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STATE OF NORTH CAROLINA

COUNTY OF LINCOLN

DECLARATION OF COVENANTS,
CONDITIONS, AND RESTRICTIONS
FOR BALSOM RIDGE BUSINESS PARK

THIS DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR BALSOM RIDGE BUSINESS PARK (as it may be amended or supplemented as set forth herein, the "Declaration") is made this 23rd day of April, 2007 by Balsom Ridge, LLC, a North Carolina limited liability company, whose address is 5312 Highway 16 South, Maiden, North Carolina 28650 (the "Declarant").

WITNESSETH:

WHEREAS, Declarant is the owner and developer of certain real estate in Lincoln County, North Carolina, and more particularly described on Exhibit A attached hereto and made a part hereof (the "Property" or "Subdivision"); and

WHEREAS, Declarant is developing the Property, which is or shall be known as "Balsom Ridge Business Park", by subdividing it into Lots (defined below) that are to be used for office, institutional, and general business and commercial purposes. The Property further consists of common real estate and improvements that are to be owned by a property owners association to which the Owner of a Lot must belong and pay lien-supported maintenance assessments; and

WHEREAS, at the time of the conveyance of a Lot to an Owner, the Declarant intends to make available the common amenities on the Property, if any, as they are built, and, at the time of completed development, the entire Property, excluding the Lots and dedicated streets, if any, may be conveyed without cost or charge to the Association; and

WHEREAS, the Declarant now desires to subject the said Property to the protective covenants, conditions, and restrictions set forth herein in order to insure the development, improvement, and use of the Property in a manner acceptable to Declarant and in a manner that will enhance the value, desirability, and attractiveness of the Property; and

WHEREAS, the protective covenants, conditions, and restrictions set forth herein are and shall be for the benefit of the Property, the Declarant, and the heirs, successors, and assigns of Declarant as well as all other parties and persons acquiring an interest in the Property;

NOW, THEREFORE, the Declarant hereby declares that all of the Lots and Common Areas (defined below) located within the Property are held and shall be held, conveyed, hypothecated or encumbered, mortgaged, leased, rented, used, occupied and improved, subject to the following covenants, conditions and restrictions, all of which are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the Property as a whole and of each of the said Lots. All of these restrictions shall run with the land and shall be binding upon the Declarant and upon the parties having or acquiring any right, title or interest, legal or equitable, in and to the Property or any part or parts thereof subject to such restrictions, and shall inure to the benefit of the Declarant and every one of the Declarant's successors in title to any of the Property.

ARTICLE I: DEFINITIONS

1.1 "Articles" or "Articles of Incorporation" shall mean those articles, filed with the Secretary of State of North Carolina, incorporating Balsom Ridge Business Park Association, Inc., as a nonprofit corporation under the provisions of North Carolina state law, as the same may be amended from time to time.

1.2 "Assessments" means Regular Assessments, Special Assessments, Individual Assessments, and Fine Assessments.

1.3 "Association" shall mean and refer to Balsom Ridge Business Park Association, Inc., formed or to be formed as a non-profit corporation, and its successors and assigns.

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

1.5 "Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

1.6 "Constituent Documents" shall mean the Declaration, the Bylaws, the Articles of Incorporation, and the Rules and Regulations, if any, and any other basic documents used to create and govern the Subdivision.

1.7 "Common Areas" shall mean all the real estate (including retention ponds, storm drainage improvements, entrance signage, streets (including any dedicated streets prior to their acceptance for public maintenance) and all landscaping and other improvements thereon) owned by the Declarant and/or the Association for the common use and enjoyment of the Owners. Common Areas shall include, but not be limited to, parcels designated on the Subdivision plat as "Park" (unless such parks are later dedicated to the public by a subsequent dedication plat or conveyance), "COS", "Open Space", "Alley (Private)", "Common Area", or reserved as an access drive or private street.

1.8 "Common Expenses" shall mean, refer to, and include all charges, costs and expenses incurred by the Association for and in connection with the administration of the Subdivision, including, without limitation thereof, operation of the Subdivision; maintenance, repair, replacement and restoration (to the extent not covered by insurance) of the Common Areas; the costs of any additions and alterations thereto; all labor, services, common utilities, materials, supplies, and equipment therefor; all liability for loss or damage arising out of or in connection with the Common Areas and their use; all premiums for hazard, liability and other insurance with respect to the Subdivision; all costs incurred in acquiring a Lot pursuant to judicial sale; and all administrative, accounting, legal, and managerial expenses. "Common Expenses" shall also include amounts incurred in replacing, or substantially repairing, capital improvements within the Common Areas of the Subdivision, including, but not limited to private road and parking lot resurfacing. "Common Expenses" shall also include all reserve funds or other funds established by the Association. "Common Expenses" shall be construed broadly.

1.9 "Declarant" shall mean and refer to Balsom Ridge, LLC, a North Carolina limited liability company, its successors and assigns as a Declarant.

1.10 "Default" shall mean any violation or breach of, or any failure to comply with, the Restrictions, this Declaration or any other Constituent Documents.

1.11 "Fine Assessment" means the charge established by Section 6.5 of this Declaration.

1.12 "Individual Assessment" means the charge established by Section 6.4 of this Declaration.

1.13 "Lot" shall mean and refer to any parcel of land designated on the Plat upon which an office, institution, manufacturing facility, or other general business or other commercial building or facility has been, may be, or is to be constructed. The Declarant has initially created eighteen (18) Lots in the Subdivision and has the right to establish additional Lots in accordance with the terms of this Declaration.

1.14 "Member" shall mean and refer to all those Owners who are Members of the Association as provided in Article V below.

1.15 "Owner" shall mean and refer to the record owner (including Declarant so long as Declarant retains ownership of one or more Lots), whether one or more persons or entities, of a fee simple title to any Lot located within the Subdivision.

1.16 "Plat" shall mean and refer to the record plat of the Subdivision recorded by Declarant, as the same may be amended or supplemented by Declarant from time to time.

1.17 "Property" or "Subdivision" shall mean and refer to that certain real estate described in Exhibit A and all other real estate that may be annexed into this Declaration and the Association by the Declarant.

1.18 "Regular Assessment" means the charge established by Section 6.2 of this Declaration.

1.19 "Resident" shall mean and refer to any person, not an Owner, occupying an office, general business, or other commercial building on a Lot, including, but not limited to, temporary guests and Tenants.

1.20 "Restrictions" shall mean all covenants, conditions, restrictions, easements, charges, liens and other obligations provided for in this Declaration, including, without limitation, all notices, rules and regulations issued in accordance with this Declaration.

1.21 "Rules and Regulations" shall mean and include the rules and regulations made from time to time by the Board of Directors as provided in Section 5.3 below.

1.22 "Special Assessment" means the charge established by Section 6.3 of this Declaration.

1.23 "Tenant" means any person occupying any Lot pursuant to a written or oral lease agreement with the Owner thereof or with any other person or entity claiming under the Owner.

When applicable for the sense of this instrument, the singular should be read as including the plural and the male, female, and neuter pronouns and adjectives should be read as interchangeable.

ARTICLE II: PROPERTY SUBJECT TO THIS DECLARATION

The Property, each portion thereof, and all buildings, structures or improvements situated thereon shall be held, transferred, sold, conveyed, leased, mortgaged, occupied, and improved subject to the terms, provisions, covenants, restrictions, and conditions of this Declaration.

ARTICLE III: LAND USE RESTRICTIONS

3.1 Restricted Use. Unless the Board of Directors of the Association, in its sole discretion, authorizes some other use, the use of the Property or any portion thereof, and of all buildings, structures, or improvements situated thereon, shall be restricted exclusively to the building, maintenance, and operation of the following: (1) offices; (2) institutions; (3) commercial, small business facilities; (4) manufacturing facilities; and (5) other similar general business or commercial purposes.

Neither the Property, nor any Lot, nor any building, structure, or other improvement located thereon, nor any Common Area shall be used for residential purposes at any time.

The Association shall make such Rules and Regulations, consistent with the terms of this Declaration, the Articles, and the Bylaws, to govern the use and occupancy of the Property in accordance with the foregoing restricted uses. In addition, the following covenants, conditions, and restrictions as to use and occupancy shall run with the land and shall be binding upon each Lot Owner, his heirs, tenants, licensees and assigns.

3.2 Zoning Restrictions. The Property has been zoned *office/institutional, industrial, and commercial*. Development of the Property and of any portion thereof must be in accordance and compliance with those zoning classifications and other applicable law. An Owner may not apply for a zoning variance or modification with the appropriate governmental agency without the prior written approval of the Association. Such approval may be granted or withheld in the sole and absolute discretion of the Association.

3.3 Exterior Appearance. The Association shall regulate the external design appearance and location of the Property and Lots and any improvements thereon. The Association may adopt and enforce architectural guidelines and Rules and Regulations consistent with the concept, goals, covenants, conditions, and restrictions of Balsom Ridge Business Park and this Declaration. The Association may appoint a Review Committee to carry out these duties and responsibilities concerning the design and appearance of the Property and any portion thereof.

Except for original construction performed by or on behalf of Declarant or as otherwise in these covenants provided, no building, fence, sidewalk, drive, mailbox, or other structure, or improvement or anything attached thereto visible from the outside of the structure or improvement (including, without limitation, storm doors, windows, drapes or window coverings, and landscaping) shall be erected, placed, altered, or maintained within the Subdivision nor shall any exterior addition to or change (including any change in color) or alteration therein be made until the proposed building plans, specifications, exterior color and finish, plot plans (showing the proposed location of such building or structure, drives and parking areas), general contractor and all subcontractors, and construction schedule shall have been submitted to and approved in writing by the Board of Directors of the Association or by the Review Committee, if any. Refusal of approval of plans, location or specification by said Board of Directors or Review Committee may be based upon any reasonable ground, including, without limitation, lack of harmony of external design, color, location or relation to surrounding structures and topography and purely aesthetic considerations which, in its sole discretion, the said Board of Directors or Review Committee shall deem sufficient. After approval by the Board of Directors or Review Committee is given, no alterations may be made in such plans except by and with their prior written consent.

In addition to any architectural guidelines or Rules and Regulations that may hereafter be adopted by the Association, the following architectural guidelines and Rules and Regulations shall apply to the Property, the Lots, and all improvements thereto:

3.3.1 All parking lots and/or other parking areas on any Lot shall be paved and shall have curbs and gutters. However, the Association, via its Board of Directors or the Review Committee as applicable, in its sole discretion, may exempt any parking lots and/or parking areas which are or are to be located behind any building or other improvements on a Lot and which are or will not be visible to the public from the requirement and restriction set forth in this paragraph. As a condition of granting such an exemption, the Association may require the Lot Owner to erect appropriate screening or fencing in front of or around any exempted parking lots or areas as it may determine is reasonably necessary to preserve the overall value, desirability, consistency, and attractiveness of the Property.

3.3.2 All signage installed or to be installed on any Lot or on any improvements thereon shall be consistent with the overall signage policies then in effect for the Property. Such signage shall be consistent with the signage designs for the entryway signs constructed or to be constructed for the Property and shall otherwise be in such sizes, shapes, colors, and locations, among other things, as the Association shall direct from time to time in accordance with the terms hereof.

3.3.3 All exterior storage areas on any Lot (including, but not limited to, any exterior storage sheds or other storage buildings or containers), any garbage or refuse collection or storage areas (including, but not limited to, any dumpsters, trash bins or containers, or recycling bins or containers), and any other unsightly areas shall generally be located on the Lot in such areas as will minimize their visibility from the front of the Lot, from other Lots, and from the streets, Common Areas, and public areas of and within the Property. To the extent reasonably necessary or appropriate to keep such areas from public view, the Association, in its sole discretion, may require the Lot Owner to erect appropriate fencing or screening in front of or around such areas.

3.4 Approval Process. Prior to any construction upon any Lot or any portion of the Property, the Owner shall be required to obtain the written approval of the Association, via its Board or Directors or the Review Committee as applicable, for all plans and specifications for all development within Balsom Ridge Business Park and the Property or any part thereof. Except as otherwise specifically provided herein, no approval of any plans or specifications shall be considered granted unless specifically given in writing by the Board of Directors or the Review Committee.

No building permits shall be obtained nor any construction projects commenced until the required approval of the project shall have been obtained as required herein. Upon approval of any projects, the applicant shall be responsible for securing any necessary local, state, and federal permits and for payment of all fees associated with the construction.

A copy of all plans, specifications and related data shall be furnished to the Board of Directors or Review Committee, with such copy to be for the Association's review and for its records. The plans, specifications, and related data actually required for evaluation with respect to a particular proposed project shall be in the sole discretion of the Board of Directors or the Review Committee but shall generally include (but are not limited to):

3.4.1 site plans showing the location and dimensions of: (1) proposed setbacks for buildings and parking areas and other improvements; (2) building, storage, loading, and refuse areas and screening treatments to shield otherwise unsightly areas from public view; (3) parking areas, total spaces provided, landscape islands, and tree wells; (4) all means of ingress, egress, and regress to and from the site, including driveways, curb cuts, and pedestrian walkways; and (5) areas for the preservation of existing trees as well as methods of protecting these areas; and landscaping and planting plans;

3.4.2 site engineering plans illustrating storm water management and grading plans, utility connections, and sedimentation and erosion control; and

3.4.3 architectural drawings illustrating building elevations, ground floor plans with finished floor elevations, building materials and colors, landscape plans, and exterior site lighting and containing a brief description of mechanical and electrical systems including screening treatments to shield otherwise unsightly areas from public view.

The Board of Directors or the Review Committee will endeavor to approve or disapprove all plans (and notify the Owner of such decision) within thirty (30) days after receipt of the application. In the event the Board or the Review Committee fails to approve or disapprove the plans within the said thirty (30) days after receipt of the application, the Owner may deliver to the Board or the Committee a written notice of non-action. If the Board or the Committee fail to respond to the notice of non-action or if the Board or Committee otherwise fail to approve or disapprove the plans within fifteen (15) days after receipt of the written notice of non-action, the applicant may consider all plans submitted to have been approved.

Neither the Association, the Board of Directors, or the Review Committee, nor any of their agents, successors, or assigns, shall be liable for damages to any Owner by reason of mistakes in judgment, or for nonfeasance, arising out of or in connection with the approval, disapproval, or failure to approve or disapprove any plans.

3.5 Setbacks. All buildings, structures, or other improvements (except for signs) constructed on the Property shall have setbacks from the front, side, and rear property lines according to the Lincoln County Zoning Ordinance. All signs shall have a minimum setback of ten (10) feet from the front, side, and rear property lines.

3.6 Buffer Areas. The overall concept for Balsom Ridge Business Park has a goal of creating and/or maintaining buffer areas located around the land and vegetated portions of Balsom Ridge Business Park. As such, an Owner may be required to site structures, parking, and other improvements on their Lot and the Property in such a manner as to retain the maximum value and continuity of the tree cover and other vegetation on the Property in an attempt to maximize the aesthetic value of the Property. All site development plans must conform to Lincoln County zoning and landscape requirements with respect to buffering.

3.7 Location of Buildings and Other Improvements. To insure that all structures will be located with sensitivity to the topography of each individual Lot and will take into consideration the elevation contours of the Lot and the location of structures on adjoining Lots, the Board of Directors of the Association or the Review Committee reserves unto itself the right to control absolutely and decide solely the precise site and location of any structure, improvements, and utilities upon all Lots, provided that such location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site. In any event, all buildings (including eaves, decks, patios, and steps) shall be constructed in accordance with the minimum setback lines contained in Section 3.5 herein.

3.8 Building Size. Each primary building or other principal structure on a Lot shall have a minimum heated area as determined by the Association.

3.9 Subdivision and Partition of Lots. No Lot shall be subdivided or its boundary lines changed without the prior written approval of the Board of Directors of the Association. Declarant however reserves the right to re-plat any Lot or Lots owned by it. No Owner shall have any right to divide or partition any Lot, or any rights therein, nor shall he bring any action for partition or division of the Common Areas. Each Owner shall be deemed to have specifically waived such Owner's rights to institute or maintain a partition action or any other action designed to cause a division of the Common Area, and this section may be pleaded as a bar to such action. Any Owner who shall institute or maintain any such action shall be liable to the Declarant and/or the Association for its costs, expenses, and reasonable attorney's fees in defending any such action.

3.10 Nuisances. No noxious or offensive activity shall be carried on in the Common Areas or on the Lot of an Owner, nor shall anything be done therein, either willfully or negligently, tending to cause embarrassment, discomfort, annoyance or nuisance to Balsom Ridge Business Park and/or the other Lot Owners or occupants. There shall not be maintained in or upon any Lot any poultry, pets, or other animals of any kind nor any device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of any Lot or the Property, or any portion thereof or any improvement situated thereon, by others.

3.11 Compliance With Insurance Policies and Waste. Nothing shall be done or kept on any Lot or any building, structure, or other improvement located thereon or in the Common Areas which will increase the rate of insurance of the buildings, or contents thereof, applicable for general business or commercial use, without the prior written consent of the Association. No Lot Owner shall permit anything to be done or kept on any Lot or any building or structure located thereon or in the Common Areas which will result in the cancellation of insurance on the buildings, or contents thereof, or which would be in violation of any law. No waste will be committed in the Common Areas. All laws shall be obeyed.

3.12 Variances. Notwithstanding anything to the contrary contained herein, the Board of Directors or the Review Committee shall be authorized to grant individual variances from any of the provisions of this Declaration, and any rule, regulation, or restriction promulgated in accordance therewith, if in its judgment, waiver of application of enforcement would not be inconsistent with the overall development of the Property.

**ARTICLE IV:
PROPERTY RIGHTS IN COMMON AREAS**

4.1 Owner's Easements of Enjoyment. Except as herein otherwise provided, each Owner shall have a right and easement of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to his Lot. Each Tenant shall have a non-transferable right to use and enjoy the Common Areas, if any, which right shall terminate when such person ceases to have the status of a Tenant. Such rights and privileges shall be subject, however, to the following:

4.1.1 The right of the Board to adopt and enforce and from time to time amend reasonable limitations upon use and Rules and Regulations pertaining to the use of the Common Areas;

4.1.2 All applicable provisions of valid easements and/or agreements of the Association relating to the Common Areas;

4.1.3 The right of the Association to grant permits, licenses and public or private easements over Common Areas for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property; or

4.1.4 The right of Declarant or the Association to dedicate or convey portions of the Common Areas to applicable governmental authorities for park purposes.

4.2 Extension of Use. Any Owner may extend his right of enjoyment to the Common Areas to the immediate and/or extended members of his family, his Tenants, guests or contract purchasers of the Owner's Lot.

4.3 Title to Common Areas. The Common Areas shall be owned by Declarant until such time as the same are conveyed to the Association. By deed, Declarant may hereafter convey to the Association fee simple title to the Common Areas for the common use, benefit, and enjoyment of the Owners. Any such conveyance shall be subject to taxes for the year of conveyance, and to restrictions, conditions, limitations and easements of record.

Nothing shall be altered or constructed in or removed from the Common Areas except as otherwise provided in this Declaration and except upon the written consent of the Association.

4.4 Use of Common Areas by Declarant. In addition to the specific rights and easements reserved herein, Declarant and its affiliates and associates shall have the same rights of use and enjoyment of the Common Areas as the Members for so long as Declarant owns a Lot or any portion of the Property, and Declarant shall have the same right to use Common Areas for promotional, sales and similar purposes until all of the Lots have been sold.

**ARTICLE V:
PROPERTY OWNERS ASSOCIATION**

5.1 Property Owners Association. There has been or will be created a North Carolina non-profit corporation, known as Balsom Ridge Business Park Association, Inc., which shall be responsible for the operation, maintenance, management and control of the Property, the Common Areas, each Lot, and any buildings, structures or improvements situated thereon in accordance with the terms of this Declaration and of the Association's Articles, Bylaws, and Rules and Regulations.

In accordance therewith, the Association shall have full power and responsibility to administer, operate, sustain, maintain, and govern the Property and the Subdivision including, but not limited to, the powers and responsibilities to make prudent investments of funds held by it; to make reasonable Rules and Regulations; to borrow money; to make and collect Assessments; to bring lawsuits and defend lawsuits; to enter into contracts; to enforce all of the provisions of this Declaration, the Bylaws and any other documents or instruments relating to the establishment, existence, operation, or alteration of the Property and the Subdivision. The powers of the Association shall be construed liberally.

5.2 Board of Directors and Officers. The Board of Directors and the officers of the Association, as the same may be elected or appointed in accordance with the Articles or the Bylaws, shall conduct the management and affairs of the Association. The Board of Directors may also appoint committees and managers or other employees and agents who shall, subject to the general direction of the Board of Directors, be responsible for the day-to-day operation of the Association. The Board shall also be authorized to delegate the administration of its duties and powers by written contract to a managing agent or administrator employed for that purpose by the Board.

Consistent with the provisions of this Declaration, the Articles, and the Bylaws, the Board of Directors shall be vested with all the powers reasonably necessary for the operation of the Association. In case of ambiguity or omission, the Board may interpret the Declaration and the other Constituent Documents, and the Board's interpretation shall be final if made without malice or fraud. Notwithstanding the foregoing, the Declarant may overrule any interpretation affecting it, for so long as Declarant owns any portion of the Property; and such interpretation cannot be enforced against the Declarant, its successors or assigns.

5.3 Rules and Regulations. By a majority vote of the Board of Directors, the Association may, from time to time adopt, amend and repeal Rules and Regulations with respect to all aspects of the Association's rights, activities and duties under this Declaration. The Rules and Regulations may, without limitation, (i) govern the use of the Property, including prohibiting, restricting or imposing charges for the use of any portion of the Property by Owners, Residents or others, (ii) interpret this Declaration, or (iii) establish procedures for operation of the Association or the administration of this Declaration; provided, however, that the Rules and Regulations shall not be inconsistent with this Declaration, the Articles, or the Bylaws. A copy of the Rules and Regulations, as they may from time to time be adopted, amended or repealed, shall be maintained in the office of the Association and shall be available to each Owner upon request.

5.4 Membership of Association. Every Owner of a Lot, upon acquiring title, shall automatically become a Member of the Association and shall remain a Member until such time as his ownership of such Lot ceases for any reason, at which time his membership shall automatically cease. Such Owner and Member shall abide by this Declaration and the Association's Rules and Regulations, shall pay the Assessments provided for in this Declaration when due, and shall comply with decisions of the Association's governing body. Conveyance of fee simple title to a Lot automatically transfers membership in the Association without necessity of further documents. Ownership of fee simple title to a Lot shall be the sole qualification for membership, and membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to Assessment and this Declaration.

5.5 Voting. Each Member shall have one vote with respect to each Lot owned by such Member. No Owner, whether more than one (1) person or entity, shall have more than one (1) membership or more than one (1) vote per Lot owned, but all persons or entities owning a Lot shall be entitled to the rights of membership and of use and enjoyment because of that ownership. The foregoing notwithstanding, any combination of two (2) or more of the Lots for the purpose of building one office, general business, or other commercial building thereon will be considered two (2) or more Lot(s) for purposes of membership, voting, and assessment purposes.

5.6 Maintenance Obligations of the Association. The Association, at its expense, shall maintain, operate and keep in good repair, unless such obligations are assumed by any municipal or governmental agency having jurisdiction thereof, the Common Areas and all improvements located thereon for the common benefit of the Property and the Subdivision. This shall include, without limitation, the maintenance, repair, replacement and painting of the following landscaping and improvements (to the extent that such improvements or landscaping are located upon or constitute Common Areas): (a) all private roadways, driveways, pavement, sidewalks, walkways and uncovered parking spaces; (b) all lawns, trees, grass and landscape areas, shrubs and fences, except as otherwise set forth hereinbelow; and (c) all conduits, ducts, utility pipes, plumbing, wiring and other facilities which are part of or located in, or for the furnishing of utility services to, the Common Areas and which are not for the exclusive use of a single Lot.

The Association did not construct the improvements situated in or on the Property, and the Association does not warrant in any way or for any purpose the improvements in or on the Property. The Association hereby expressly disclaims any and all warranties, whether express or implied, associated with such improvements. Likewise, construction defects are not the responsibility of the Association.

The Association shall make the determination as to when maintenance, repair, replacement and care which it is required to perform shall be done, and its determination shall be binding. The Association shall have a reasonable time in which to make any repair or do any other work which it is required to do under the Constituent Documents, and the Association must first have actual knowledge of a problem before it shall be required to take any action with respect thereto. Any determination of the reasonableness of the Association's response must allow for the fact that the Association is a volunteer and nonprofit organization and that the funds available to the Association are limited.

Declarant and/or the Association shall have the right to employ a manager to oversee and implement the Association's maintenance obligations, and any such management fees incurred thereby shall be paid by the Association. The Association shall also perform the other duties prescribed by this instrument or the Association's Articles of Incorporation, Bylaws, and/or Rules and Regulations.

5.7 Maintenance Obligation of the Lot Owners. The responsibilities of each Lot Owner shall include:

5.7.1 To clean, maintain, keep in good order, repair and replace at his or her expense all portions of his or her Lot and any office, general business, or other commercial building or other structure located thereon. Any repair, replacement and maintenance work to be done by an Owner must comply with any Rules and Regulations of the Association including architectural control and visual harmony.

5.7.2 To perform his responsibilities in such manner so as not unreasonably to disturb other Lot Owners or other persons within the Subdivision.

5.7.3 Not to paint or otherwise alter, decorate or change the appearance of any exterior portion of any office, general business, or other commercial building or other structure located on his Lot, without the written consent of the Association.

5.7.4 Not to impair the use of any easement without first obtaining the written consents of the Association and of the Owner or Owners for whose benefit such easements exist.

5.7.5 Each Lot Owner shall be deemed to agree, by acceptance of delivery of a deed to a Lot, to repair and/or replace at his or her expense all portions of the Common Areas which may be damaged or destroyed by reason of his or her own intentional or negligent act or omission, or by the intentional or negligent act or omission of any invitee, Tenant, licensee, or family member, including, but not limited to, any repairs necessary which result from damage incurred by vehicles owned by the Lot Owner, or owned by any guest, invitee, Tenant or licensee of such Lot Owner. To the extent that any Common Area is damaged as an insurable loss and the proceeds from the Association's insurance policy are utilized to pay for the loss, the Owner shall be responsible for payment of the deductible as an Individual Assessment in accordance with Section 6.5 and Section 8.4 below.

5.8 Construction Defects. The obligations of the Association and of Owners to repair, maintain and replace the portions of the Subdivision for which they are respectively responsible shall not be limited, discharged or unreasonably postponed by reason of the fact that any maintenance, repair or replacement may be necessary to cure any latent or patent defects in materials or workmanship in the construction of the project. The undertaking of repair, maintenance or replacement by the Association or Owners shall not constitute a waiver of any rights against any warrantor but such rights shall be specifically reserved. Likewise, this Section 5.8 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if the Association does not have the means or the funds to repair the defect or if by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

5.9 Effect of Insurance or Construction Guarantees. Notwithstanding the fact that the Association and/or any Lot Owner may be entitled to the benefit of any guarantee of material and workmanship furnished by any construction trade responsible for any construction defects, or to benefits under any policies of insurance providing coverage for loss or damage for which they are respectively responsible, the existence of a construction guarantee

or insurance coverage shall not excuse any unreasonable delay by the Association or any Lot Owner in performing his obligation hereunder. Likewise, this Section 5.9 is not intended to work for the benefit of the person or entity responsible for the construction defect. Also, performance by the Association may be delayed if the Association does not have the means or the funds to repair the defect or if, by repairing the defect, the Association would be compromising the right to sue to have the defect corrected and/or to collect damages caused by the defect.

ARTICLE VI: COVENANT FOR ASSESSMENTS

6.1 Covenant. The Common Expenses shall be shared by the Lot Owners. Declarant by execution of this Declaration, and each Lot Owner by acceptance of a deed for a Lot or any portion thereof (whether or not so expressed in the deed), hereby covenant and agree to pay the Assessments provided for herein and in the Bylaws, such Assessments to be established and collected in accordance with the terms hereof and as otherwise provided in the Bylaws. The Assessments, together with interest, costs, and other charges, including reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the Lot against which each Assessment is made. Each Assessment shall also be the direct obligation of the Owner of the Lot at the time when the Assessment fell due.

The lien under this Article VI arises automatically, and no notice of lien need be recorded to make the lien effective. However, a notice of lien may be filed in accordance with applicable law if the Association, in its discretion, deems the filing of such notice prudent under the circumstances.

Assessments for a Lot Owner shall be determined by the Association based upon the proportion that each Lot bears to the aggregate number of Lots located on the Property, except those owned by Declarant which are not assessed in accordance with Sections 6.2 and 6.3 below or as otherwise provided in Section 5.5.

6.2 Regular Assessments. Regular Assessments for the payment of the Common Expenses shall be made in the manner provided herein and otherwise as provided in the Bylaws. The Regular Assessment is established for the benefit and use of the Association and shall be used in covering all of the Common Expenses. The initial yearly Regular Assessment is \$600.00 per Lot and shall be subject to change or adjustment as provided in the Bylaws or as otherwise provided herein.

The yearly Regular Assessment provided for herein shall commence as to each Owner of a Lot, except Declarant, on the first day following the initial conveyance of the Lot to the Owner. At the closing for the said transfer of the Lot to the Owner, the purchaser of the Lot shall be required to pay a pro-rata share of the Regular Assessment due in the year of closing based on the number of days remaining in the year. The Declarant and its successors and assigns shall not be required to pay the Regular Assessment for any Lot which it owns until such time as Declarant transfers the Lot to a third party or until it constructs a building or other similar structure or improvement on a Lot to which it retains ownership. The Board of Directors shall fix the amount of the yearly Regular Assessment to be paid by each Member against each Lot at the beginning of each calendar year or at such other time as the Board may deem appropriate. Written notice of the yearly Regular Assessment shall be sent to every Member subject thereto. The Board of Directors shall also establish the due dates for the yearly Regular Assessments.

If the Association is paying the water and/or sewer bill(s) for the Subdivision or any Lot Owner within the Subdivision, the Association may assess each Lot Owner benefited for its share of the water and/or sewer bill(s). Each Lot Owner subject to Assessments shall generally bear an equal share of the bill, but the Association can assess an extra amount against a Lot Owner to recover the cost of any extraordinary amount of water used by that Lot Owner. "Extraordinary" shall be as determined in the sole discretion of the Board of Directors. The Assessment for water and sewer shall be part of the Regular Assessment and shall be considered a Common Expense.

6.3 Special Assessment. In addition to levying Regular Assessments, and to the extent that the reserve fund, if any, is insufficient, the Board of Directors may levy Special Assessments to construct, structurally alter, repair, or replace improvements which are a part of the Common Areas. The Board of Directors shall calculate each Lot's proportionate share of the Special Assessment for the capital improvements, and shall give the Lot

Owner(s) written notice of the proportionate share and of the date(s) that the Special Assessment is due and payable. The foregoing notwithstanding, Declarant shall not be liable for any Special Assessment with respect to any Lot which it owns unless Declarant shall have, at the time the Special Assessment is made, constructed a building or other similar structure or improvement on such retained Lot.

6.4 Individual Assessment. In the event that the need for maintenance, repair or replacement of the Common Areas or any improvement on the Property, for which the Association has the maintenance, repair and/or replacement obligation, is caused through the willful or negligent act of an Owner, his family, his pet(s), or his Resident, the cost of such maintenance, repairs or replacements shall be paid by such Owner. The Board shall have the maintenance, repair or replacement done and the cost thereof shall be provided by the Board to said Owner and shall be paid by said Owner within thirty (30) days thereafter, unless an earlier date is otherwise set forth herein.

6.5 Fine Assessments. In addition to all other remedies of the Association, the Board of Directors, or a committee or panel established by the Board of Directors, may levy a reasonable Fine Assessment, as a fine or penalty for violation of this Declaration or the Articles, Bylaws, or Rules and Regulations of the Association, all in accordance with applicable law.

6.6 Billing. The Association shall inform each Lot Owner of the amount of the total Assessment due from the Owner of that particular Lot. Assessments may be paid in yearly installments or as otherwise required by the Association. Payment is to be made to such person at such an address as the Association determines.

6.7 Common Surplus. If the Regular Assessment collected in any given year is in excess of the actual Common Expenses for that year, the Board may, at its sole discretion: (a) return each Owner's share of the Common Surplus; (b) credit each Owner's share of the Common Surplus to each Owner's payment for the Regular Assessment for the following year; or (c) apply the Common Surplus to the reserve.

6.8 Assessment Certificate. The Association shall, upon demand, at any reasonable time, furnish to any Owner liable for Assessments a certificate in writing signed by an Officer or other authorized agent of the Association, setting forth the status of said Assessments; i.e., "current", and if not current, "delinquent" and the amount due. Such certificate shall be conclusive evidence of the payment of any Assessment therein stated to have been paid. A reasonable charge to cover labor and materials may be made in advance by the Association for each certificate.

6.9 Non-Payment of Assessment. Any Assessments levied pursuant to these covenants which are not paid on the date when due shall be delinquent and shall, together with such interest and other costs as set out elsewhere in this Declaration, the Bylaws, or the Rules and Regulations, thereupon become a continuing lien upon the Lot which shall bind the Lot in the hands of the then Owner and the Owner's successors and assigns.

The Association may impose a late charge against any Lot Owner who fails to pay any amount assessed by the Association against his Lot within ten (10) days after such Assessment is due and payable. The amount of the late charge shall be as determined by the Association. The initial amount of the late charge shall be the greater of: (a) Twenty Dollars (\$20.00), or (b) fifteen percent (15%) of the delinquent amount.

If the Assessment is not paid within thirty (30) days after the due date, the Assessment shall bear interest at a reasonable rate of interest as determined by the Association from time to time, not to exceed the maximum amount allowed by law, such interest to be considered a part of the Assessment. The initial rate of interest shall be ten percent (10%) per annum.

If any Owner fails to pay an Assessment within thirty (30) days of the date when due, the Association, in its discretion, may immediately accelerate all Assessments due for the remainder of that calendar year by giving written notice of acceleration to the said Owner, and such amount shall bear interest from the date of sending of the notice of acceleration. If the accelerated amount is not paid within ten (10) days after written notice of acceleration is sent to the Owner, the late charge set forth above may be imposed on the part of such accelerated amount not paid by the due date.

The Association may bring an action at law against the Owner personally obligated to pay any Assessment and/or foreclose the lien against the Lot, in either of which events interest, costs and reasonable attorney fees shall be added to the amount of each Assessment. It is hereby expressly acknowledged and agreed that the Assessment lien includes all collection costs, including demand letters, preparation of documents, reasonable attorney fees, court costs, filing fees, collection fees, and any other expenses incurred by the Association in enforcing or collecting the Assessment. No Owner of a Lot may waive or otherwise escape liability for his or her contribution to the Common Expenses or for the Assessments by non-use or waiver of the use or enjoyment of the Common Areas or by abandonment of his Lot.

6.10 Priority of Association Lien. The lien provided for in this Article VI shall take priority over any lien or encumbrance subsequently arising or created, except liens for real estate taxes and assessments and liens of bona fide first mortgages which have been filed of record before a claim of lien hereunder has been docketed in the office of the Clerk of Superior Court in Lincoln County, and may be foreclosed in the same manner as a mortgage on real property under power of sale in an action brought by the Association in accordance with applicable law. The Association is entitled to recover its reasonable attorney fees and court costs and collection costs, as part of the lien. In any such foreclosure action, the Association shall be entitled to become a purchaser at the foreclosure sale.

ARTICLE VII: EASEMENTS AND ENCUMBRANCES

7.1 Lot's Utility Easements. Easements are granted in favor of each Lot Owner to and throughout the Common Areas and, if necessary, the setback areas of any other Lots, as may be necessary for the installation, maintenance, repair and use of underground water, gas, sewer, power and other utilities and services, now or hereafter existing, including maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components. The foregoing notwithstanding, no Lot Owner may exercise the easement rights reserved in this Section 7.1 without the prior written approval of the Board or the Review Committee.

7.2 Declarant's or Association's Utility Easements. Easements are reserved and/or granted hereby in favor of the Declarant and/or the Association through each Lot (provided that such easements shall not materially and unreasonably interfere with the use of any building or other structure located upon any Lot) and the Common Areas for the purpose of installing, laying, maintaining, repairing and replacing any pipes, wires, ducts, conduits, equipment, fixtures, utility, power or communication lines or equipment, or other components throughout the Common Areas. Without limiting any other provision in this Article VII, it is understood that Declarant's easement rights reserved herein may be utilized for the benefit of property within or outside of the Subdivision. Each Lot Owner by acceptance of a deed conveying such ownership interest and each mortgagee encumbering such ownership interest, as the case may be, hereby irrevocably appoint Declarant, or the Association, as the case may be, as his attorney in fact, coupled with an interest, and authorize, direct and empower such attorney, at the option of the attorney, to execute, acknowledge and record for and in the name of such Lot Owner and his mortgagee, such easements or other instruments as may be necessary to effect the purpose of this Section 7.2. The easements may be assigned and/or granted by the Declarant and/or the Association to any utility or service company.

7.3 General Easements. An easement is hereby reserved and/or granted in favor of the Declarant and/or the Association in, on, over and through the Common Areas, the Lots, and/or any buildings or other structures or improvements situated thereon for the purposes of maintaining, cleaning, repairing, improving, regulating, operating, policing, replacing and otherwise dealing with the Common Areas, Lots and/or all improvements thereon as required or permitted by the Constituent Documents or applicable law. An easement is hereby reserved in favor of Declarant over the Common Areas for the purpose of advertising or promoting sales of Lots in the Subdivision.

7.4 Access Easement. Appurtenant to each Lot is an easement over any Common Area for necessary pedestrian and vehicular ingress, egress, and regress to and from any such Lot over the Common Areas, to and from a thoroughfare. The easement shall be over such walkways, driveways, or other ways as are designated by the Declarant and/or the Association and shall be subject to the terms of the Constituent Documents.

Declarant further reserves an easement for itself, its grantees, successors and assigns, to enter upon the Subdivision for access, including ingress and egress for both vehicles and pedestrians, to and from any public street, road, land, walkway or right-of-way. The easement shall be over the streets, sidewalks, bridges and other access ways of the Subdivision. Declarant further reserves the right to connect, at Declarant's expense, to any street, roadway, walkway or other means of access that are located on the Common Areas of the Subdivision. This reservation of access easements and the right of connection should be construed liberally in favor of the Declarant, in order to facilitate the development of all or any portion of the Subdivision.

7.5 Use of Easement. Any use of the rights and easements granted and reserved in this Article VII shall be reasonable. If any damage, destruction, or disturbance occurs to a Lot or Common Area as a result of the use of any easement or right, the Lot or Common Area shall be restored by, or at the direction of, the Association promptly in a reasonable manner at the expense of the person or persons making the use of the easement or right that resulted in the damage, destruction or disturbance. Before beginning work, the Association may require all or any part of the expected expense to be prepaid by that person or those persons liable for the expense. Additionally, should any Lot Owner other than Declarant elect to exercise its easement rights hereunder, it shall be required to obtain the Board's prior written approval (not to be unreasonably withheld), after providing the Board with detailed plans of its proposed work, as well as evidence of appropriate insurance and other such reasonable information or assurances as the Board may require. No easement may be granted across, through, over, or under any Lot or Common Area which materially restricts ingress, egress, and regress to the Lot or Common Area unless reasonable alternate ingress, egress, and regress is provided or unless the restriction is only temporary. All easements reserved hereunder shall be perpetual and non-exclusive.

7.6 Reservation of Construction Easement by Declarant. The Declarant reserves the non-exclusive right and easement to temporarily go upon the Subdivision in order to complete the development of the Subdivision and the construction of the improvements to be located therein, and to develop other neighboring land now owned or which may hereafter be owned by Declarant. The easement should be construed broadly in favor of the Declarant, including giving Declarant the right to store temporarily construction materials, equipment or dirt. After the construction is finished, Declarant must, at Declarant's cost, repair any damage done to the Subdivision including to any landscaping. As soon as reasonably possible after Declarant has completed construction on the neighboring land, Declarant must remove all debris, equipment, materials and dirt from the Subdivision.

7.7 Roadway Easement. Declarant hereby reserves for the benefit of and grants to all Lot Owners the non-exclusive right of ingress, egress, and regress on, over and across all public and private roadways (the "Roadways") located on or to be located on a portion of the Subdivision which Roadways extend between one or more publicly dedicated streets. Roadways (other than those, if any, that have been accepted by applicable governmental authorities for maintenance) constitute Common Areas and shall be maintained, insured, and repaired by the Association in accordance with this Declaration. The Declarant hereby reserves the right (but not the obligation), in its sole discretion, to annex additional Roadways into the Subdivision. Notwithstanding the foregoing to the contrary, no part of the Roadways shall be dedicated or transferred to a unit of local government without the acceptance of the unit of local government involved.

All non-dedicated streets constructed within the Subdivision are reserved as easements of public access for the common use of Owners of Lots and their families, tenants, guests and invitees, by commercial vehicles authorized to make pick-ups and deliveries, by public and private utilities' personnel, trucks and equipment, by postal authorities and mail carriers, by emergency personnel and vehicles such as police, fire and ambulance, and by such other persons or classes of persons authorized by the Board of Directors of the Association, as a means of ingress, egress, or regress, and for such other uses as may be authorized from time to time by said Board. Such non-dedicated streets may also include underground utility lines, mains, sewers or other facilities to transmit and carry sanitary sewerage and storm water drainage. Except as provided by this Declaration, no acts shall be taken or things done by an Owner or the Association which are inconsistent with the reservation and grant of use and enjoyment hereinabove provided.

7.8 Declarant's Easements: General. The easements and grants reserved for and granted to the Declarant also benefit and bind any heirs, successors and assigns of Declarant and their respective guests, invitees or lessees, including, without limitation, assignees of Declarant who do not own property within the Subdivision.

7.9 Easements to Run with Land. All easements and rights described in this Article VII are easements appurtenant, running with the land, perpetually in full force and effect, and at all times shall inure to the benefit of and be binding on the Declarant, its successors and assigns, and any Owner, purchaser, mortgagee, and other person or entity now or hereafter having an interest in the Subdivision, or any part or portion of it.

7.10 Reference to Easements and Deeds. Reference in the respective deeds of conveyance or any mortgage or trust deed or other evidence of obligation to this Declaration or the easements and rights described in this Declaration shall be sufficient to create and reserve such easements and rights to the respective grantees, mortgagees and trustees in said instruments as fully and completely as if such easements and rights were recited fully and set forth in their entirety in such instruments.

ARTICLE VIII: INSURANCE

8.1 Procurement of Insurance. The Association shall procure and carry such insurance policies in such amounts and with such carriers as the Association determines are reasonably necessary for the protection of the Common Areas and any other parts of the Property which may be the responsibility of the Association or as otherwise reasonably necessary for the protection of the Association's interests and those of the Lot Owners and their mortgagees as their interests may appear. All premiums upon insurance purchased by the Association shall be Common Expenses.

8.2 Ownership of Policies; Use of Proceeds. The Association shall purchase all such insurance policies for the benefit of the Association, the Lot Owners and their mortgagees as their interests may appear, subject to the provisions of this Declaration and the Bylaws. All such insurance coverage obtained by the Association shall be written in the name of the Association, for the use and benefit of the Association, the Lot Owners and their mortgagees as their interests may appear. Proceeds of all insurance policies owned by the Association shall be received by the Association for the use of the Lot Owners and their mortgagees as their interest may appear; provided, however, the proceeds of any insurance received by the Association because of property damage shall be applied to repair and reconstruction of the damaged property, except as may otherwise be permitted by this Declaration.

8.3 Power of Attorney. Each Lot Owner shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of any insurance policy obtained by the Association. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, the Lot Owners and their respective mortgagees as their interest may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Lot Owners and the Subdivision as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters.

8.4 Responsibility of Lot Owner. The Association shall not be responsible for procurement or maintenance of any insurance covering any Lot, or the contents of any Lot or building or other structure located thereon nor the liability of any Lot Owner for injuries not caused by or connected with the Association's operation, maintenance or use of the Common Areas or other property located in the Subdivision. Each Lot Owner shall, at his or her own expense, obtain public liability insurance for personal injuries or damage arising out of the use and occupancy of or occurring within his Lot or any building or other structure located thereon. In addition, each Lot Owner shall maintain fire and extended coverage insurance on any building or other structure located on his Lot and the contents of same. The Association may request the Lot Owner to provide a copy of the policy(s) to the Association evidencing this insurance coverage at any time.

Each Lot Owner agrees that if any Owner damages a building or other improvements now or at any time hereafter constituting a part of the Common Areas of the Subdivision which is covered under the Association's insurance policy, the Owner or Owners causing such damage shall be responsible for paying the lesser of: (a) the insurance deductible due under the Association's insurance policy; or (b) the cost to repair and/or replace any damage to a building or other improvements, which amount shall be due within ten (10) days after the mailing of

written notice of such deductible due or replacement/repair costs to the responsible Lot Owner(s). In the event a Lot Owner refuses or fails to pay the insurance deductible or replacement/repair costs in the time period provided in the preceding sentence, the amount thereof may be advanced by the Association and the amount so advanced by the Association shall be assessed to such Owner as an Individual Assessment, which shall be due and payable following seven (7) days written notice.

8.5 Release. All policies purchased under this Article VIII by either the Association or the individual Lot Owners shall provide for the release by the issuer thereof of any and all rights of subrogation or assignment and all causes of action and rights of recovery against any Lot Owner, member of their family, their employees, their tenants, servants, agents and guests, the Association, any employee of the Association, the Board, or any occupant of a building or other structure in the Subdivision, for recovery against any one of them for any loss occurring to the insured property resulting from any of the perils insured against under the insurance policy.

ARTICLE IX: MISCELLANEOUS

9.1 Enforcement. The Association or any Lot Owner may enforce these covenants, conditions and restrictions. Enforcement of these covenants, conditions and restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate any covenant, condition or restriction ("Violating Party"), either to restrain or enjoin violation or to recover damages, and against the land to enforce any lien created by these covenants. In addition to all other amounts due on account of said violation or attempted violation, the Violating Party shall be liable to the parties enforcing the covenants and/or restrictions of this Declaration (the "Enforcing Parties") for all reasonable attorney fees and court costs incurred by the Enforcing Parties. Failure or forbearance by the Association or any Owner to enforce any covenant, condition or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. In any lawsuit filed to enforce this Declaration by injunction or restraint, there shall be and there is hereby created and declared to be a conclusive presumption that any violation or breach or any attempted violation or breach of any of the within covenants, conditions or restrictions cannot be adequately remedied by action at law or by recovery of damages.

In addition to the above rights, the Association may also enter upon a Lot or any land upon which a violation exists to remove any violation, perform maintenance or make repairs thereon which is the responsibility of a Lot Owner who has failed to remove said violation or to perform such maintenance or make such repairs (i) after having given such owner at least ten (10) days prior notice, or (ii) without giving notice in the event of an emergency.

Any action brought by the Association hereunder may be brought in its own name, in the name of its Board or in the name of its managing agent. In any case of flagrant or repeated violation by a Lot Owner, he or she may be required by the Association to give sufficient surety or sureties for his or her future compliance with the covenants, conditions and restrictions contained in this Declaration, the Bylaws and the Rules and Regulations.

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

9.3 Restrictions Run With Land. The easements or other permanent rights or interests herein created and the covenants and restrictions of this Declaration shall run with and bind the land and shall inure to the benefit of and be enforceable by the Association or the Owner of any Lot subject to this Declaration and their respective legal representatives, heirs, successors, and assigns.

9.4 Amendment. This Declaration may be amended at any time, as long as such amendment is consistent with the design, scheme, and purposes of this Declaration, by the affirmative vote or written agreement of Lot Owners, who as Members of the Association, hold not less than two-thirds (2/3) of all the votes in the Association (determined in accordance with Section 5.4 and Section 5.5 above). Any amendment so made must be recorded in the Lincoln County Register of Deeds.

9.5 Reservation of Special Declarant Rights. Declarant shall have the right to annex additional Lots or Common Areas into the Subdivision by filing a supplement to this Declaration in the Lincoln County Public Registry

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together with an amendment to the Plat (if applicable). Such additional Lots or Common Areas need not be contiguous to the Property. Declarant shall have the right to assign all or a portion of any rights or easements reserved herein by a written assignment thereof, recorded in the Lincoln County Public Registry.

9.6 Captions and Titles. All captions, titles or headings in this Declaration are for the purpose of reference and convenience only and are not deemed to limit, modify or otherwise affect any of the provisions hereof, or to be used in determining the intent or context thereof.

9.7 Notices. Except as otherwise provided in this Declaration, any notice to any Owner under this Declaration shall be in writing, shall be effective, unless otherwise provided herein, on the earlier of (i) the date when received by such Owner, or (ii) the date which is three days after mailing (postage prepaid) to the last address of such Owner set forth in the books of the Association. The address of an Owner shall be at his Lot (or any of them if more than one) unless otherwise specified in writing to the Association. The Owner has the sole responsibility of keeping the Association informed of the Owner's current address if different from the Lot owned. Otherwise notice sent by the Association to the Lot is sufficient for any notice requirement under this Declaration. The Articles and Bylaws shall specify the permissible manner of giving notice for voting and all other Association matters for which the manner of giving notice is not prescribed in this Declaration.

9.8 Governing Law. This Declaration shall be deemed to be made under, and shall be construed in accordance with and shall be governed by, the laws of the State of North Carolina, and suit to enforce any provision hereof or to obtain any remedy with respect hereto shall be brought in state court in Lincoln County, and for this purpose each Owner by becoming such hereby expressly and irrevocably consents to the jurisdiction of said court.

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

BALSOM RIDGE LLC A North Carolina Limited Liab
Company
By: Norman Charles Group, LLC, Manager

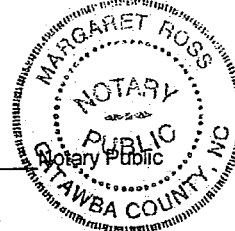
By: Ronald Lynn May
Ronald Lynn May, Manager

I, the undersigned, a Notary Public of the County and State aforesaid, certify that Ronald Lynn May personally appeared before me this day and acknowledged that he is Manager of Norman Charles Group, LLC, a North Carolina Limited Liability Company which is the Manager of Balsom Ridge LLC, a North Carolina Limited Liability Company and that he, as Manager, being authorized to do so, executed the foregoing on behalf of Norman Charles Group, LLC as Manager of Balsom Ridge, LLC.

Witness my hand and official stamp or seal this 23rd day of April, 2007.

My commission expires: 7.22.2010

Margaret Ross



Legal Description

BEING located in Lincoln County, North Carolina, and being more particularly depicted as eighteen (18) subdivided office, business, or other commercial building Lots, together with associated Common Areas (including private alleys, public rights of way, private parks and common open space depicted as "COS") on a plat of survey entitled Final Plat for Balsom Ridge Business Park recorded in Plat Book 14 at Pages 211 and 212, Lincoln County Public Registry.

Such Property is more particularly described as:

BEGINNING at a point in the centerline of NC Highway #16, said beginning point marking the Southwest corner of property of Timothy Smith (now or formerly) (Deed Book 1243 Page 162) and running thence a common line with property of Timothy Smith the following two (2) courses and distances as follows: (1) North 65 deg. 23 min. 44 sec. East 418 feet to a #4 rebar; and (2) North 23 deg. 45 min. 58 sec. West (crossing a point at 5.24 feet) a total distance of 198.23 feet to a #4 rebar; thence with the arc of a curve to the right having a radius of 25.00 feet and an arc distance of 30.77 feet (having a chord bearing and distance of South 79 deg. 20 min. 24 sec. East 28.87 feet) to a point; thence continuing with the arc of curve to the left having a radius of 50.00 feet and an arc distance of 218.63 feet (having a chord bearing and distance of North 10 deg. 39 min. 36 sec. East 81.65 feet) to a point; thence running two (2) common lines with property of Denver Industrial Partner (now or formerly) (Book 1544 Page 206) as follows: (1) North 65 deg. 23 min. 44 sec. East 20.65 feet to a #4 rebar and (2) North 23 deg. 46 min. 00 sec. West 175.00 feet to a #4 rebar; thence running two (2) common lines with property of Burton-Freeman LLC (now or formerly) (Deed Book 1093 Page 308) as follows: (1) North 65 deg. 23 min. 44 sec. East 1,703.49 feet to a 2 inch pipe and (2) North 04 deg. 11 min. 50 sec. West (crossing a #5 rebar at 221.08 feet) a total distance of 401.39 feet to an old stump hole; thence running a common line with property of Lee B. Killian (now or formerly) (92 E-225) South 83 deg. 21 min. 18 sec. East 588.26 feet to a #5 rebar; thence South 08 deg. 22 min. 57 sec. East 500.00 feet to a point; thence South 69 deg. 29 min. 50 sec. East 16.74 feet to a #4 rebar; thence running the following 38 courses and distances with property of John Furrow (now or formerly) (Book 1602 Page 768) with a branch and with property of Denver Industrial Park as follows:

Course	Bearing	Distance
L1	S 81E18'41" E	96.53'
L2	S 12E45'18" E	38.68'
L3	S 34E53'18" E	101.62'
L4	S 31E48'33" E	53.96'
L5	S 08E47'44" E	60.01'
L6	S 44E36'23" W	168.39'
L7	S 62E20'34" W	160.47'
L8	N 53E48'39" W	18.40'
L9	S 49E14'46" W	35.75'
L10	S 29E53'33" W	37.62'
L11	S 18E18'29" W	53.68'
L12	S 36E52'59" W	168.48'
L13	S 49E36'26" W	35.85'
L14	S 07E21'15" E	82.66'
L15	S 55E46'06" W	19.85'
L16	N 40E29'20" W	33.39'
L17	S 26E17'10" W	48.76'
L18	S 38E44'37" E	41.72'
L19	S 49E42'55" W	50.74'

L20	S 62E24'21" W	55.57'
L21	S 39E48'56" E	28.01'
L22	S 52E02'45" W	53.80'
L23	N 29E36'13" W	32.08'
L24	S 73E51'07" W	72.63'
L25	S 48E10'12" E	27.17'
L26	S 21E59'22" W	67.49'
L27	S 68E30'43" W	29.67'
L28	S 24E35'09" W	22.21'
L29	N 84E40'58" W	46.47'
L30	S 37E56'33" W	76.86'
L31	S 21E08'11" E	52.55'
L32	S 59E54'49" W	159.31'
L33	S 89E57'24" W	122.26'
L34	N 17E03'24" W	26.71'
L35	N 87E17'07" W	35.38'
L36	S 47E31'21" W	39.37'
L37	N 23E08'47" W	83.48'
L38	S 67E50'03" W	300.00'

Thence running three (3) courses and distance with property of Lee B. Killian and Brenda Killian (now or formerly) (Book 244 Page 619; Book 894 Page 152; Book 966 Page 271) as follows: (1) South 86 deg. 54 min. 30 sec. West 363.49 feet to a #4 rebar; (2) North 41 deg. 44 min. 03 sec. West 260.46 feet to a #4 rebar; (3) South 89 deg. 55 min. 25 sec. West 469.18 feet to a #4 rebar; thence running a common line with an "out parcel" (0.879 ac) South 62 deg. 23 min. 33 sec. West (crossing a monument at 195.05 feet) a total distance of 229.64 feet to a point in the center line of NC Highway # 16; thence running with the centerline of NC Highway #16 North 23 deg. 46 min. 03 sec. West 69.66 feet to the point and place of BEGINNING containing 55.954 Acres more or less.

This description is in accordance with plat and survey entitled "Boundary Survey for Ronald Lynn May" prepared by Ronnie Dedmon Surveyors dated February 3, 2006 (a copy of which is recorded at Book 1840 Page 098-102), and being the same property conveyed by Warranty Deed from Denver Industrial Partners; Lee B. Killian et ux and Ernestine K. Killian et vir to Balsom Ridge LLC (Book 1840 Page 098).