
DECLARATION	1
ARTICLE ONE: PROPERTY SUBJECT TO THIS DECLARATION	1
SECTION 1.1 EXISTING PROPERTY	1
SECTION 1.2 ADDITIONS TO EXISTING PROPERTY	2
SECTION 1.3 ACCESS EASEMENT RESERVED	2
ARTICLE TWO: DEFINITIONS	3
ARTICLE THREE: GENERAL PROVISIONS	5
SECTION 3.1 DURATION.....	5
SECTION 3.2 NOTICES.....	6
SECTION 3.3 ENFORCEMENT.....	6
SECTION 3.4 SEVERABILITY.....	6
ARTICLE FOUR: ARCHITECTURAL CONTROL	6
SECTION 4.1 PURPOSES.....	6
SECTION 4.2 ARCHITECTURAL CONTROL	6
SECTION 4.3 ARCHITECTURAL CONTROL COMMITTEE	7
ARTICLE FIVE: RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANT AND OWNERS	8
SECTION 5.1 PERMISSIBLE USES	8
SECTION 5.2 DIVISION OF LOTS: NO TIME SHARING	9
SECTION 5.3 WATER AND SEWER FACILITIES.....	9
SECTION 5.4 UTILITIES AND OTHER EASEMENTS.....	9
SECTION 5.5 MINIMUM SQUARE FEET IN DWELLING UNIT AND SET BACKS	10
SECTION 5.6 TEMPORARY STRUCTURES	10
SECTION 5.7 GARBAGE AND STORAGE RECEPTACLES	10
SECTION 5.8 DEBRIS.....	11
SECTION 5.9 ANTENNAS	11
SECTION 5.10 LANDSCAPE PLAN: LANDSCAPING.....	11
SECTION 5.11 TREES AND FOLIAGE	11
SECTION 5.12 UNSIGHTLY CONDITIONS	11
SECTION 5.13 NO OFFENSIVE ACTIVITY	12
SECTION 5.14 CERTAIN PLANTS, ANIMALS AND PETS	12
SECTION 5.15 MOTORIZED VEHICLES.....	12
SECTION 5.16 PROHIBITED PARKING	12
SECTION 5.17 SIGNAGE	12
SECTION 5.18 MAIL AND DELIVERY BOXES	13
SECTION 5.19 ABOVE-GROUND POOLS.....	13
SECTION 5.20 IN-GROUND POOLS	13
SECTION 5.21 FENCES.....	13
SECTION 5.22 BOAT DOCKS	13
SECTION 5.23 DRIVEWAYS	13
SECTION 5.24 TIMELY COMPLETION.....	13
ARTICLE SIX: MEMBERSHIP; VOTING RIGHTS IN THE ASSOCIATION; RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION	14
SECTION 6.1 MEMBERSHIP	14
SECTION 6.2 VOTING RIGHTS	14
SECTION 6.3 RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION.....	14
SECTION 6.4 LIMITS ON LITIGATION OF THE ASSOCIATION.....	16
ARTICLE SEVEN: PROPERTY RIGHTS IN THE COMMON PROPERTIES	16
SECTION 7.1 MEMBERS’ EASEMENTS ENJOYMENT	16

Declaration of Restrictive Covenants – Deercroft Subdivision

SECTION 7.2 DELEGATION OF USE.....	16
SECTION 7.3 TITLE TO COMMON PROPERTIES.....	16
SECTION 7.4 EXTENT OF MEMBERS’ EASEMENTS.....	17
SECTION 7.5 LIMITED COMMON PROPERTY.....	18
ARTICLE EIGHT: COVENANT FOR PAYMENT OF ASSESSMENTS	18
SECTION 8.1 CREATION OF THE LIEN AND PERSONAL OBLIGATION FOR ASSESSMENTS	18
SECTION 8.2 PURPOSE OF ASSESSMENTS	19
SECTION 8.3 ASSESSMENT OF UNIFORM RATES WITHIN DIFFERENT CATEGORIES OR FORMS OF OWNERSHIP	19
SECTION 8.4 SPECIAL ASSESSMENTS FOR CAPITAL IMPROVEMENTS	19
SECTION 8.5 SPECIAL INDIVIDUAL ASSESSMENTS	20
SECTION 8.6 QUORUM FOR ANY ACTION UNDER SECTIONS 8.4 AND 8.12.....	20
SECTION 8.7 DATE OF COMMENCEMENT OF ANNUAL ASSESSMENT: DUE DATES.....	20
SECTION 8.8 DUTIES OF THE BOARD OF DIRECTORS.....	21
SECTION 8.9 EFFECT OF NON-PAYMENT OF AN OWNER’S ASSESSMENT: THE PERSONAL OBLIGATION OF THE OWNER: THE LIEN; REMEDIES OF ASSOCIATION.....	21
SECTION 8.10 SUBORDINATION OF THE LIEN ON AN OWNER’S PROPERTY TO MORTGAGES OR DEEDS OF TRUST	21
SECTION 8.11 EXEMPT PROPERTY	22
SECTION 8.12 MAXIMUM ANNUAL ASSESSMENT	22
SECTION 8.13 NEIGHBORHOOD ASSESSMENTS SEPARATE FROM MASTER ASSESSMENTS	22
ARTICLE NINE: EXTERIOR MAINTENANCE AND INSURANCE.....	22
SECTION 9.1 EXTERIOR MAINTENANCE.....	22
SECTION 9.2 ASSESSMENT OF COST ON EXTERIOR MAINTENANCE.....	23
SECTION 9.3 MAINTENANCE OF DWELLING UNITS	23
SECTION 9.4 TOWNHOUSES	23
ARTICLE TEN: RECREATIONAL FACILITIES.....	23
ARTICLE ELEVEN: AMENDMENT TO DECLARATION.....	24
SECTION 11.1 OWNER/MEMBER INITIATED	24
SECTION 11.2 WHEN EFFECTIVE; RECORDING; TITLE SEARCHING.....	24
ARTICLE TWELVE: CAPTIONS, INTRODUCTIONS AND GENDER.....	24
ARTICLE THIRTEEN: SEVERABILITY AND GOVERNING LAW.....	25

DECLARATION OF COVENANTS CONDITIONS AND RESTRICTIONS EFFECTIVE JANUARY 1, 2005

KNOW ALL MEN BY THESE PRESENTS THAT THE UNDERSIGNED PERSONS CONSTITUTE A MAJORITY OF THE OWNERS OF LOTS SHOWN ON THE RECORDED MAPS REFERRED TO IN ARTICLE ONE AND SAID PROPERTY OWNERS DO HEREBY CONSENT AND AGREE THAT, the real property described in Article One, and any additions thereto, is and shall be held, used, transferred, sold, conveyed and occupied subject to the terms, conditions and provisions of the covenants, conditions, restrictions, charges and liens (sometimes referred to herein as “covenants and restrictions”) as hereinafter set forth, and furthermore that the “covenants and restrictions” hereof shall hereby entirely replace, supersede, and be in lieu of the terms, conditions, and covenants of the Original Declaration as if this Declaration has been recorded originally in place of the Original Declaration. Chapter 47F of the North Carolina General Statutes entitled “North Carolina Planned Community Act” shall apply to this planned community and specifically shall be binding on each lot owner who is the current owner of a lot in Deercroft Subdivision or who may hereinafter acquire a lot in Deercroft Subdivision.

ARTICLE ONE: PROPERTY SUBJECT TO THIS DECLARATION

Section 1.1 Existing Property

The real property which is, and shall be, held, used, transferred, sold, conveyed and occupied subject to this Declaration (the “Existing Property”) is located in Scotland County, North Carolina, and includes all those certain lots or parcels of land shown and delineated on that certain map entitled “Deercroft Subdivision, Block 1 and a portion of Block 2, Section 1, made by J.F. Wampler Engineering, Inc. dated April 9, 1980 which map is duly recorded in the Office of the Register of Deeds of Scotland County, North Carolina in Book of Maps, Book 8P, Page 638 to which map reference is hereby made for a further and more complete description of said lots and parcels of land. Additional property:

Blocks 3, 4, & 5	Section 2	Book 8, Page 280
Blocks 2, 8, & 6	Section 3	Book 8, Page 281
Blocks 7, 8, 9, & 10	Section 4	Book 8, Page 317
Block 11, Portion of Block 1	Section 5	Book 8, Page 320
Portion of Block 11	Section 6	Book 8, Page 321
Portion of Block 11	Section 7	Book 8, Page 322
Portion of Block 12	Section 8	Book 8, Page 368
Portion of Block 12	Section 9	Book 8, Page 369
Portion of Block 13	Section 10	Book 8, Page 370
Block 14	Section 12	Book 8, Page 379
Block 13	Section 11	Book 8, Page 484
Portion of Block 15	Section 14	Book 9, Page 23
Portion of Block 15	Section 13	Book 9, Page 24
Portion of Block 15	Section 16	Book 9, Page 27
Portion of Block 15	Section 18	Book 9, Page 28
Block 15	Section 17	Book 9, Page 49
Block 16	Section 20	Book 9, Page 50
Revision Block 15	Section 13	Book 9, Page 56
Portion of Block 15	Section 15	Book 9, Page 57
Block 17	Section 20	Book 9, Page 82
Block 1	Section 30	Book 9, Page 98

Block 18	Section 20	Book 9, Page 116
Block 19	Section 40	Book 9, Page 137
Block 25	Section 30	Book 9, Page 171
Block 26	Section 30	Book 9, Page 193
Amended Block 25	Section 30	Book 9, Page 196
Block 27	Section 20	Book 9, Page 214
Lake Johnston and surrounding acres		Book of Deeds 890 Page 11-22
Blue Heron Courts		Book 8, Page 374
Blue Heron Court	Section 2	Book 9, Page 83
Blue Heron Court, Phase 4	Section 2	Book 10, Page 246
Blue Heron Court, Phase 4	Section 2	Book 10, Page 252

Section 1.2 Additions to Existing Property

Real property in addition to the Existing Property may hereafter become subject to this Declaration in the following manner:

a. Other Additions Upon approval in writing of the Association, pursuant to authorization by a two-thirds (2/3) or more vote at a duly called meeting, the owner of any property who desires to add such property to the scheme of this Declaration and subject such property to the jurisdiction of the Association must file of record a Supplemental Declaration. Any approval by the Association pursuant to this subsection shall be evidenced by the Association executing any such Supplemental Declaration(s).

b. Mergers Combinations or Consolidations Upon merger, combination or consolidation of the Association with another association, the properties, rights and obligations of the Association may, by operation of law, be transferred to another surviving or consolidated association, or, in the alternative, the properties, rights, and obligations of another association may, by operations of law, be added to those of the Association as the surviving corporation pursuant to a merger, combination or consolidation. The surviving or consolidated association may administer the restrictions established upon any other properties, as one scheme. No such merger, combination, or consolidation, however, shall effect any revocation, change, or addition to, the covenants and restrictions established by this Declaration within the Existing Property, except as herein provided.

c. Conveyance of Common Areas and/or Common Properties Following the recording of a Supplemental Declaration but prior to the conveyance of the first lot within the additional property, the owner of the additional property shall convey to the Association title of all Common Areas and Common Properties located within the additional property. Title shall be conveyed to the Association in the same manner as set forth in Section 7.3.

Section 1.3 Access Easement Reserved

An easement and right of ingress, egress and regress over and across all private streets and roads within The Properties, if any, is hereby granted to any applicable government agency, for the purpose of fulfilling their duties, including, without limitation, law enforcement, fire protection, garbage collection, delivery of the mail, and any other service related to keeping the peace and preserving the general welfare.

ARTICLE TWO: DEFINITIONS

The following words when used in this Declaration or any amended or Supplemental Declaration (unless the context shall require otherwise) shall have the following meanings:

“Assessment(s)” shall mean and refer to the Assessment(s) and charges levied by the Association against Members who are the Owners of Lots or Dwelling Units in The Properties and shall include Annual, Special, and Special Individual Assessments as described in Article Eight of this Declaration.

“Association” shall mean and refer to Deercroft Subdivision Homeowners and Recreation Association, Inc.

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

“Boundary Plat” shall mean and refer to all the subdivision maps of record as set forth in Section 1.1 of this document and any other plat of property that is to become subject to these restrictive covenants.

“Builder” shall mean a person or entity who is licensed by the State of North Carolina to engage in the residential construction business.

“Bylaws” shall mean and refer to the bylaws of the Association and all amendments thereto.

“Committee” shall mean and refer to the Architectural Control Committee established pursuant to Article Four hereof.

“Common Expenses” shall mean and refer to:

a) Expenses of administration, operation, utilities, maintenance, repair or replacement of the Common Properties, including payment of taxes and public assessments levied against the Common Properties.

b) Expenses declared Common Expenses by the provisions of this Declaration or the Bylaws.

c) Expenses agreed upon from time to time as Common Expenses by the Association and lawfully assessed against Members who are Owners of lots or dwelling units, in accordance with the Bylaws or this Declaration.

d) Any valid charge against the Association or against the Common Properties as a whole.

e) Any expenses incurred by the Association in connection with the discharge of its duties hereunder and under the Bylaws and its articles of incorporation.

“Common Property(ies)” or “Common Area(s)” shall mean and refer to those areas of land described or referred to as “Common Property”, “Common Properties”, “Common Area”, “Common Areas” or “Open Spaces” in any declaration of covenants, conditions and restrictions to which The Properties are submitted or subjected by the Declarant, or shown on any Recorded Plat, executed by the Declarant and any other owner of such areas of land, of The Properties and labeled thereon as “Common Property”, “Common Properties”, “Common Area”, “Common Areas” or “Open Spaces”, or shown on a Recorded Plat as private streets, roads, bike paths, or pedestrian walking easements (together with all improvements located thereon), which are a part of The Properties and as such are intended to be devoted to the common use and enjoyment of the Members, subject to special rights and limitations, if any, granted to or imposed on Owners of particular Lots, Dwelling Units, or

Improved Lots. The Common Properties shall also include any storm water device that serves more than one (1) Lot, any utility line located outside public street rights-of-way and public utility easements, and serving more than one (1) Lot, and any shared facility or property required to be shared. The Common Properties shall not include the Limited Common Properties.

“Deercroft” shall mean and refer to that community consisting of single-family lots and residences, multi—family parcels and recreational and supporting facilities, together with any addition which may become a part of the association by virtue of Section 1.2.

“Dwelling Unit” Unit shall mean and refer to any improvement or portion thereof situated on an Improved Lot intended for use and occupancy as one (1) single family dwelling, irrespective of the number of Owners thereof (or the form of ownership) located within The Properties and shall, unless otherwise specified, include within its meaning (by way of illustration, but not limitation) single family detached homes, single family attached homes, such as townhouses and condominium units, and patio or zero lot line homes. Each unit in a Multi-Family Dwelling constitutes a Dwelling Unit. Where appropriate by context, the term shall include both the improvements and the real property on which the improvements are situated.

“Existing Property” shall have the meaning assigned to it in Section 1.1 of this Declaration.

“Improved Lot” shall mean and refer to any parcel of land within The Properties, which have been approved for improvements to be erected thereon.

“Limited Common Expense” shall mean and refer to the expense of administration, operation, maintenance, repair or replacement of Limited Common Properties or Limited Common Areas or any valid charge against the Limited Common Properties as a whole. Such expenses shall be assessed against those Lots or Dwelling Units having the exclusive or special rights in the use or enjoyment of the Limited Common Properties.

“Limited Common Property(ies)” or “Limited Common Area(s)” shall mean and refer to those areas of land (including without limitation any joint driveways) and improvements (including without limitation any common entrances to a Multi-Family Dwelling) shown on or designated as “Neighborhood Common Property”, “Neighborhood Common Properties”, “Neighborhood Common Area”, “Neighborhood Common Areas”, “Limited Common Property”, “Limited Common Properties” “Limited Common Area”, “Limited Common Areas” or “Limited Open Space” on any Recorded Plat, and intended for the use of the Owners of particular Lots, Improved Lots or Dwelling Units to the exclusion of other Owners and other Members. Any property so designated shall be for the exclusive use of the Owners of the Dwelling Units, Improved Lots, or Lots so designated on the Recorded Plats. Common elements of a condominium are also “Limited Common Areas”.

“Living Area” shall mean and refer to those heated and/or air-conditioned areas within a Dwelling Unit, which shall not include garages, carports, porches, patios, breezeways, terraces, or basements.

“Lot” shall mean and refer to any numbered parcel of land within The Properties which is intended for use, or has been used as a site for a Dwelling Unit or Multi-Family Dwelling, as shown upon any Recorded Plat of any part of The Properties and labeled thereon as a “Lot”, and shall not include Improved Lots, Common Properties, Limited Common Properties, or any property in The Properties not yet subdivided for sale as an individual lot. No property in The Properties shall be developed as a Dwelling Unit or a Multi-Family Dwelling until designated as a Lot on a Recorded Plat. Property designated as a Lot may later be designated for some other use on a Recorded Plat.

“Member” shall mean a member of the Association and shall refer to an Owner in The Properties.

“Neighborhood” shall mean and refer to a contiguous or closely related set of Lots, or Improved Lots, in The Properties that are to be governed by a common set of design standards and served by and governed by a Neighborhood Association formed for the express purpose of governing and serving such Lots and Improved Lots and any Limited Common Area in connection therewith in accordance with the terms of a Neighborhood Declaration.

“Neighborhood Assessment” shall mean and refer to the Assessment(s) and charges levied by a Neighborhood Association.

“Neighborhood Association” the Association for a subsection of Deercroft Subdivision that is also member of the Deercroft Homeowners Subdivision and Recreation Association, Inc., the master Association.

“Neighborhood Declaration” delineates the additional requirements for the neighborhood (subsection) of the Deercroft subdivision.

“Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Dwelling Unit situated upon The Properties. Notwithstanding any applicable theory of any lien or mortgage law, “Owner” shall not mean or refer to any mortgagee or trust beneficiary unless and until such mortgagee or trust beneficiary has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure. (Note: the words “Member” and “Owner” are meant to describe all of the owners interchangeably as semantics dictate throughout this Declaration.)

“Plans” shall have the meaning assigned to it in Section 4.2 of this Declaration.

“Recorded Plat” shall mean and refer to the map of The Properties, or any portion thereof, recorded in the Scotland County Registry as set forth in Section 1.1 of this document, together with any other map of property which shall become a part of Deercroft and which shall be allowed to become a member of this association by a majority of the members of Deercroft. In any case in which the designation and/or boundary lines of the same property shown on two different Recorded Plats are different (for example, property is designated as a street on one plat and as a Lot on the other, or boundary lines are shown differently on two different Recorded Plats), the designation and boundary lines on the later-recorded of the Recorded Plats shall control.

“Recreational Facilities” shall have the meaning assigned to it in Article Ten of this Declaration.

“The Properties” shall mean and refer to all the Existing Property and any additions thereto as are made subject to this Declaration by any Supplemental Declaration(s) under the provisions of this Declaration.

ARTICLE THREE: GENERAL PROVISIONS

Section 3.1 Duration

The covenants and restrictions of this Declaration shall run with the land, and shall inure to the benefit, or, and be enforceable by, the Association or any Owner, its and their respective legal representatives, heirs, successors, and assigns, for a term of twenty five (25) years from the date this Declaration is recorded, after which time said covenants and restrictions shall be automatically

extended for successive periods of ten (10) years. This Declaration may be amended in accordance with the provisions of Article Eleven hereof. Amendments made in conformity with that Article may alter any portion of the Declaration hereof, including but not limited to the duration and amendment provisions hereof.

Section 3.2 Notices

Any notice required to be sent to any Owner, under the provisions of this Declaration, shall be deemed to have been properly sent when mailed, postage prepaid, and addressed to the person at the last known address of the person who appears as Owner on the records of the Association at the time of such mailing. In the event that an Owner's address is absent from the Association's records, the notice may be sent to the address listed on the Scotland County tax records at the time of the mailing. Notice to any one of the Owners, if title to a Lot or Dwelling Unit is held by more than one, shall constitute notice to all Owners of that Lot or Dwelling Unit.

Section 3.3 Enforcement

The Association and/or any Owner may enforce these covenants and restrictions. Enforcement of these covenants and restrictions shall be by an appropriate civil proceeding against any person or persons violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, or both, and against the land to enforce any lien created by these covenants and restrictions; and failure by the Association or any Owner to enforce any covenant or restriction herein contained shall not be deemed a waiver of the right to do so thereafter.

Section 3.4 Severability

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

ARTICLE FOUR: ARCHITECTURAL CONTROL

Section 4.1 Purposes

The Association desires to provide for the preservation of the values in The Properties with respect to vegetation and any improvements to be constructed or altered on any Lot or Improved Lot constituting a portion of The Properties, and to that end, will establish an Architectural Control Committee, in accordance with Section 4.3 hereof, in order to provide, enforce and maintain certain standards as to harmony of exterior design and location of the improvements on the Lot or Improved Lot in relation to surrounding structures, natural features and topography.

Section 4.2 Architectural Control

Unless expressly authorized in writing by the Committee, no Dwelling Unit, Multi-Family Dwelling, fence, wall, bulkhead, deck, driveway, patio, porch, swimming pool, building or other structure or improvement whatsoever shall be constructed or maintained, nor shall any exterior addition or alteration to any existing Dwelling Unit, Multi Family Dwelling, fence, wall, bulkhead, deck, driveway, patio, porch or other building or structure or improvement be begun, nor shall clearing or site work be commenced or maintained upon any Lot or Improved Lot in The Properties, until complete construction drawings or plans are submitted in triplicate to the Architectural Committee showing current topography in one foot or less increments and any proposed change in increments of one foot or less as required by the Architectural Control Committee to properly record

the change, the shape, dimensions, materials, exterior finishes and colors, location on site, driveway, parking, decorative landscape planting, floor plans and all elevations (all of which are hereinafter referred to collectively as the “Plans”), and any application fee provided for by the Association, shall have been submitted to, and approved in writing by the Committee. In granting approval or disapproval, the Committee shall consider harmony of external design and location in relation to any surrounding structure, natural features and topography and compliance with all requirements and restrictions. The Committee shall have the absolute and exclusive right to approve or disapprove any such Plans, including purely aesthetic reasons. The Committee may promulgate design standards applicable to the Property from time to time which standard must be the Plans for the Lots, Improved Lots, or Dwelling Units in The Properties, and it may promulgate different standards for different Neighborhoods. A current copy of all design standards shall be kept on file in the principal office of the Association. In no event shall the Committee approve any Plans in which the height or setback of the improvements on the Lot or Improved Lot obstructs the view of other properties and/or violates the established easements and/or set backs.

Section 4.3 Architectural Control Committee

a. Membership The Committee shall be composed of three (3) persons elected by the membership. A majority of the Committee may designate a representative to act for it. In the event of death or resignation, the Board shall have full authority to designate a successor. Unless otherwise approved by the Association, neither the members of the Committee nor its designated representative shall be entitled to any compensation for services performed pursuant to this covenant. The Association shall keep, or cause to be kept, a list of the names and addresses of the persons who form the Committee and a list of the names and addresses of any designated representatives of the Committee, and such a list shall be available in the principal office of the Association to any Owner upon request.

b. Procedure At least forty-five (45) days prior to the commencement of any construction, the Plans or drawings shall be submitted to the Committee. Approval shall be subject to such regulations and architectural standards as may from time to time be promulgated by the Committee. Within thirty (30) days after receipt of the Plans or drawings and all other required information, the Committee shall notify the Owner of the Lot, in writing as to whether the Plans have been approved. Unless a response is given by the Committee to the owner within thirty (30) days, the Plans shall be deemed approved. The response of the Association may be an approval, a denial, an approval with conditions, or a request for additional information. A request for additional information shall be deemed a determination that the information submitted was inadequate, and the thirty (30) day time period for further Committee response shall only commence upon receipt of the requested additional information. If approval with conditions is granted, and construction then begins, the conditions shall be deemed accepted by the Owner of the Lot, and the conditions imposed shall become fully a part of the approved Plans. No improvements shall be made except in strict conformity with the approved Plan. The Committee shall have the right to monitor construction of improvements and investigate compliance with the approved Plan, and hereby reserves the right to enter upon any Lot or Improved Lot in order to do so. Changes to approved Plans must be submitted to the Architectural Control Committee with documentation as required to document the change and update the approved Plans prior to implementation.

c. Approval of Builders/Contractors The committee shall have the right to approve or disapprove any builder whom a lot owner proposed to use to make improvements on a lot.

No person shall be approved as a builder by the Committee unless such person is a licensed residential building contractor and devotes a substantial percentage of his/her time to residential construction. Lot owners must meet the qualifications for approval as a builder/contractor by the committee as hereinabove set forth except for changes and or additions to existing (improved) property that does not cost more than 10% of current property value for the complete change or addition.

Lot Owners shall be responsible for the actions of their contractors. Any contractor who damages improvements or infrastructure of Deercroft shall be deemed to be an agent of the owner who engaged the services of such contractor and they shall be jointly and severally liable for such damage. The Committee may from time to time, in its sole discretion, require of any contractor or Owner that a performance bond be furnished to the Committee to guarantee final site clean up and/or extraordinary road repairs necessitated by the actions of a contractor, his employees, subcontractors, and suppliers during the construction of any improvements on The Properties.

d. Appellate Process Any Owner submitting Plans or drawings to the Committee, which are disapproved, may appeal the decision to the Board of Directors by giving written notice of appeal to the President of the Association within fifteen (15) days following receipt of a notice of denial from the Committee. The Board shall hold a hearing within thirty (30) days after receiving the Notice of Appeal and at such hearing, the Chairman of the Committee may present to the Board its reasons for denial, and the Owner or his agent or attorney may present such information, which Owner deems appropriate challenging the findings of the Committee. The decision of the Committee may be revised by a simple majority vote of the Board members present for such hearing.

e. Fees The Committee may adopt a schedule of reasonable fees for processing requests for approval of plans and/or drawings. Such fees shall be payable to the Association at the time that the Plans and other documents are submitted to the Committee for approval. The Committee may, if it deems necessary, procure the services of a consultant of its own choosing for purposes of assisting the Committee in its review of any Plans or drawings, and the cost of such consulting service(s) shall be paid by the applicant or Owner of the Lot.

f. Notices All notices required to be given under this Section shall be given in writing, hand-delivered or mailed postage prepaid, certified or registered mail, return receipt requested or deposited with an overnight carrier (such as, but not limited to, Federal Express), and the Committee shall be obligated to specify the particular grounds upon which denial of any application is founded. If the Committee approves the Plans, one set of Plans, denoted as approved (or approved with specified conditions), shall be retained by the Committee, and the other two sets shall be returned to the applicant.

ARTICLE FIVE: RESTRICTIONS ON USE AND RIGHTS OF THE ASSOCIATION, DECLARANT AND OWNERS

Section 5.1 Permissible Uses

No building of any type shall be erected, altered, placed, or permitted to remain on any Lot other than a Single Family Dwelling and its accessory building(s), which shall comply with any applicable zoning regulations and the requirements of Articles Four and Five of this Declaration.

The purchase of any lot or property adjacent to or bordering upon any man made lake or golf course access way situated within the subdivision shall not convey any right, title or interest in any property lying within these areas, it being specifically understood and agreed that the Owner retains the exclusive right and title to all lake basins including an area for flood storage water to an elevation of 313.5 feet, and to all access way appurtenant to any golf course within the subdivision. The Owner further reserves the right to adopt, promulgate, and enforce such rules and regulations governing the use of all lakes. With the exception of electric motors no other motors are allowed to be used on the lakes.

Section 5.2 Division of Lots: No Time Sharing

a) No Lot or Improved Lot shall be further subdivided into multiple Dwelling Units, except (i) in the case of condominiums on such Lot or, (ii) with respect to single family Dwellings, any two Owners may divide a Lot between them if such Lot is adjacent to the Lots or Improved Lots owned by such Owners and provided further that no more than two (2) Dwelling Units may be constructed on the three (3) recombined Lots and Improved Lots. In event of such a recombination, the sideline setbacks and sideline easements shall be released as to the old interior common sidelines and become applicable to the new common sideline created within the old shared Lot.

b) Any two or more lots may be combined into one residential building lot in which event any such combination of lots will be considered as one lot and that resulting lot shall be subject to all restrictions herein contained. However, no lot or lots shown on said map hereinabove referred to may be re-subdivided or re-platted (by deed or otherwise) except with the prior approval of all property owners immediately adjacent and contiguous to all such property to be so re-subdivided.

Section 5.3 Water and Sewer Facilities

No outside toilet shall be allowed on the premises. No untreated waste from any lots shall be permitted to enter any lake or stream within the subdivision. Each residential dwelling shall have an individual sanitary unit that complies in all respects with the requirements of the Scotland County Health Department or other governing legal authority. Each lot owner shall obtain approval from the appropriate legal authority and/or authorities with regard to water supplies to said lot, repair, alteration, or replacement of the installed sanitary unit. No drain field or other disposal system shall be allowed nearer than seventy-five (75) feet to the normal water elevation of any lake located within the subdivision.

Section 5.4 Utilities and Other Easements

All utility lines of every type, including but not limited to water, electricity, gas, telephone, sewage and television cables, running from the main trunk line or service location to any Dwelling Unit shall be installed underground.

A 15 foot wide easement along all road rights of way and a 5 foot wide easement along the side and rear line of each and every lot is reserved for the purpose of installing operating, and maintaining television cables, utility lines, and mains thereon, together with the rights to trim and/or cut or remove any trees and/or brush and the right to locate guy wires, braces, and anchors wherever necessary for said installations, operations or maintenance together with the right to install, operate and maintain gas and water main sewer line, culverts, and drainage ditches and other services and

appurtenances thereto, for the convenience of the property owners, reserving also the rights of ingress and egress to such areas for any of the purposes mentioned above.

Any easements first identified on recorded instruments or Recorded Plats of property no longer owned by the Declarant must be consented to on the Recorded Plat or other recorded instrument by the Owner of such property.

EXCEPTIONS:

1. Where an owner of two or more lots constructs a dwelling it shall not be subject to the aforementioned five foot wide easement between the adjoining lots unless shown on the recorded Plat.
2. No easement shall exist on that portion of any water front lot running along or abutting the shoreline of the lake within the subdivision unless shown on the recorded Plat.

There is also reserved by the Association, for itself, and for the State of North Carolina, within The Properties, a perpetual easement to enter any Lot or improved Lot at reasonable times and hours of the day in order to do necessary groundwater monitoring, to include the installation and pumping of groundwater wells, or for the purposes of remediation of groundwater contaminants.

Section 5.5 Minimum Square Feet in Dwelling Unit and Set Backs

The enclosed, heated living area (exclusive of garages, carports, porches, terraces, bulk storage, and basement) of all dwellings located on single-family residential lots shall cover an area of not less than 1800 square feet.

No building of any kind, including garages, shall be located on any building site less than 50 feet from the front lot line and no building shall be located less than 15 feet from any side lot line nor less than 40 feet from the property line of any lake or golf course, or less than 20 feet from any rear lot line, or less than 20 feet from any side lot line which borders on a street except if building set back line so indicates on the recorded plat or with the prior written approval of the Architectural Committee.

Section 5.6 Temporary Structures

No structure of a temporary character shall be placed upon any portion of The Properties at any time, provided, however, that this prohibition shall not apply to shelters or sheds used by contractors during the construction of a Single Family Dwelling, or improvements or additions thereto, on any Lot or Improved Lot. Temporary shelters, tents, recreational vehicles, trailers (whether attached or unattached to the realty) may not, at any time, be used as a temporary or permanent residence or be permitted to remain on any portion of The Properties.

Section 5.7 Garbage and Storage Receptacles

Except as required by any appropriate governmental authority, each Owner shall provide receptacles for garbage and recyclables if such a program is in place, and all garbage receptacles, tools and equipment for use on a Lot or Improved Lot, shall be placed in a screened area in accordance with reasonable standards established by the Committee to shield same from general visibility from roads and neighbors abutting the Lot or Improved Lot. No fuel tanks or similar storage receptacles or related storage facilities, may be exposed to public view. No underground

storage tanks for natural gas, propane, chemicals, petroleum products or any other mineral or toxic product will be allowed anywhere in The Properties without prior approval and proper location identification.

Section 5.8 Debris

No leaves, trash, garbage or other similar debris shall be burned except as permitted by the appropriate governmental authority. No garbage, trash, construction debris or other unsightly or offensive materials shall be placed or allowed to remain upon any Lot, except as is temporary and incidental to the bona fide improvement of any portion of The Properties. Job site debris shall be removed on a daily basis.

Section 5.9 Antennas

Any television antennas, radio receiver or sender antenna or other similar device attached to or installed on the exterior portion of any Dwelling Unit, or other structure, or placed on any Lot shall be appropriately screened from public view in accordance with Federal Communication Commission guidelines.

Section 5.10 Landscape Plan: Landscaping

As part of the Plans package submitted by an Owner to the Committee for approval of such Owner's Plans for the initial construction of improvements, there shall be included a comprehensive landscape plan (the "Landscape Plan"). Shown thereon, in addition to the scheme for decorative plantings, shall be all of the planned site improvements and modifications, including, but not limited to, major topographic changes and plans for re-vegetation and re-stabilization thereof, the location and specifications for all terraces, walkways, driveways, paths, fences, bulk heading, walls, pools, outdoor lighting and the specifications for other fixtures and structures envisioned to be constructed as part of the Landscape Plan.

The Committee shall have the authority to create landscaping guidelines, which may vary by Neighborhood, with which each Dwelling Unit shall comply.

Section 5.11 Trees and Foliage

Trees measuring three (3) inches or more in diameter (9 3/8 inches in circumference), at a point two (2) feet above ground level, may not be removed from a Lot without the prior written approval of the Committee prior to approval to build.

Section 5.12 Unsightly Conditions

It shall be the responsibility of each Lot Owner to prevent any unclean, unsightly or unkempt conditions to exist on his/her Lot, which may tend to decrease the beauty of The Properties, specifically or as a whole.

During the construction of any improvement to a Lot or Improved Lot in The Properties, the Lot or Improved Lot, roads, bike paths, landscaping and Common Areas or Limited Common Areas adjacent thereto shall be kept in a neat and orderly condition, free from any dirt, mud, garbage, trash, or other debris, so as not to cause an unsightly condition to exist or damage to occur. Any damage to a street, curb, sidewalk or to any part of any Common Areas, Limited Common Areas or utility system caused by an Owner or an Owner's builder shall be repaired by such Owner. Owners and

their agents and employees shall adhere to the construction standards promulgated from time to time by the Association.

In the event the Owner or his agent or employee (including, without limitation, any contractor or subcontractor) shall fail to maintain the Lot and adjoining areas, as specified herein, or allow damage to occur and such failure continues or damage remains un-repaired for seven (7) days following delivery of written notice thereof from the Association, the Association shall have the right, exercisable in its sole discretion, to summarily abate any unsightliness, make needed repairs, and to remove any rubbish, refuse, unsightly debris and/or growths from the Lot and any adjoining area at the expense of the Owner and such expense will become a continuing lien on the Lot until paid.

Section 5.13 No Offensive Activity

No noxious or offensive activity or excessive noise shall be permitted on any portion of The Properties, nor shall anything be done tending to cause embarrassment, discomfort, annoyance, or nuisance to any Owner, tenant or guest thereof, in any portion of the Properties.

Section 5.14 Certain Plants, Animals and Pets

No plants, animals, device, or thing of any kind whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may tend to diminish or destroy the enjoyment of other Lot Owners, or tenants and guests thereof, may be maintained on a Lot or Improved Lot. No animals, livestock or poultry of any kind shall be raised, bred or kept on any Lot or Improved Lot, except that a reasonable number, but no more than three, dogs, cats or other household pets may be kept at each Dwelling Unit, unless otherwise approved by the Board. At no time shall any household pets be allowed to run free not attended by the owner or owner's representative when off owner's lot.

Section 5.15 Motorized Vehicles

All motorized vehicles operating within The Properties must be properly muffled so as to eliminate noise, which might be offensive to others. All motorized vehicles and motorized bicycles are prohibited from being used or operated anywhere other than on the streets, roads, parking lots and driveways within The Properties.

Section 5.16 Prohibited Parking

No boat, boat trailer, other trailer, camper, recreational vehicle, utility vehicle or truck (to the extent that a truck is rated as a one ton truck or larger) shall be allowed to remain on any Lot or on any portion of the Common Properties or Limited Common Properties overnight unless it is enclosed within a garage that has been constructed in accordance with the provisions of this Declaration except for guest of the property owner for a period of not more than 10 days. Lake lot owners may have boats and other water recreational equipment along the shoreline on the lot and/or in the water and around docks.

Section 5.17 Signage

No signs shall be displayed in public view on any Lot, unless approved by the Committee, who may also from time to time provide design criteria and color schemes for approved signage.

Section 5.18 Mail and Delivery Boxes

The Committee shall determine the standards and issue guidelines for the location, material, color, and design for mail and newspaper receptacle, if any, and the manner in which they shall be identified.

Section 5.19 Above-Ground Pools

No above ground pools (except for inflatable wading pools no deeper than 2 feet and no wider than 10 feet in diameter, which shall not be regulated by the Committee) shall be allowed or approved by the Committee on any Lot or Improved Lot.

Section 5.20 In-Ground Pools

All in-ground pools must be approved in writing by the Architectural Control Committee prior to any construction or preparation to construct. Documentation submitted for approval must comply with the Committee, State and Local requirements.

Section 5.21 Fences

Fences are subject to the complete jurisdiction of the Committee as to location, style, materials, and height. As used herein, fences shall include walls, barricades, shrubbery, or other impediments to reasonable mobility and visibility. Absent an extraordinary showing of need by the Owner of a Lot, no fence may be constructed any closer to the front of the Lot than the front corner of the Dwelling Unit thereon. The Committee shall only approve the construction of a fence upon a determination that the fence is aesthetically pleasing, does not detract from the reasonable value of any Lot or Improved Lot, and does not unreasonably impede the view of any watercourse or other attractive feature from any other Lot or Dwelling Unit.

Notwithstanding anything herein to the contrary, temporary fences used in connection with soil erosion (silt fences) may be required by the Architectural Committee.

Section 5.22 Boat Docks

For the purpose of avoiding an unsightly or undesirable waterfront, no private dock, pier, raft or landing sites, or other structure shall be erected or maintained at or upon the shoreline of any building site having water frontage, or upon land under water in front of such building sites prior to 75% completion of approved Dwelling Unit and written permission by the lot owner and the Architectural Committee.

Section 5.23 Driveways

All driveways, guest parking and turnabouts will be a non-porous surface.

Section 5.24 Timely Completion

Upon commencement of construction of any Dwelling structure, improvement, or addition thereto, work thereon shall be prosecuted diligently and continuously until completion. To that end any structure under construction in The Properties shall be “dried-in” with exterior finishes installed (roofing, windows and finish siding and trim in place) within one hundred twenty (120) days of starting construction and that all phases of work, including execution of the Landscape Plan, be

complete within one year of Committee approval. In the event that completion should be delayed beyond one year from Committee approval, then in that event, the Committee, may, upon application of the Owner, and for good cause shown extend the completion date to a date beyond one year by unanimous vote of its Members. For failure to diligently prosecute construction in a manner consistent with this section, the Association may adopt a schedule of fines and enforce the same in connection with any Owner's failure to act in accordance with this Section.

ARTICLE SIX: MEMBERSHIP; VOTING RIGHTS IN THE ASSOCIATION; RIGHTS AND RESPONSIBILITIES OF THE ASSOCIATION

Section 6.1 Membership

Every person or entity that is a record Owner of a fee simple interest in any Lot or Dwelling Unit in The Properties is subject by this and any other declarations made in connection herewith to all rights, responsibilities and assessments of the Association and shall be a Member of the Association.

Section 6.2 Voting Rights

All Owners of Lots or Dwelling Units within The Properties shall be entitled to one (1) vote for each Lot or Dwelling Unit, which it owns. In the case of multiple ownership of any Lot or Dwelling Unit, however, those multiple Owners shall be treated collectively as one Owner.

Section 6.3 Rights and Responsibilities of the Association

Subject to the provisions set forth in this Declaration, the Association has exclusive management and control of the Common Properties and all improvements thereon and all furnishings, equipment and other personal property relating thereto.

The Association's duties with respect to such Common Properties include, but are not limited to, the following:

- a) maintenance of the Common Properties,
- b) management, operation, maintenance, repair, servicing, replacement and renewal of all landscaping, improvements, equipment and personal property constituting part of the Common Properties or located upon the Common Properties so as to keep all of the foregoing, in good, clean, attractive, sanitary, safe and serviceable condition, order and repair,
- c) all landscaping of the Common Properties,
- d) maintenance of adequate public liability insurance, in an amount not less than \$1,000,000 per occurrence, insuring the Association and its officers and directors, and adequate property casualty or hazard insurance with a minimum replacement value of 80%, for the benefit of the Association with respect to the Common Properties,
- e) payment of all taxes and assessments validly levied, assessed or imposed with respect to the Common Properties,
- f) maintenance of private streets and recreational and other facilities located on the Common Properties, and

g) payment of assessments for public and private capital improvements made to or for the benefit of the Common Properties.

The Association shall undertake the management, operation, maintenance, repair, servicing, replacement, and renewal of all private streets and roads constituting Common Areas and all improvements thereon. Maintenance for private streets or roads constituting Limited Common Area shall be the responsibility of the Neighborhood Association managing such area pursuant to a Neighborhood Declaration.

The Association may in its discretion also provide other services as and to the extent the Association deems appropriate, such as, but not limited to, security services or devices, including but not limited to operation of the entry guardhouse and any other security gates, security personnel and overall traffic control.

The Association may obtain and pay for the services of any person or firm to manage its affairs to the extent the Board deems advisable, as well as such other person or firm as the Board determines is necessary or desirable, whether such person or firm is furnished or employed directly by the Association or by any person or firm with whom it contracts. The Board may obtain and pay for legal, accounting, engineering or other professional services necessary in connection with the Common Properties or the enforcement of this Declaration, the Association's Articles of Incorporation, Bylaws, rules or regulations.

The Association may acquire, hold, exchange and dispose of real property and tangible and intangible personal property, subject to such restrictions as from time to time may be contained in the Scotland County Code, this Declaration, the Association's Articles of Incorporation or the Bylaws.

The Association, from time to time, may adopt, alter, amend, rescind, and enforce reasonable rules and regulations governing use and operation of the Common Properties, which rules and regulations shall be consistent with the rights and duties established by this Declaration. The validity of the Association's rules and regulations, and their enforcement shall be determined by a standard of reasonableness for the purpose of protecting the value and desirability of The Properties.

The Association may, acting through its Board, contract with other residential associations or commercial entities, neighborhoods or clubs to provide services or perform services on behalf of the Association and its Members. In addition, the Association may contract with other residential associations or commercial entities, neighborhoods or clubs within Deercroft to provide services in or perform services on behalf of such other associations, neighborhoods or clubs.

If a Neighborhood Association fails to properly maintain, repair, replace, landscape, insure, or otherwise keep up the Limited Common Properties for which it was assigned responsibility, the Association may at its sole discretion perform such duties and assess the costs thereof against all Lots and Dwelling Units in a Neighborhood as Special Individual Assessments in accordance with the provisions of Section 8.5 hereof. The Association shall first provide 30 days' written notice to the Neighborhood Association and the Owners of all Lots or Dwelling Units in the Neighborhood of its intention to perform such duties and charge the Owners for the cost thereof, and it shall so perform the duties and charge the Owners for the cost thereof if the duties are not fully performed by the Neighborhood Association at the end of the thirty-day period.

The Association may provide for or perform itself the services of landscaping and maintenance of Landscape Buffer Areas or right-of-way dedication areas on or adjacent to The Properties so as to ensure an aesthetically pleasing and uniform look along roads, streets, rights-of-way, or Common Properties that are within or adjacent to The Properties. Expenses of the Association in performing these tasks shall be a Common Expense.

Section 6.4 Limits on Litigation of the Association

No judicial or administrative proceeding shall be commenced or prosecuted by the Association unless approved by a vote of seventy-five percent (75%) of the Members. This Section shall not apply, however, to (a) actions brought by the Association to obtain injunctive relief to enforce the provisions of this Declaration, (b) the imposition and collection of assessments as provided in Sections 8.1, 8.4, 8.5, and 8.9, and (c) proceedings involving challenges to ad valorem taxes. This Section shall not be amended unless such amendment is approved by a vote of seventy-five percent (75%) of the Members.

ARTICLE SEVEN: PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 7.1 Members' Easements Enjoyment

Subject to the provisions of Section 7.3, every Member shall have a right and easement of enjoyment to all of the Common Properties and Facilities. If necessary because of a lack of access across public streets or rights-of-way to Common Properties and Facilities, every Member shall also have an easement of not less than ten (10) feet wide, which shall be shown on a Recorded Plat, for access, ingress, and egress to and from streets, parking areas and walkways or pedestrian walkways in and to all of the Common Properties and the Facilities. The foregoing easements shall be appurtenant to and shall pass with the title to every Lot, Improved Lot, or Dwelling Unit in The Properties.

Section 7.2 Delegation of Use

Subject to the provisions of Section 7.3, any Owner may delegate its rights of enjoyment of the Common Properties and the Facilities to the immediate members of its family, its tenants, contract purchasers who reside on the property, or its accompanied guests.

Section 7.3 Title to Common Properties

Title in the common Properties, and private streets if any, shall be for the perpetual benefit of the Members, and private or public ownership for any purpose other than for the benefit of the Members is prohibited.

Any additions of the Common Property, however, may be made only with the approval of at least a two-thirds (2/3) vote of the members of the Association either at the annual meeting or at the special meeting called for this specific purpose.

The Association shall not subsequently subdivide or convey the Common Properties, except as follows:

a) The Association may mortgage the Common Properties with the consent of at least 2/3 of Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws

for such special meeting. In the event the Association votes to mortgage all or any part of the Common Properties, the rights of the mortgagee must be subordinated to the rights of the Owners and the Association.

b) The Association may exchange Common Properties for other properties when all of the following are met:

(i) written notice of the exchange is given to all Members except in cases where the exchange is done to eliminate encroachment,

(ii) after notice is given, if required, the Association approves the exchange,

(iii) the exchanged properties and other considerations are of like value and utility,

(iv) the acreage and configuration of the remaining open space (including real property to be received by the Association in such exchange) equals or exceeds the requirements of the County and State Codes.

Section 7.4 Extent of Members' Easements

The rights of Members of the Association shall in no way be altered or restricted because of the location of Common Properties in any additions to The Properties in which such Member is not a resident. The use of Common Properties belonging to the Association shall be a membership entitlement. The rights and easements of enjoyment created herein shall be subject, however, to the following:

a) the right of the Association to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Properties, and to limit the number of guests, to regulate hours of operations and behavior, and to curtail any use or uses it deems necessary for either the protection of the Facilities or Recreational Facilities or the peace and tranquility of adjoining residents,

b) the right of the Association, as provided in its Articles of Incorporation or Bylaws, to suspend the enjoyment rights of any Member for any period during which any assessment of that Member remains unpaid, and for any period as provided by the rules and regulations for any infraction of any published rules and regulations adopted by the Board,

c) subject to any ordinance or statute, the right of the Association or its assignee to charge reasonable admission and other fees for use of any of the Association's Recreational Facilities situated upon its Common Properties, and

d) the right of the Association to dedicate or transfer all or any part of the Common Properties (which includes streets and roads) or private water/sewer lines to any public agency, authority or utility (public or private) for such purposes and subject to such conditions as may be agreed to by the Members. Except as provided below, no such dedication or transfer shall be effective unless at least seventy-five percent (75%) of the Members vote to permit such dedication or transfer and signify their agreement by a signed written document; provided that notwithstanding the foregoing, the Association shall have the right, power and authority to grant easements and rights-of-way for the installation and maintenance of drainage facilities and of utilities, whether private, public or quasi-public, including cable television, water, gas and sewer upon, over, under and across any Common Area, without the assent of the Members when, in the sole opinion of the Board, as

applicable, such easements are required or reasonably necessary for the development and/or the convenient use and enjoyment of The Properties and, in the sole opinion of the Board will not unreasonably interfere with the overall use and enjoyment of the Common Areas.

Section 7.5 Limited Common Property

a) Certain portions of the Common Areas may be designated as Limited Common Area and reserved for the exclusive use or primary benefit of Owners and occupants within a particular Neighborhood or Neighborhoods. By way of illustration and not limitation, Limited Common Area may include entry features, recreational facilities, landscaped medians and cul-de-sacs, roadways not necessary to provide other Lots or Improved Lots with access to public streets, lakes and other portions of the Common Areas within a particular Neighborhood or Neighborhoods. All costs associated with maintenance, repair, replacement, and insurance of a Limited Common Area shall be a neighborhood expense allocated among the Owners in the neighborhood(s) to which the Limited Common Area is assigned.

b) The Association may, upon approval of the Neighborhood Association for the Neighborhood(s) to which any Limited Common Area is assigned, permit Owners in other Neighborhoods to use all or a portion of such Limited Common Area upon payment of reasonable user fees, which fees shall be used to offset the Neighborhood expenses attributable to such Limited Common Area.

c) Limited Common Areas may be re-designated as Common Areas by deed to the Association from a Neighborhood Association or by designation on a Recorded Plat, with the approval of the Association.

ARTICLE EIGHT: COVENANT FOR PAYMENT OF ASSESSMENTS

Section 8.1 Creation of the Lien and Personal Obligation for Assessments

Each Member, who is the owner of any Lot or Dwelling Unit, by acceptance of a deed therefore, and all other Members, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to and does hereby covenant and agree to pay as limited below, to the Association:

- a) annual assessments or charges as herein or in the Bylaws provided,
- b) special assessments for capital improvements (such annual and special assessments to be fixed, established, and collected from time to time as herein or in the Bylaws provided), and
- c) Special Individual Assessments, as defined and described in Section 8.5.

The annual and special Assessments and any Special Individual Assessments of an Owner and any fines, liquidated damages or summary charges as herein or in the Bylaws provided, together with such interest thereon and costs of collection thereof as herein provided, shall be a charge on the land and shall be a continuing lien upon the Lot, Improved Lot or Dwelling Unit against which each such Assessment is made. Each such Assessment, together with such interest thereon and costs of collection thereof as hereinafter provided, shall also be the personal obligation of the person or persons jointly and severally, who is (are) the Owner(s) of such properties at the time when the Assessment becomes due.

Section 8.2 Purpose of Assessments

The Assessments levied by the Association shall be used exclusively to promote the recreation, health, access, maintenance of property values, security, safety and welfare of the residents of The Properties and other Members, and in particular for:

- a) improvement, maintenance, and replacement of any of the Association's Common Properties including, without limitation, the Facilities and Recreational Facilities,
- b) payment of the Common Expenses,
- c) implementation and enforcement of proper maintenance of exteriors of Dwelling Units, Multi-Family Dwellings and related improvements on Improved Lots in The Properties, if necessary, subject to reimbursement by the Owner(s) of such property pursuant to Sections 9.1 and 9.2 of this Declaration,
- d) in the discretion of the Association, improvement, maintenance, and replacement, repair, landscaping, insuring or otherwise keeping up of any of the Limited Common Areas when the Neighborhood Association responsible for such duties has failed to do so,
- e) establishment of capital replacement reserves, and
- f) acquisition of services and facilities devoted to the foregoing purposes or for the use and enjoyment of the Association's Common Properties, including but not limited to, the cost of repairs, replacements, additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes assessed against those Common Properties, the procurement and maintenance of insurance related to those Common Properties, its recreational facilities and use in accordance with the Bylaws, the employment of attorneys to represent the Association if necessary, and such other requirements as are necessary to perform all of the aforesaid functions and purposes.

Section 8.3 Assessment of Uniform Rates Within Different Categories or Forms of Ownership

Both annual and special assessments shall be fixed at uniform rates for each Single Family Dwelling and vacant Lot within The Properties. There shall be no difference between assessments as to vacant Lots, or between assessments as to Dwelling Units, except that the Owner(s) of some Dwelling Unit(s) may be subject to an assessment by a Neighborhood Association for the maintenance, improvement and replacement of any Limited Common Properties located on or adjacent to the Improved Lot on which such Dwelling Unit is located.

Section 8.4 Special Assessments for Capital Improvements

- a) In addition to the regular annual Assessments, the Association may levy in any assessment year, a special Assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of professional or consulting fees, any construction or reconstruction, unexpected repairs or replacement of any capital improvement (including, without limiting the generality thereof, any lake, waterway, or pond) located upon the Association's Common Properties, or Limited Common Properties (in the discretion of the Association), including the necessary fixtures and personal property related thereto, provided that any such Assessment shall have the consent of two-thirds (2/3) of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall have been sent to all Members in accordance with the provisions of the Bylaws and Section 3.2 hereof for such special meetings.

b) In addition to the foregoing special Assessment approved by the Members, as described in the preceding paragraph, the Association may levy a special Assessment, in the event of emergencies in which the Association perceives a threat to persons or to property, without the consent of the Members. The amount of such Assessment, however, may not exceed \$300.00 per Owner.

Section 8.5 Special Individual Assessments

In addition to the regular annual Assessments and the special Assessments for capital improvements described above, the Association may levy, from time to time, on a particular Lot, Improved Lot or Dwelling Unit rather than on all Lots, Improved Lots, Dwelling Units or types of Lots, Improved Lots or Dwelling Units in The Properties, special individual Assessments, immediately due and payable, consisting of any fines assessed by the Association under authority contained in the Bylaws for an Owner's violations of the terms and conditions of this Declaration, any liquidated damages or summary charges imposed under authority contained in the Bylaws, together with costs, fees and expenses (including reasonable attorneys' fees) incurred by the Association incidental to the enforcement of any rules and regulations, the collection of Assessments (both annual and special) or the collection of damages or charges arising under the Bylaws, or, in accordance with the provisions of Section 6.3 hereof, the pro rata share apportioned to such Lot, Improved Lot or Dwelling Unit of the expenses incurred by the Association in maintaining Limited Common Properties for which the Neighborhood Association governing the Neighborhood to which the Lot, Improved Lot or Dwelling Unit belongs has failed to properly maintain, repair, replace, landscape, insure, or otherwise keep up, all of the foregoing of which shall comprise "Special Individual Assessments".

Section 8.6 Quorum for any Action under Sections 8.4 and 8.12

The quorum required for any action authorized by Sections 8.4 and 8.12 hereof shall be as follows:

At the first meeting called as provided in Section 8.4, the presence at the meeting of Members, or of proxies, entitled to cast a majority of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, another meeting may be called, subject to the notice requirement set forth in Section 8.4, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that no such subsequent meeting shall be held more than fifty (50) days following the preceding scheduled meeting.

Section 8.7 Date of Commencement of Annual Assessment: Due Dates

The regular annual Assessments provided for herein shall be paid in semiannual installments. The Board shall fix the amount of the annual Assessment at least fifteen (15) days in advance of each regular annual Assessment period. Written notice of the regular annual Assessment shall be sent to every Member subject thereto.

The due date of any special Assessment under Section 8.4 or any other Assessments permitted by the Declaration shall be fixed in the resolution or resolutions authorizing such Assessment.

Section 8.8 Duties of the Board of Directors

The Board of Directors of the Association shall fix the amount of the Assessment or Assessments against each Member, for each Assessment period, at least fifteen (15) days in advance of such date or period and shall, at that time, prepare a roster of the Members and Assessments applicable thereto which shall be kept in the office of the Association, or at any other place designated by the Board upon notice to the Members, and which shall be open to inspection by any Member. Written notice of the Assessment or Assessments thereupon shall be sent to every Member subject thereto.

Section 8.9 Effect of Non-Payment of an Owner's Assessment: The Personal Obligation of the Owner: the Lien: Remedies of Association

If the Assessment(s) of an Owner are not paid within ten (10) days following the date due (being the dates referred to in Section 8.7), then such Assessments shall become delinquent and shall, together with such interest thereon and costs of collection thereof as hereinafter provided, thereupon become a continuing lien on the Lot(s), Improved Lot(s) or Dwelling Unit(s), as appropriate, which shall bind such Lot(s), Improved Lot(s) or Dwelling Unit(s), as appropriate, in the hands of the then-Owner, his heirs, devisees, personal representatives, successors and assigns. The personal obligation of the then-Owner to pay such Assessment shall remain his personal obligation for the statutory period; and, in addition, shall pass to his successors in title (as an encumbrance or lien against the Lot, Improved Lot or Dwelling Unit, as appropriate) unless expressly waived by the Board.

If the Assessment(s) is not paid within thirty (30) days after the delinquency date, the Assessment(s) shall bear interest from the date of delinquency at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by law, whichever is less), and the Board, acting on behalf of the Association, may authorize its officers to bring appropriate civil action against the Owner personally obligated to pay the same or to foreclose the lien against any such Lot(s), Improved Lot(s) or Dwelling Unit(s), as appropriate, and there shall be added to the amount of such Assessment, the costs of such action and reasonable attorneys' fees or other cost incurred by the officers of the Association pursuant to authority of the Board. In the event a judgment is obtained against any Owner for such Assessments, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee to be fixed by the court, together with the costs of the action. In addition, the Board may set a schedule of late fees also due and payable if an Assessment is not paid within thirty (30) days after the delinquency date, which late fees shall be in addition to the other changes described herein.

Section 8.10 Subordination of the Lien on an Owner's Property to Mortgages or Deeds of Trust

The lien on an Owner's property of the Assessments provided for herein shall be absolutely subordinate to the lien of any first mortgage or deed of trust now or hereafter placed upon any Lot(s), Improved Lot(s) or Dwelling Unit(s), subject to Assessment. The subordination shall not relieve any Lot(s), Improved Lot(s) or Dwelling Unit(s), from liability for any Assessments now or hereafter due and payable, but the lien thereby created shall be secondary and subordinate to any first mortgage or deed of trust as if said lien were a second mortgage, irrespective of when such first mortgage or deed of trust was executed and recorded. The sale or transfer of a Lot, Improved Lot or Dwelling Unit shall not affect any lien for Assessments. However, the sale or transfer of a Lot,

Improved Lot or Dwelling Unit that is subject to a first mortgage or first 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 became due prior to such sale or transfer. No such sale or transfer shall relieve a Lot, Improved Lot or Dwelling Unit from liability for any Assessments thereafter becoming due, or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any such first mortgage or first deed of trust.

Section 8.11 Exempt Property

The following property subject to this Declaration shall be exempted from the Assessments, charges and liens created herein:

- a) all Common Properties as defined in Article Two of this Declaration,
- b) all Limited Common Properties as defined in Article Two of this Declaration, and
- c) all properties exempted from taxation by the laws of the State of North Carolina, upon the terms and to the extent of such legal exemption. (Homestead exemptions shall not be considered an exemption.)

Notwithstanding any provisions of this Section 8.11, no Lot, Improved Lot or Dwelling Unit shall be exempt from said Assessments, charges or liens.

Section 8.12 Maximum Annual Assessment

The maximum annual Assessment for 2004-2005 fiscal year shall be Two Hundred Twelve Dollars (\$ 212.00) per Lot or Dwelling, as applicable. The annual Assessment each year shall not be increased by more than 5% of the previous years' Assessment, unless two-thirds (2/3) or more of the Members present or voting by proxy at a duly called meeting vote to increase the annual Assessments for a given year by more than 5% more than the annual Assessments for the prior year. The Board may fix the annual Assessments at any amount not greater than the maximum described here or determined by the duly called meeting as described above.

Section 8.13 Neighborhood Assessments Separate from Master Assessments

Owners are hereby reminded that Assessments described hereunder are different from and in addition to any and all assessments established in any Neighborhood Declaration affecting their property, and the levying and payment of Assessments pursuant to this Declaration does not diminish, replace, or alter the levying and payment of assessments by and to a Neighborhood Association as described in a Neighborhood Declaration.

ARTICLE NINE: EXTERIOR MAINTENANCE AND INSURANCE

Section 9.1 Exterior Maintenance

After thirty (30) days written notice to an Owner and the applicable Neighborhood Association if any, specifying any required maintenance, the Association shall have the right but not the obligation to provide (a) maintenance upon any Lot or Improved Lot and (b) maintenance upon any Dwelling Unit that is subject to Assessments under Article Eight hereof. Such maintenance includes (but is not limited to) painting, repairing, replacing and care of roofs, gutters, downspouts,

and exterior improvements on any Dwelling Unit. Such maintenance as to a vacant Lot may include the mowing of grass and weeds, the trimming of shrubs, or the removal of trash and litter.

Section 9.2 Assessment of Cost on Exterior Maintenance

The cost of any such maintenance shall be assessed against the Lot, Improved Lot or Dwelling Unit, as appropriate, upon which such maintenance is done and shall be treated as a Special Individual Assessment pursuant to Section 8.5 hereof, and shall be a lien against any such Lot, Improved Lot or Dwelling Unit as heretofore defined and limited, and a personal obligation of the Owner, and shall become due and payable in all respects as provided herein.

Section 9.3 Maintenance of Dwelling Units

Each Owner of a Dwelling Unit within The Properties, by acceptance of a deed therefore, whether or not it shall be expressed in said deed or by exercise of any act of ownership, is deemed to covenant:

a) to build, repair or restore such Dwelling Unit in the event of damage thereof and to apply the full amount, to the extent necessary, of any insurance proceeds to the restoration or repair of such Dwelling Unit, and

b) to keep the Dwelling Unit in good repair as required by this Declaration or by the Bylaws.

Section 9.4 Townhouses

Maintenance of the exteriors of townhouses located in The Properties shall be governed by a Neighborhood Declaration recorded for the purpose of governing, among other things, such townhouses. This Section shall in no way limit the rights of the Association to maintain the exterior of townhouses located in The Properties under certain circumstances as provided in this Declaration, however.

ARTICLE TEN: RECREATIONAL FACILITIES

The Recreational Facilities shall be maintained as part of the Common Properties out of assessments imposed on all Owners who have the right of access to and the use of the Recreational Facilities in accordance with the provisions of Article Seven. The Board shall have the right to form an affiliated association (the “Operator”) which may be a separate corporation or a division of the Association and assign to it the responsibilities of maintenance and operation of the Recreational Facilities on a non-profit basis and upon such terms and conditions, not inconsistent herewith, as the Board may deem reasonably necessary. The Operator shall maintain and operate such portions of all Recreational Facilities as are designated to be maintained and operated by such Operator for the benefit of every Owner in good standing with the Association. The Association (by action of its Board) or the Operator, as the case may be, may require that all assessments hereunder be current in order for any Owner to enjoy the use of the Recreational Facilities. Other than the aforementioned right to use such Recreational Facilities as a tenant or guest of an Owner, non-owner memberships shall not be permitted. The Operator may impose reasonable regulations regarding the use of any such Recreational Facilities to insure accessibility, safety, harmony, and preservation of any such Recreational Facilities. The Association reserves the right to revoke an assignment made by it to an Operator and to assume the operation of any such Recreational Facilities, and to impose special fees, charges or assessments against the Owners with respect thereto. The cost of the management,

operation, maintenance, repair, servicing, replacement and renewal of the Recreational Facilities shall be deemed Common Expenses as to all Owners.

ARTICLE ELEVEN: AMENDMENT TO DECLARATION

Section 11.1 Owner/Member Initiated

An amendment to this Declaration may be proposed upon a majority vote of the Owners, with only one Owner per Lot or Dwelling Unit voting, whether meeting as Owners or by instrument in writing signed by them. Any proposed amendment to this Declaration shall be transmitted in writing to all current Owners, and there shall be called a special meeting of the Owners for a date not sooner than ten (10) days nor later than fifty (50) days from date of notice. It shall be required that each Owner be given written notice of such special meeting, stating the time and place, and reciting the proposed amendment in reasonably detailed form, which notice, if mailed, shall be mailed not less than ten (10) days nor more than fifty (50) days before the date set for such special meeting. Such notices shall be made in compliance with the provisions of Section 3.2 hereof, and after made in compliance therewith, shall be deemed to be properly given. Any Owner may, by written waiver of notice signed by such Owner, waive such notice, and such waiver, when filed in the records of the Association, whether before or after the holding of the meeting, shall be deemed equivalent to the giving of notice to such Owner. At the meeting, the amendment proposed must be approved by an affirmative vote of sixty-seven percent (67%) or more of the votes of the Members entitled to vote in order for such amendment to become effective (with the votes being calculated as provided in Section 6.2). At any meeting held to consider such amendment, the written vote of any Owner shall be recognized and counted even if such Owner is not in attendance at such meeting or represented thereat by proxy, provided such written vote is delivered to the Secretary of the Association prior to or at such meeting. If so approved, such amendment of this Declaration shall be properly transcribed and certified by two (2) officers of the Association pursuant to a form substantially similar to the form attached as Exhibit A stating that the amendment was duly adopted and approved by the requisite percentage of Owners. The original or an executed copy of such amendment, properly executed with the same formalities as a deed, shall be recorded in the Office of the Register of Deeds of Scotland County, and no such amendment to this Declaration shall be effective until so recorded. If any amendment to the Declaration creates an inconsistency in the Bylaws, to the extent such inconsistency exists, the Declaration shall control.

Section 11.2 When Effective; Recording; Title Searching

An amendment to this Declaration that complies with the provisions of Section 11.1 shall be effective when recorded in the Scotland County Registry.

ARTICLE TWELVE: CAPTIONS, INTRODUCTIONS AND GENDER

The captions and introductory material herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent of any provision hereof. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders, and the use of the singular shall be deemed to refer to the plural, and the use of the plural shall be deemed to include the singular, whenever the context so requires.

ARTICLE THIRTEEN: SEVERABILITY AND GOVERNING LAW

If any provision of this Declaration is found to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provisions hereof, and for the purposes hereof all covenants as contained herein shall be deemed to be severable each from each other without qualification. This Declaration and the separate provisions thereof shall be construed and enforced in accordance with the laws of the State of North Carolina without regard to principles of conflict of laws.

EXHIBIT A

CERTIFICATION OF VALIDITY OF
MASTER DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS FOR
DEERCROFT SUBDIVISION HOMEOWNERS AND RECREATION ASSOCIATION, INC.

By the authority of its Board of Directors, The Deercroft Subdivision Homeowners and Recreation Association, Inc., hereby certifies that the foregoing instrument has been duly adopted and approved by the requisite percentage of Owners of Deercroft Subdivision Homeowners and Recreation Association and is, therefore, a valid amendment to the existing covenants, conditions and restrictions of the Deercroft Subdivision

As of the _____ day of _____, _____
Deercroft Subdivision Homeowners and Recreation Association, Inc.

ATTEST:

Secretary BY: _____
President
(Corporate Seal)

STATE OF NORTH CAROLINA)
COUNTY OF SCOTLAND)

I, _____, a notary Public hereby certify that
_____ personally came before me this day and
acknowledged that he/she is the _____ Secretary of the Deercroft Subdivision
Homeowners and Recreation Association, Inc., a North Carolina non-profit corporation, and that by
the authority duly given and as the act of said corporation, the foregoing instrument was signed in its
name by its _____ President, sealed with its corporate seal and attested by him/her
as its _____ Secretary.

WITNESS my hand and notarial stamp or seal, this _____ day of _____, _____.

Notary Public

My commission expires:

(NOTORIAL SEAL)