of the entire Association that all units be properly maintained and that the Association shall be required to provide such maintenance provided for herein and make a uniform charge without regard to the actual cost of maintenance of each dwelling.)

SECTION 2. MAINTENANCE TO BE PERFORMED BY THE OWNERS.

Each Owner shall be liable and responsible for the maintenance, repair and replacement, as the case may be, of all glass surfaces, window or door screens, any storm doors installed by Owner (any such installation being subject to Article V hereof), air conditioning and heating equipment and all utility lines, fixtures and/or their connections required to provide water, light, power, telephone, sewage and sanitary service to his Lot which are not publicly maintained. Each Owner also shall be responsible for the maintenance of any enclosed privacy area. In the event that the Owner neglects or fails to maintain his or her Lot and/or the exterior of his or her dwelling in a manner consistent with other Lots and dwellings within the Property, the Association may provide such exterior maintenance and all cost incurred by the Association in providing such exterior maintenance shall be added to the annual assessment for such Lot and subject to the lien rights described in Article IV; provided, however, that the Association shall first give written notice to the Owner of the specified items of exterior maintenance or repair the Association intends to perform and the Owner shall have twenty (20) days from the date of mailing of said notice within which to perform such exterior maintenance himself or herself. The determination as to whether an Owner has neglected or failed to maintain his or her Lot and/or dwelling in a manner consistent with other Lots and dwellings within the Property shall be made by the Executive Board of the Association, in its sole discretion.

SECTION 3. EASEMENT TO PERFORM MAINTENANCE. In order to enable the Association to accomplish the foregoing, there is hereby reserved to the Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

SECTION 4. INSURED DAMAGE TO OR DESTRUCTION OF COMMON AREA. The Association shall maintain, to the extent reasonably available, the insurance specified in the By-laws. Any portion of the Common Area for which insurance is maintained by the Association which is damaged or destroyed shall be repaired or replaced promptly by the Association unless (i) this Declaration is terminated and the Association dissolved pursuant to a vote of the Members in accordance with Article III, Section 5, hereof, and with any required consent of Declarant, the VA, FHA or Institutional Lenders, (ii) repair or replacement would be illegal under State or local health or safety statute or ordinance, or (iii) the Owners decide not to rebuild pursuant a vote of the Members in accordance with Article III, Section 5, hereof, and with any required consent of Declarant, the VA, FHA or Institutional Lenders. If any portion of the Common Area is not repaired or replaced, the insurance proceeds attributable to the damaged Common Area shall be used first to restore the damaged area to a condition compatible with the remainder of the Property, and the remainder shall be distributed in accordance with Section 47F-3-113 of the Planned Community Act.

SECTION 5. CONDEMNATION OF COMMON AREA. The provisions of Section 47F-1-107 of the Planned Community Act shall, to the extent applicable, govern the payment and distribution of awards in connection with the condemnation or taking by eminent domain of all or any portion of the Common Area; provided, however, to the extent applicable and to the extent possible, any awards paid to the Association in connection with the condemnation of a portion of the Common Area shall be first to restore the remaining Common Area to a condition compatible with the remainder of the Property.

ARTICLE VIII

INSURANCE

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

SECTION 1. OWNER TO PROVIDE INSURANCE. The Association shall have no duty or obligation to obtain a group or blanket insurance policy on the Highlands at Meadowlands on any individual Lot, but rather each Owner shall have the duty and responsibility to provide full insurance coverage for his or her individual Unit. Said insurance shall contain a replacement cost endorsement providing for replacement of the dwelling from insurance proceeds. The Association shall be named as an additional insured on the Owner's policy of insurance. The Owner shall at all times maintain such replacement cost coverage and shall furnish to the Association a copy of that policy not less than annually.

SECTION 2. DUTY TO REBUILD. In the event of a loss, the Owner shall apply the full amount of any insurance proceeds to the rebuilding or repair of any dwelling unit located on the Owner's Lot (subject to the provisions and covenants contained in any mortgage or mortgages creating a lien against any lot and must rebuild or repair the dwelling located on his or her lot in the event of damage thereto substantially in the shape, size and configuration as the original Unit before loss or damage.

SECTION 3. APPROVAL OF ARCHITECTURAL CONTROL COMMITTEE. Any repairs or reconstruction of a Unit shall be substantially identical to the damaged or destroyed Unit unless a change be approved by the Architectural Control Committee and shall be constructed in conformity with plans submitted to and approved by the Architectural Control Committee prior to construction. All repairs or reconstruction shall be performed within a reasonable time not exceeding ninety (90) days from the loss.

SECTION 4. FAILURE OF OWNER TO REBUILD. In the event of a loss and the Owner fails to perform as herein stated, the Association shall be empowered to perform the necessary repairs and/or reconstruction and, in such event, the Owner of the Unit incurring such loss shall become liable to the Association for such cost incurred. Further, in such event, the Association shall have a lien on the Lot of the Owner's Unit which incurred the loss for the cost incurred or to be incurred by the Association. Further, in such event, the Association shall have a lien on any funds paid to the unit Owner for coverage of loss to the building for the cost incurred by the Association.

SECTION 5. DUES DURING RECONSTRUCTION. If a Unit is not habitable by reason of damage, the obligation of the Owner to pay annual assessment installments shall be suspended either for a period of ninety (90) days or until the Unit is restored to a habitable condition, whichever shall first occur. In the event a Unit is damaged or destroyed, and the Owner does not begin repair or reconstruction within thirty (30) days following the damage

or destruction, he shall remove or cause to be removed, at his or her expense, all debris from the Lot, so that it shall be placed in a neat, clean and safe condition, and if he fails to do so, the Association may cause the debris to be removed, and the cost of removal shall constitute a lien upon the dwelling until paid by the Owner, unless the dwelling is thereafter acquired by the Association.

SECTION 6. APPLICATION OF DECLARATION AND BY-LAWS. Any dwelling which has been destroyed, in whole or in part, by fire or other casualty, and is subsequently restored or reconstructed, shall be subject to the provisions of this Declaration and to the By-laws of the Association.

SECTION 7. LIABILITY INSURANCE. The Association shall obtain a broad form public liability policy covering all Common Area and all damage or injury caused by the negligence of the Association or any of its agents, officers or employees in an amount of not less than one million dollars for each occurrence and such policies shall contain a waiver of the right of subrogation against Member of Highlands at Meadowlands Homeowners Association, its officers, agents, and employees.

ARTICLE IX

EASEMENTS

SECTION 1. UTILITIES. Easements for installation and maintenance of utilities (including cable television service) and drainage facilities are reserved as indicated on recorded plats. Within these easements no structures, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements. An easement is hereby established for the benefit of the appropriate governmental entity (and any other person or firm providing services to the Property under agreement with or at the direction of the Association) over all Common Area as may be reasonably necessary for the setting, removal and reading of water meters, and the maintenance and replacement of water, sewer and drainage facilities and for the fighting of fires and collection of garbage. The Association shall have the power and authority to grant and establish upon, over and across the Common Area such additional easements as are necessary or desirable for the providing of service or utilities to the Common Area or Lots.

SECTION 2. SIGNS. The Association shall maintain all subdivision signs and landscaping and lighting surrounding same now or hereafter erected within the Common Area. The costs of all such maintenance, repair and replacement of such signs, landscaping and lighting shall be part of the common expenses of the Association, payable by the Owners

as set out in Article IV hereof. Further, during Declarant's Development Period, Declarant and any affiliated party shall have (i) the right to erect within the Common Area additional subdivision signs and landscaping and lighting surrounding the same to be maintained by the Association as herein provided and (ii) the right to erect within the Common Area signs advertising the sale and promotion of Lots or any portion of the Additional Property.

SECTION 3. EASEMENT RESERVED BY DECLARANT. Declarant hereby reserves such easements on, across and over the Common Area as shall be reasonably necessary for (i) the exercise by Declarant or any affiliated entity of any right herein reserved, including, without limitation, Declarant's right, should Declarant elect, to annex the Additional Property, as hereinafter defined and (ii) the development by Declarant or any affiliate, their respective successors and assigns, of the Additional property, should Declarant elect not to annex the Additional Property, including without limitation easements for ingress, egress and regress over private roads and streets now or hereafter erected on the Property and easements for the use of all utility lines, fixtures and/or their connections located within the Common Area for the purpose of providing water, light, power, telephone, sewage and sanitary service to the Additional Property.

SECTION 4. ENCROACHMENTS. In the event that any improvements on a Lot shall encroach upon any Common Area or upon any other Lot as a result of the initial improvements constructed by Declarant or for any reason not caused by the purposeful or negligent act of the Owner or agents of such Owner, then an easement appurtenant to such Lot shall exist for the continuous of such encroachment upon the Common Area or other Lot for so long as such encroachment shall naturally exist; and, in the event that any portion of the Common Area shall encroach upon any Lot, then an easement shall exist for the continuance of such encroachment of the Common Area into any such Lot for so long as such encroachment shall naturally exist.

ARTICLE X

RIGHTS RESERVED TO INSTITUTIONAL LENDERS

SECTION 1. ENTITIES CONSTITUTING INSTITUTIONAL LENDERS. "Institutional Lender" as the term is used herein shall mean and refer to banks, savings and loan associations, insurance companies or other firms or entities customarily affording loans secured by first liens on residences, and eligible insurers and governmental guarantors.

SECTION 2. OBLIGATION OF ASSOCIATION TO INSTITUTIONAL LENDERS. So long as any Institutional Lender shall hold any first lien upon any Lot, or shall be the Owner of any Lot, such Institutional Lender shall have the following rights:

(a) To inspect the books and records of the Association during normal business hours and to be furnished with at least one (1) copy of any annual financial statement or report of the Association.

(b) To be given notice by the Association of the call of any meeting of the membership to be held for the purpose of considering any proposed Material Amendment to this Declaration of Covenants, Conditions and Restrictions or the Articles of Incorporation or By-laws of the Association or of any proposed abandonment or termination of this Declaration or the planned unit development hereby created (said notice to be given at least thirty (30) days prior to any action) or any proposed extraordinary action of the Association described in Article III, Section 5 hereof.

(c) To receive notice of any condemnation or casualty loss affecting the Common Area or any portion thereof, resulting in losses greater than 10% of the annual budget for the Association.

(d) To be notified of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(e) Upon the demand of a majority of Institutional Lenders, to require professional management of the Association or to demand an audit of the Association's financial records.

(f) To be given notice of any delinquency in the payment of any assessment or charge (which delinquency remains uncured for a period of sixty (60) days) by any Owner owning a Lot encumbered by a mortgage held by the Institutional Lender, such notice to be given in writing and to be sent to the principal office of such Institutional Lender, or to the place which it may designate in writing.

SECTION 3. REQUIREMENTS OF INSTITUTIONAL LENDER. Whenever any Institutional Lender desires to avail itself of the provisions of this Article, it shall furnish written notice thereof to the Association by CERTIFIED MAIL at the address shown in the Articles of Incorporation identifying the Lot or Lots upon which any such Institutional Lender holds any first lien or identifying any Lot or Lots owned by such Institutional Lender and such notice shall designate the place to which notices, reports or information are to be given by the Association to such Institutional Lender.

ARTICLE XI

PARTY WALLS

SECTION 1. GENERAL RULES OF LAW TO APPLY. Each wall which is built as a part of the original construction of the homes upon the Property and placed on the dividing line between 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.

SECTION 2. REPAIR AND MAINTENANCE. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make the use of the wall in proportion to such use.

SECTION 3. DESTRUCTION BY FIRE OR OTHER CASUALTY. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

SECTION 4. WEATHERPROOFING. Notwithstanding any other provision of this Article, an Owner who by his negligent 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 and repairing any damage resulting from such exposure.

SECTION 5. RIGHT TO CONTRIBUTION RUNS WITH LAND. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

SECTION 6. CERTIFICATE WITH RESPECT TO CONTRIBUTION. If any Owner desires to sell his Unit, he or she may, in order to assure a prospective purchaser that no adjoining Owner has a right of contribution as provided in this Article, request of the adjoining Owner or Owners a certification that no right of contribution for repair to the party wall exists, whereupon it shall be the duty of each adjoining Owner to make such certification immediately upon request and without charge. If the adjoining Owner claims the right of contribution, the certification shall contain a recital of the amount claimed and the basis therefore.

If the adjoining Owner fails to respond to such request within fifteen (15) days of written notice of the request, it shall be conclusively presumed, as to the new Owner of the requesting Unit, that no such contribution exists. The failure of the adjoining Owner to respond to said request shall not prevent the adjoining Owner from seeking contribution from the previous Owner.

SECTION 7. ARBITRATION. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE XII

GENERAL PROVISIONS

SECTION 1. ENFORCEMENT. The Owner(s) of each Lot shall be governed by and shall comply with the provisions of this Declaration, the By-laws of the Association and all rules and regulations of the Association adopted pursuant thereto, as any of the same are now constituted or as they may be amended from time to time. A default by any Owner shall entitle the Association or the Owner(s) of any of the other Lots to the following relief:

(a) The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration, the By-laws of the Association and all rules and regulations of the Association adopted pursuant thereto. Failure to comply with any of the terms of this Declaration or other restrictions and regulations contained in the By-laws of the Association, or which may be adopted pursuant thereto, shall be grounds for relief including without limitation an action to recover sums due for damages, injunctive relief, foreclosure of lien, or any combination thereof. The Association shall have the right to request that law enforcement, public safety and animal control officers come on the Property to facilitate the enforcement of the laws, codes and ordinances of any governmental authority.

(b) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to assess reasonable fines against an Owner for violations of this Declaration the By-laws of the Association or the Association's published rules and regulations by such Owner, or such Owner's family, guests, invitees and lessees in an amount

not to exceed \$150.00 for each violation, and without further hearing, for each day after the decision that the violation occurs. Such fines shall be deemed to be assessments as set forth in Article IV of the Declaration and if not paid within thirty (30) days after notice and demand therefor, the Association shall be entitled to the remedies set forth in the Declaration for the enforcement and collection of delinquent assessments.

(c) The Association, after notice to the Owner and a reasonable opportunity to be heard, shall have the right to suspend privileges or services provided by the Association (except rights of access to Lots) for reasonable periods for violations of this Declaration or the By-laws, Articles or rules and regulations of the Association. If it is decided that a suspension of privileges or services provided by the Association should be imposed, the suspension may be continued without further hearing until the violation is cured.

(d) If an Owner is legally responsible for damage inflicted on any Common Area, the Association may direct such Owner to repair such damage, or the Association may itself cause the repairs to be made and recover damages from the responsible Owner. If damage is inflicted on any Lot by an agent of the Association in the scope of the agent's activities as such agent, the Association is liable to repair such damage or to reimburse the Owner for the cost of repairing such damages. The Association shall also be liable for any losses to the Owner. When any such claim for damages against an Owner or the Association is less than or equal to the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, any aggrieved party may request that a hearing be held before an adjudicatory panel appointed by the Executive Board of the Association to determine if an Owner is responsible for damages to any Common Area or the Association is responsible for damages to any Lot. If the Executive Board fails to appoint an adjudicatory panel to hear such matters, such hearings shall be held before the Executive Board. Such panel shall accord to the party charged with causing damages notice of the charge, opportunity to be heard and to present evidence, and notice of the decision. This panel may assess liability for each damage incident against each Owner charged or against the Association not in excess of the jurisdictional amount established for small claims by North Carolina General Statute 7A-210. When the such claim exceeds the jurisdictional amount established for small claims by North Carolina General Statute 7A-210, liability of any Owner charged or the Association shall be determined as otherwise provided by law. Liabilities of Owners determined by adjudicatory hearing or as otherwise provided by law shall be assessments secured by lien under Section 47F-3-116 of the Planned Community Act. Liabilities of the Association determined by adjudicatory hearing or as otherwise provided by law may be offset by the Owner against sums owing to the Association and if so offset, shall reduce the amount of any lien of the Association against the Lot at issue.

(e) In any proceeding arising because of an alleged default by a Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and such reasonable attorneys' fees as may be determined by the Court.

(f) The failure of the Association or any Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration or the other above mentioned documents shall not constitute a waiver of the right of the Association or of the Owner to enforce such right, provision, covenant or condition in the future.

(g) All rights, remedies and privileges granted to the Association or the Owners, pursuant to any terms, provisions, covenants or conditions of the Declaration or other above mentioned documents, shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be available to such party at law or in equity.

(h) The failure of Declarant to enforce any right, privilege, covenant or condition which may be granted to it by this Declaration or other above mentioned document shall not constitute a waiver of the right of Declarant to thereafter enforce such right, provision, covenant or condition in the future.

SECTION 2. SEVERABILITY. Invalidation of any one of the covenants or restrictions by judgment or court order shall in no way affect any other provision which shall remain in full force and effect.

SECTION 3. AMENDMENT. The covenants and restrictions of this Declaration shall run and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or amended as hereinafter provided. This Declaration may be amended only with the affirmative vote of the Members to which at least sixty-seven percent (67%) of the votes of the Association are allocated, such vote to include at least fifty-one percent (51%) of the votes of all Members present, in person or by proxy, and voting at such meeting other than the Declarant, or, if the Executive Board elects not to call a meeting of the Members, with the written consent of the Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members of the Association, such consent to include the consent of all the Members entitled to cast at least fifty-one percent (51%) of the total authorized votes of all Members of the Association other than Declarant, said consent having been obtained after written notice to all Members of the proposed amendment; provided, however, Declarant may unilaterally terminate or restrict any right herein reserved in favor of Declarant by recording in the Davidson County Registry a notice

of such termination or restriction; and provided further, during Declarant's Development Period, no Material Amendment to this Declaration shall be effective without Declarant's consent, no amendment relating to the maintenance or ownership of any permanent detention or retention pond shall be effective unless reviewed and approved by the governmental office having jurisdiction for watershed protection and no amendment purporting to revoke or curtail any right herein conferred to Declarant shall be effective unless executed by Declarant. Any amendment must: (1) be executed on behalf of the Association by its duly authorized officers; (2) contain an attestation by the officers executing the amendment on behalf of the Association that the requisite Owner and Declarant approval has been obtained and is evidenced by written minutes of the meeting of the Members at which the amendment was approved or written acknowledgments(s) signed by the Owners approving the amendment and, if required, Declarant, and that such minutes or acknowledgments, as the case may have been made a part of the Minute Book of the Association; and (3) be properly recorded in the Davidson County Registry. For the purpose of this section, additions to existing property by Declarant pursuant to Section 4 of this Article shall not constitute an "amendment." In the event this Declaration is terminated in accordance with the provisions hereinabove provided, Declarant, for each Lot owned within the Property, hereby covenants, and each Owner for any Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay a pro rata share of the cost of the maintenance of all permanent retention or detention ponds.

SECTION 4. ANNEXATION.

(a) Except as provided in Section 3 of Article I with respect to Declarant's right to convey additional Common Area to the Association and as provided in Subsection (b) below, additional residential property and Common Area may be annexed to the Property only with the affirmative vote of the Members to which at least sixty-seven percent (67%) of the votes of the Association are allocated, such vote to include at least fifty-one percent (51%) of the votes of all Members present, in person or by proxy, and voting at such meeting other than the Declarant, or, if the Executive Board elects not to call a meeting of the Members, with the written consent of the Members entitled to cast at least sixty-seven percent (67%) of the total authorized votes of all Members of the Association, such consent to include the consent of the Members entitled to cast at least fifty-one percent (51%) of the total authorized votes of all Members of the Association other than Declarant, said consent having been obtained after written notice to all Members of the proposed annexation; provided however, during any Development Period, Declarant must also consent to such action.

(b) All or any portion of the property described on Schedule A, attached hereto and incorporated herein by this reference, together with any property located adjacent to the Property (the "Additional Property") may be annexed by the Declarant without the consent

of Members within seven (7) years of the date of this instrument. For the purpose of determining whether property is adjacent to the Property, the rights of way of public roads and utilities, as well as rivers and streams, shall be deemed not to separate otherwise adjacent property. Any property not particularly described in Schedule A annexed by Declarant pursuant to this Subsection (b) may not, without the prior consent of the Members as provided in Subsection (a) above, increase the total size of the planned community by more than ten percent (10%) both in land size and number of additional Lots. Declarant shall have no obligation of any kind to annex any or all of the Additional Property and, should Declarant elect to annex all or any portion of the Additional Property, Declarant shall have no obligation of any kind to annex the Additional Property in any particular sequential order. Should Declarant elect to annex all or any portion of the Additional Property and accordingly to subject such property to the terms and conditions of this Declaration, with regard to all or any part of the Additional Property annexed by Declarant, to make such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Declarant, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such additions and/or modifications shall have no effect upon the properties previously subjected to this Declaration; provided, however, the voting rights and assessment obligations of Lots added shall be the same as the voting rights and assessment obligations of the Lots hereby made subject to this Declaration. With regard to any portion of the Additional Property not annexed by Declarant, Declarant makes no representations with regard to the use of such property or the exterior appearance, design, size or intended purpose of any improvements now or hereafter erected on such property.

SECTION 5. FHA/VA APPROVAL. During any period of Declarant Control, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs provided that FHA or VA loans have been obtained to purchase Lots:

- (a) any extraordinary action of the Association described in Article III, Section 5 of this Declaration;
- (b) termination of this Declaration or other termination of the planned unit development hereby created; or
- (c) any amendment to this Declaration adding, deleting or modifying any provision regarding any of the following (each herein referred to as a "Material Amendment"):
 - (i) Assessment basis or assessment liens;

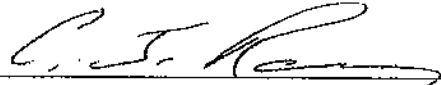
- (ii) Any method of imposing or determining any charges to be levied against individual unit owners;
- (iii) Reserves for maintenance, repair or replacement of Common Area improvements;
- (iv) Maintenance obligations;
- (v) Allocation of rights to use Common Area;
- (vi) Any scheme of regulation or enforcement of standards for maintenance, architectural design or exterior appearance of improvements on Lots;
- (vii) Reduction of insurance requirements
- (viii) Restoration or repair of Common Area improvements;
- (ix) The addition, annexation or withdrawal of land to or from the project, except for the annexation of all or any portion of the Additional Property as permitted pursuant to Article XII, Section 4(b);
- (x) Voting Rights;
- (xi) Restrictions affecting leasing or sale of a unit; or
- (xii) Any provision which is for the express benefit of mortgages.

SECTION 6. AMPLIFICATION. The Provisions of this Declaration are amplified by the Articles of Incorporation and By-laws of the Association; but no such amplification shall alter or amend any of the rights or obligations of the Owners set forth in this Declaration. Declarant intends that the provisions of this Declaration on the one hand, and the Articles of Incorporation and By-laws of the Association on the other be interpreted, construed, and applied to avoid inconsistencies or conflicting results. If such conflict necessarily results, however, Declarant intends that the provisions of this Declaration control anything contained in the Articles of Incorporation or By-laws of the Association.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has caused this instrument to be executed in its name the day and year first above stated.

Meadowlands Development, LLC,
a North Carolina limited liability company

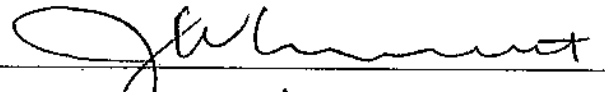
Ramey Properties, LLC, a designated Manager

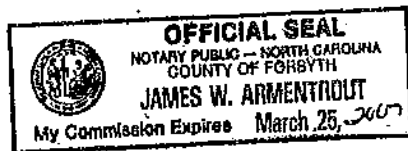
By: 
C.J. Ramey, Manager

Forsyth County, North Carolina

I certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she voluntarily signed the foregoing document for the purpose stated therein and in the capacity indicated: C. J. Ramey, Manager of Ramey Properties, LLC, a North Carolina limited liability company, a designated Manager of Meadowlands Development, LLC.

Date: 10-30-06


James W. Armentrout (Printed name)
Notary Public



My Commission Expires: 3/25/2007