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STATE OF NORTH CAROLINA

COUNTY OF LINCOLN

✓ Mail: Eddie Knox, PO Box 30848, Charlotte, NC 28230

ELAINE N. HARMON
REGISTER OF DEEDS
LINCOLN COUNTY, NC

**DECLARATION
OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
VERDICT RIDGE SUBDIVISION**

#116 B25 Non

THIS DECLARATION, made on the date hereinafter set forth by H. EDWARD KNOX AND wife, FRANCES S. KNOX, hereinafter referred to as "Declarant".

WITNESSETH:

WHEREAS, Declarant is the owner of the real property, described in Section 1 of Article II of this Declaration, which real property is a portion of the property Declarant has improved as a planned, residential development known as Verdict Ridge Development, which has been developed around a golf course facility; and

WHEREAS, Declarant desires to insure the attractiveness of the entrances into Verdict Ridge Development located within Residential Entrance Landscape Easement Areas to be maintained by the Verdict Ridge Homeowner's Association of Lincoln, Inc., and other exterior and interior entrances into different portions of Verdict Ridge Development located within Sign Easements throughout Verdict Ridge Development which are maintained by the Association and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of the said property and to provide for the maintenance of Common Area and to provide for the maintenance of Residential Landscape Easement Areas and Landscape and Easement Areas located along the right-of-way of Kidville Road and along the right-of-way of St. James Church Road or other areas designated either Residential Landscape Easement Areas or Landscape and Easement Areas and the maintenance of medians located within the rights-of-way of public roads throughout Verdict Ridge Development; and in order to accomplish these objectives, deems it advisable to subject the real property described in Section 1 of Article II, together with such additions as may hereafter be made thereto (as provided in Article II) to the covenants, conditions, restrictions, rules, regulations, easements, charges and liens hereinafter set forth; and

WHEREAS, Declarant deems it desirable in order to insure the efficient preservation, protection and enhancement of the values in Verdict Ridge Development and the residents' enjoyment of the specific rights, privileges and easements in the community properties that an organization be created to which will be delegated and assigned the powers of maintaining common areas and entrances, administering and enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter imposed; and

WHEREAS, Declarant has caused to be created for the purposes aforesaid, a North

Carolina non-profit corporation under the name and style of Verdict Ridge Homeowners Association of Lincoln, Inc.

NOW, THEREFORE, the Declarant declares that the real property described in Section 1 of Article II, and such additions thereto as may hereafter be made pursuant to Article II hereof, is and shall be owned, held, transferred, sold, conveyed, used, encumbered and occupied subject to the following covenants, conditions, restrictions, rules, regulations, easements, charges and liens which shall run with the real property (except as provided in Article V, Section 10 hereafter) and be binding upon and inure to the benefit of all owners thereof, their heirs, personal representatives, successors and assigns.

ARTICLE I

DEFINITIONS

Section 1. "Approved Builder" shall mean and refer to one or more persons or companies, in the business of building and selling homes to/for individuals and selected by Declarant to buy Lots and construct homes for sale on the Properties, so long as any such Approved Builder is in good standing with Declarant. The mere conveyance of a lot or lots to a person or entity engaged in said business, whether by Declarant or by another Grantor, shall not constitute such person or entity as an "Approved Builder".

Section 2. "Architectural Control Committee or A.C.C." shall mean and refer to the committee formed pursuant to Article X of this Declaration.

Section 3. "Association" shall mean and refer to Verdict Ridge Homeowner's Association of Lincoln, Inc., a North Carolina non-profit corporation, its successors and assigns.

Section 4. "Club" shall mean and refer to the golf club to be known as Verdict Ridge Country Club which is privately owned and operated by the Club Owner on a Club membership basis or otherwise as determined by the Club Owner and which will be located on the Club Property as more particularly described in Article XI of this Declaration.

Section 5. "Club Facilities" shall have the meaning set forth in Article XI of this Declaration.

Section 6. "Club Owner" shall mean and refer to the entity owning, from time to time, the Club and the Club Property.

Section 7. "Club Property" shall mean and refer to the portion of the Properties on which the Club will be developed and located, the boundary lines of which Club Property shall be shown on Map or Maps and shall contain the Golf Course.

Section 8. "Golf Course" shall mean and refer to the Golf Course facility including

tennis courts, swimming pool, club house or other amenities to be constructed within the Club Property, the boundary lines of which shall be defined by a plat or plats showing such Golf Course facility.

Section 9. "Owner" or "Lot Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers and owners of an equity of redemption, but excluding those having such interest in a lot solely as security for the performance of an obligation.

Section 10. "Properties" or "Property" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof and any additions thereto, as are or shall become subject to this Declaration and any Supplementary Declaration under the provisions of Article II hereof.

Section 11. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, shown upon any recorded subdivision Map of the Properties, with the exception of any common area, common open space, streets, walkways or easements shown on any recorded map and with the exception of any portion of the Club Property. In the event any lot is increased or decreased in size by resubdivisions, through recordation of new subdivision Maps, any such newly platted lot shall thereafter constitute a lot for the purposes of this Declaration.

Section 12. "Declarant" shall mean and refer to H. EDWARD KNOX AND wife, FRANCES S. KNOX, and any other person or entity which they may hereafter designate as Declarant by a written instrument recorded in the Lincoln County Public Registry; or any mortgagee of Declarant which takes control of the Properties by foreclosure or by Deed in lieu of foreclosure.

Section 13. "Member" shall mean and refer to every person or entity who holds membership in the Association.

Section 14. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and designated as "Common Open Space" or "Common Area," or other different language with similar meaning. In no event shall the Club Property or any portion thereof be considered part of the Common Area. The Common Area to be owned by the Association at the time of conveyance of the first lot is designated on the Maps referred to and defined hereinafter.

Section 15. "Sign Easement" shall mean and refer to the non-exclusive "Sign Easement" set forth in Article VI hereof.

Section 16. "Residential Landscape and Easement Areas" shall mean and refer to the Landscape and Easement Areas set forth in Article VIII hereof.

Section 17. "Residential Entrance Landscape Easement Areas" shall mean and refer to the Residential Entrance Landscape Easement Areas set forth in Article VIII hereof.

Section 18. "Notice and Opportunity for Hearing" shall mean and refer to the giving of at least fifteen (15) days' prior notice of a proposed action and the reasons therefore, and an opportunity to be heard by the Board, orally or in writing, not less than five (5) days before the effective date of the proposed action.

Section 19. "Golf Club Entrance Landscape Easement Areas" shall mean and refer to the Golf Club Entrance Landscape Easement Areas set forth in Article VIII hereof.

Section 20. "Golf Club Landscape Easement Areas" shall mean and refer to the Golf Club Landscape Easement Areas set forth in Article VIII hereof.

Section 21. "Board" shall mean and refer to the Board of Directors of the Association.

Section 22. "Lake Maintenance Easement Areas" shall mean and refer to the Lake Maintenance Easement Areas set forth in Article VIII hereof.

Section 23. "Map" or "Maps" shall mean and refer to those certain maps of VERDICT RIDGE SUBDIVISION, which are recorded in the Lincoln County Public Registry; and shall also refer to and include any subsequent map which Declarant may cause to be filed for record in said registry showing any portion of Existing Property as defined below in Article II Section 1, and any additions thereto which may be made under Article II Section 2.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION ADDITIONS THERETO

Section 1. Existing Property. The real property which is, and shall be held, transferred, sold, conveyed, used, encumbered and occupied subject to this Declaration, irrespective of whether there may be additions thereto as hereinafter provided, is located in Lincoln County, North Carolina and is described in the Deeds recorded in Deed Book 985 page 788, Deed Book 1053 page 816 and Deed Book 1069 page 120, less and except approximately 16.6 acres which was described in Deed Book 1835, 0296 as recorded in the Office of the Register of Deeds for Lincoln County. This property shall be herein referred to as "Existing Property".

It is noted that lots 95-100 and lot 156 are omitted from the Maps; and that the un-numbered lot on Map 2 adjoining lot 78, shall be deemed to be lot 77.

Section 2. Additions to Existing Property. Additional property may be brought within the scheme of this Declaration and the jurisdiction of the Association in the following ways:

- (a) Additional land contiguous to the Existing Property may be annexed to the

Properties by Declarant and brought within the scheme of this Declaration and within the jurisdiction of the Association, in future stages of development, without the consent of the Association or its members; provided, however, that said annexations, if any, must occur within twenty (20) years after the date of this instrument.

(b) Additional residential property (and common area), in addition to the land contemplated by subsection (a) above may be annexed to the Properties and brought within the scheme of this Declaration and the jurisdiction of the Association with the consent of the members entitled to at least two-thirds (2/3) of the votes appurtenant to all Class A lots and at least two-thirds (2/3) of the votes appurtenant to all Class B lots, if any, as hereinafter defined in Article III, Section 2. The Association may participate in mergers or consolidations with other non-profit corporations organized for the same or similar purposes as the Association, thereby adding to the Association, or to a surviving homes association, the properties, rights and obligations of the nonprofit corporation with which it merges or consolidates. Any such merger or consolidation shall have the assent of the members as provided above in this subsection (b), and no such merger or consolidation shall revoke, change or add to any of the provisions of this Declaration except as herein provided.

(c) The additions authorized under Subsection (a) and (b) shall be made by filing of record Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the additional properties which shall extend the scheme of this Declaration and the jurisdiction of the Association to such properties and thereby subject such additions to assessment for their just share of the Association's expenses. Said Supplementary Declarations may contain such complementary additions and modification of the covenants, conditions and restrictions contained in this Declaration as may be necessary to reflect only the different character of the added properties and as are not inconsistent with the provisions of this Declaration.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

Section 1. Every Owner of a Lot who is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, which is subject to assessment.

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. The Association shall have two (2) classes of voting membership.

(a) Class A. Except as provided below, Class A members shall be all Lot Owners except the Declarant and Class A members shall be entitled to one (1) vote for each such Lot owned. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be members and the vote appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. Class B member shall be the Declarant (as defined in the

Declaration), and such member shall be entitled to such number of votes as will constitute seventy-five (75%) of the total voting power of the Association, so long as the Class B membership continues to exist. The Class B membership shall cease to exist and shall be converted to Class A membership with one vote for each Lot owned, on the happening of either of the following events, whichever occurs earlier:

- (i) When the Declarant no longer owns any portion of the Property.
- (ii) Fifteen (15) years from and after the date this Declaration is filed.

Provided, further, that nothing herein shall be construed to prohibit the Class B member from converting all or part of its Class B membership to Class A membership with the results set forth above at any time earlier than the latter of the alternative events referred to above, by written statement executed by the Declarant and delivered to the Association.

ARTICLE IV

PROPERTY RIGHTS, EASEMENTS AND RIGHTS OF ENTRY

Section 1. Lot Owner's Right of Enjoyment. Every Lot Owner, and in the case of rented homes, such Owner's tenants, shall have a non-exclusive right to and easement for the enjoyment of, in and to the Common Areas, and such right and easement shall be appurtenant to and shall pass with the title to every Lot. However, each Member of the Association, by acceptance of a deed or other instrument conveying any part of the Property, acknowledges and agrees that (i) there are no light, air, access view or similar easements or rights appurtenant to any Lot in Verdict Ridge Development and constituting a burden on the Golf Club Property and that nothing in this Declaration shall prevent or prohibit Declarant or the Club Owner from constructing landscaping, mounding, fencing and/or other improvements on the Club Property in such manner and locations as Declarant or Club Owner may determine, from lowering, expanding or eliminating bodies of water on the Club Property, from re-configuring or relocating features on the Club Property such as greens, tees, fairways, landscaping and bunkers, and (ii) no easement shall be granted, conveyed, permitted or established over, under or through any Lot without Declarant's prior written consent and approval, which consent and approval may be withheld for any reason or no reason, as long as Declarant is the Owner of any Lot within Verdict Ridge Development.

The Owner's non-exclusive right to and easement for the enjoyment of, in and to the Common Areas shall also be subject to the following:

(a) The right of the Association to charge reasonable admission and other fees for the use of any facility situated upon the Common Area and to limit the use of said facilities to Owners who occupy a residence on the Properties, and to their families, tenants, and guests as provided in Section 1 of this Article IV;

(b) The right of the Association to suspend the voting rights and rights of an Owner to the use of the facilities for any period during which any assessment against his

Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations;

(c) The right of the Declarant and the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or public or private utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfers shall be effective unless the members entitled to at least three-fourths (3/4) of the votes appurtenant to all Class A Lots and at least three-fourths (3/4) of the votes appurtenant to all Class B Lots agree to such dedication or transfer and signify their agreement by a signed written document, provided that this subsection shall not preclude the Board of Directors of the Association from granting easements for the installation and maintenance of sewerage utilities, including CATV, and drainage facilities upon, over, under and across the Common Area without the assent of the membership when such easements, in the opinion of said Board, are requisite for the convenient use and enjoyment of the Properties;

(d) The right of the Association, with the assent of members entitled to at least two-thirds (2/3) of the votes appurtenant to each class of Lot (Class A and B), to mortgage, pledge, deed in trust, or otherwise hypothecate any or all of its real or personal property as security for money borrowed or debts incurred.

(e) The right of the Association to levy annual and special assessments.

(f) The right of Declarant, its successors and assigns to make any improvements they deem proper upon the Common Areas, even after their conveyance to the Association.

(g) The right of Declarant, its successors and assigns, Club owner and the Association, to erect and maintain monuments, fences, ponds, signs, lighting and irrigation systems, and any other improvements and landscaping within Residential Entrance Landscape Easement Areas, Residential Landscape and Easement Areas upon Lots and within Common Areas, as shown upon any plat of subdivision of the Property and within median strips.

(h) The right of Declarant and Club Owner to prohibit access and use of the Residential Entrance Landscape Easement Areas by Owners of Lots and to promulgate rules and regulations regarding access and use of the Residential Entrance Landscape Easements Areas by Owners of Lots.

Section 2. Delegation of Use.

(a) Family. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be exercised by members of the Owner's family who occupy the residence of the Owner within the Properties as their principal residence.

(b) Tenants. The right and easement of enjoyment granted to every Owner in Section 1 of this Article may be delegated by the Owner to his tenants or contract purchasers who occupy a residence within the Properties, or a portion of said residence, as their principle residence.

(c) Guests. Facilities located on common areas situated upon the Premises may be utilized by guests of Owners, tenants or contract purchasers subject to such rules and regulations governing said use of the Common Area as may be established by the Board of Directors.

Section 3. Title to Common Areas. Title to the Common Areas shall be conveyed to the Association free and clear of all liens and encumbrances, except for the easement for the Residential Entrance Landscape Easement Areas set forth in Article VIII hereof; provided, however, that Declarant shall have the right from time to time to reserve for the purpose of development of the Properties all or any portion of the Properties and any Common Areas for various easements and rights-of-way, together with the right to dedicate same where applicable and customary and the right of ingress and egress across the Common Areas in connection with the development of the Properties. Declarant's rights hereunder shall not unreasonably interfere with Owner's easement and enjoyment, except for the easement for the Residential Entrance Landscape Easement Areas set forth In Article VIII hereof.

The Association shall accept "as is" the conveyance of Common Areas without any representation of warranty, express or implied, in fact or by law, with respect thereto, or with respect to the improvements and repairs to be completed after the conveyance, including, without limitation, representations or warranties of merchantability or fitness for the ordinary or any particular purpose, and without any representations or warranties regarding future repairs or regarding the condition, construction, accuracy, completeness, design, adequacy of the size or capacity in relation to the utilization, date of completion or the future economic performance or operations of, or the utilities, materials or furniture which have been or will be used in such Common Areas or repairs, except as set forth herein. By acceptance of an interest in any such Common Area or the deed to any Lot or parcel, the Association and all Owners release Declarant from any claims and warrant that no claim shall be made by the Association or any Owner relating to the condition, or completeness of such property or repairs or for incidental or consequential damages arising therefrom.

Section 4. Entry Easement to Association. The Declarant and the Association, through its authorized representatives, shall have the right of entry and access to, over, upon and through all of the Properties, except for the Club Property and the Golf Club Entrance Landscape Easement Areas, to enable the Association to perform its obligations, exercise its rights, and fulfill its duties pursuant hereto, and such representatives shall not be deemed to

have committed a trespass as a result thereof. Except in an emergency situation, entry shall only be during reasonable hours and after notice to Owner of that portion of the Properties being entered.

Section 5. Easement Regarding Golf Club. Declarant, the Club's members and/or users and visitors to the Club, shall have a perpetual, non-exclusive easement in their favor, to use the public roads and entrance ways and other Common Areas as necessary during any use of the Club golf facilities or as a spectator, worker or purveyor at or for any tournament or activity in connection therewith for the purposes of ingress, egress and access to such facilities. In addition, Declarant hereby dedicates and reserves for the benefit of the Club, its members and/or users, visitors, agents and employees, non-exclusive perpetual easements, over, across and under certain portions of the Properties, indicated and shown on any record maps of the Properties as being reserved as easements for the benefit of the Club or the Golf Course (for example, labeled as "Golf Course Easement" or "Easement for Golf Cart Tunnel", for the following purposes, including the installation, maintenance, repair and removal thereof:

- (i) rights-of-way for pedestrian access, ingress and egress to and from the Golf Course; and
- (ii) rights-of-way for golf carts, golfing individuals, and maintenance vehicle access, ingress and egress to and from the Golf Course, over and upon lots as shown on the Maps, or otherwise.

Any disputes as to the extent of any of the above-described easements during the term of this Declaration, shall be determined by Verdict Ridge Country Club, Inc. or its designated successor, in its sole and absolute discretion. Verdict Ridge Country Club, Inc., or its designated successor, reserves the right to impose upon the Properties such other easements as are required for the enjoyment of the Club golf facilities.

Section 6. Easement for Golf Balls: Limitation of Liability. Every Lot, Common Area and other portions of the Properties are hereby burdened with an easement permitting golf balls unintentionally to come upon the Lots, Common Area or other portions of the Properties immediately adjacent to the Golf Course and for golfers at reasonable times and in a reasonable manner to come upon the exterior portions of a Lot, Common Area or other portions of the Properties to retrieve errant golf balls. However, if any Lot is fenced or walled, the golfer will seek the Owner's permission before entry. Each Owner by acceptance of a deed to any Lot acknowledges the possibility of personal injuries and/or property damage resulting from errant golf balls as a consequence of living in a residence situated on or near a golf course. Under no circumstances shall the Declarant, the Association, the Club Owner or the operator of the Golf Course be held liable for any damage or injury resulting from errant golf balls or the exercise of this easement; and all Owners agree and covenant for themselves, their contractors, subcontractors, guests and invitees, successors in interest and assigns, not to make any claim or institute any action whatsoever against Declarant, the Association, the Club, the Club Owner, the operator of the Golf Course, the architect of the Golf Course, or any officers, directors, employees, agents or affiliates of any of them or their

respective assigns, arising or resulting from any errant golf balls or any damages that may be caused thereby. Each Owner hereby acknowledges and agrees that Property is burdened with an easement hereby created permitting golf balls unintentionally to come upon the Common Area and Lots. Each Owner hereby waives and releases and agrees to indemnify and hold harmless Club Owner (and any person retained by Declarant and/or Club Owner to design, construct or operate the Golf Course), Declarant, the Association and any authorized user of the Golf Course from any and all action, cause, suit, claim or demand whatsoever, in law or in equity, as a result of property damage or personal injury to such Owner, Owner's guests, family members, employees, licensees or invitees caused by an errant golf ball or otherwise attributable to the design, play or maintenance of the Golf Course.

Section 7. Assumption of Risk and Indemnification. Each Owner by purchase of a Lot in the vicinity of the Golf Course hereby expressly assumes the risk of noise, personal injury or property without limitation (a) noise from maintenance equipment, it being specifically understood that such maintenance typically takes place around sunrise or sunset, (b) noise caused by golfers, (c) use of pesticides, herbicides and fertilizers, (d) view restrictions caused by maturation of trees and shrubbery, (e) reduction in privacy caused by constant golf traffic on the Golf Course or the removal or pruning of shrubbery or trees on the Golf Course and (f) design of the Golf Course. Each Owner agrees that neither Declarant and/or Club Owner, their affiliates or agents nor any other entity owning or managing the Golf Course shall be liable to Owner or any other person claiming any loss or damage, including, without limitation, indirect, special or consequential loss or damage arising from personal injury, destruction of property, trespass, loss of enjoyment or any other alleged wrong or entitlement to remedy based upon, due to, arising from or otherwise related to the proximity of Owner's Lot to the Golf Course property, including, without limitation, any claim arising in whole or in part from the negligence of Declarant and/or Club Owner or any other entity owning or managing the Golf Course. The Owner hereby agrees to indemnify and hold harmless Declarant and/or Club Owner and any other entity owning or managing the Golf Course against any and all claims by Owner's visitors, tenants and others upon such Owner's Lot.

Section 8. Declarant and Club Owner Rights. Declarant and Club Owner shall have all rights as specifically reserved in this Declaration of Covenants, Conditions and Restrictions, the Articles of Incorporation and the By-Laws and Regulations and also the following rights:

(a) The Architectural Design Guide may not be amended or modified as it relates to Lots adjacent to the Club Property without the prior written consent of Declarant and/or Club Owner.

(b) No improvements which will be visible from the Club Property may be constructed on any Lots adjacent to the Club Property unless and until such proposed improvements have been approved by Club Owner's representative on the Architectural Control Committee, as being in conformity with the Architectural Design Guide and this Declaration.

(c) Declarant and/or Club Owner shall have the right and authority to enforce the provisions of and restrictions imposed by this Declaration as the same relate to Lots adjacent to the Club Property in any manner or the same manner as is available to the Association hereunder, or to any Lot Owner.

(d) If in the reasonable opinion of Declarant's and/or Club Owner's representative on the Architectural Control Committee, the construction or modification being reviewed by the Architectural Control Committee has a material adverse impact on the Golf Course whether by restriction of view, creation of a nuisance or otherwise, then, in that event, Declarant's and/or Club Owner's representative on the Architectural Control Committee may disapprove the proposed construction irrespective of the approval of same by the other members of the of Architectural Control Committee and the Owner shall resubmit to the Architectural Control Committee the proposed construction or modification so as to take into account the objection of Declarant and/or Club Owner's Architectural Control Committee; and

(e) Club Owner and its employees shall have the right to use chemicals for fertilizing vegetation and turf and for treatment of insects and turf diseases. Club Owner and employees shall be required to limit the areas treated with chemicals to that property owned by Club Owner, the Golf Club Entrance Landscape Easement Areas, the Golf Club Landscape Easement Areas and the Residential Landscape Easement Areas and other portions of the Property under contract with Club Owner to provide maintenance or required to be maintained by Club Owner by this Declaration. Declarant, Club Owner, members or employees of Club Owner, shall not be held liable by the Association or any Lot Owners for any damages occurring as a result of run-off of chemicals or wind drift thereof onto any part of the Property.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Properties, hereby covenants, and each Owner of any Lot by acceptance of a deed thereof, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges and (2) special assessments for capital improvements; such assessments to be established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs and reasonable attorney fees, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest, costs and reasonable attorney fees, shall also be the personal or corporate obligation of the person(s), firm(s), or corporations(s) owning such property at the time when the assessment fell due, but such personal obligation shall not be imposed upon such Owners' successors in title unless expressly assumed by them. Although unpaid assessment charges are not the personal obligation upon such Owner's successors in title unless expressly assumed by the successors in title, the unpaid assessment charges continue to be a lien upon the property against which the assessment has been made.

Section 2. Purposes of Assessments. The assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents of the Properties, the enforcement of these Covenants and the rules of the Association, and in particular for the improvement, and maintenance of the Properties and providing the services and facilities devoted to this purpose and related to the use and enjoyment of the Common Area and any other areas maintained by the Association, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed, the procurement and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Association when necessary, and such other needs as may arise.

Without limiting the generality of the above-described purposes, the assessments levied by the Association may be used for the acquisition, construction, improvement (including landscaping and planting) and maintenance of the common facilities located or to be located in the Common Area and Landscape and Easement Areas, the medians within public road rights-of-way or the Sign Easements including the landscaping and irrigation system(s), if any, located in the Common Area, the Sign Easement as set forth in Article VI hereof, and the maintenance of landscaping and irrigation system(s) in the medians located in the public rights-of-way and in the Landscape and Easement Areas, including the following:

(a) providing grass cutting, fertilizing, weed and insect treatments and maintenance of trees, shrubbery and flowers located on or within Common Areas, median strips and Landscape and Easement Areas;

(b) providing maintenance and operation of all walls, fountains, ponds, waterfalls, monuments, irrigation facilities, sidewalks, fences, signage, lighting or other structures and facilities located on or within median strips and any of the areas identified as Common Areas and Landscape and Easement Areas;

(c) providing grass cutting, fertilization, weed and insect treatments and maintenance of trees, shrubbery, flowers and sidewalks within the public street right-of-way where it is adjacent to Common Areas and Landscape and Easement Areas; and

(d) providing maintenance and operation of special features, if any.

Section 3. Annual Assessment. For the calendar year, 2007, the Board of Directors has set the assessment for Class A lots as \$324.50. The annual assessment may be increased or decreased by the Board of Directors effective January 1 of each year, without a vote of the membership, but subject to the limitation that the percentage of any such increase or decrease shall not exceed the following without a vote of the membership: (1) increase of 10% of the assessment for the previous year; (2) decrease of 5% of the assessment for the previous year or (3) if the increase in the CPI index is greater than 10% for the preceding year, the percentage increase shall be the increase in the CPI index (Consumer Price Index, U.S. City Average, All Items (1967 100) published by the U.S. Bureau of Average and Selected Areas between the first and last months of the thirteen [13] month period terminating at the end of

the year [3rd] quarter of the next preceding calendar year. If the CPI is discontinued then there shall be used the most similar index by the United States Government indicating changes in cost of living).

(a) The annual assessment may be increased or decreased without limitation if such increase or decrease is approved by no less than two-thirds (2/3) of the votes appurtenant to each class of Lots (Class A and Class B), cast in person or by proxy, at a meeting duly called for this purpose.

(b) Any annual assessment established by the Board of Directors shall continue thereafter from year to year as the annual assessment until changed by said Board.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, special assessment(s) for the purpose of defraying, in whole or in part, the cost of any construction, repair, replacement of and additions or improvements to capital improvement(s) upon any Common Area or Sign Easement. Any such Special Assessment shall be in the same ratio between Class A and Class B Lots as set forth in the first paragraph of Section 3 herein above.

Section 5. Assessment Rate. Except for the difference between assessments for Class A and Class B Lots, both annual and special assessments must be fixed at a uniform rate for all Lots and shall be collected on an annual basis.

Section 6. Notice of Quorum for any Action Authorized Under Sections 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3 and 4 of this Article shall be sent to all Members no less than thirty (30) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast sixty (60%) percent of all the votes appurtenant to Class A Lots and Class B Lots shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice or requirement, and if the same is called for a date not later than sixty (60) days after the date of the first meeting, the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 7. Commencement of Annual Assessments. The annual assessment for each Lot shall commence on the first day of the month following the recording of a subdivision map creating the Lot by the Declarant. A Lot assessment equal to twenty-five (25%) percent of the annual assessment shall be allocated owned by the Declarant. The Declarant shall have no obligation to pay or fund any deficit of or to subsidize the Association. The Declarant may elect annually to pay some or none of the "deficit", which is the difference between the amounts of the assessments collected and the amount of actual expenditures required to operate the Association during the fiscal year. The election of the Declarant to pay all, part or none of the deficit shall be by written notice to the Board not less than forty-five (45) days prior to the beginning of each fiscal year and if no notice is delivered by Declarant, Declarant shall be deemed to have elected not to pay any of such differential or deficit. The Declarant's subsidy to the Association may be

made in the form of a cash subsidy or by "in kind" contributions of services or materials, or a combination of these. In the event the Declarant elects to subsidize the Association, such subsidy shall be credited against subsequent annual assessments owed by the Declarant, or Declarant may elect to be reimbursed in cash. All assessments shall be payable in advance in equal installments as determined by the Board. Failure to mail notices by the dates required shall not affect the rights of the Association to assess Lots as provided herein. This paragraph shall not be subject to amendment once Declarant becomes a Class A member without the affirmative vote of 100% of all Lot Owners including the Declarant.

It shall be the duty of the Board of the Association to fix the amount of the annual general assessment applicable to each Lot. The Board shall make reasonable efforts to fix such amounts, in advance, by the first day of December of each year, and shall, at that time, prepare a roster of the Lots and assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any Lot Owner upon reasonable notice to the Board. Written notice of the Assessment shall thereupon be sent to the Owners of any Lot subject thereto. Annual general assessment shall be due and become a lien on each Lot on January 15th of each year. Failure to mail notices by the dates required shall not affect the right of the Association to assess Lots as provided herein.

Individual and special assessments shall be fixed by the Board as provided in this Article, which assessments shall become a lien on the Lots on the date that the Board mails written notice of any such assessments to the Owners of any Lot subject thereto.

Section 8. Non-Payment of Assessment. Any assessment levied pursuant to these covenants which is not paid on the date when due shall be delinquent and shall, together with such interest thereon and cost of collection thereof, as hereinafter provided, including reasonable attorney's fees, thereupon becoming a continuing lien which shall bind such lot in the hands of the then Owner, his heirs, devisees, personal representative and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation and shall not pass to his successors in title unless expressly assumed by them. Interest on delinquent assessments shall be charged at the lesser of one and one-half percent (1.5%) per month or the highest rate permitted by law.

Any assessment not paid within thirty (30) days after the due date shall be subject to a late charge of Five and No/100 (\$5.00) Dollars per month, said late charge increasing at a rate of Five and No/100 (\$5.00) Dollars per month thereafter up to a maximum of Ten and No/100 (\$10.00) Dollars per month or the highest amount permitted by laws, whichever is less, and the Association may bring an action at law against the Owner personally obligated to pay the same, or to foreclose the lien against the Lot and interest, late payment charges, costs and reasonable attorney's fees related to such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by not using the Common Areas or by abandoning his Lot.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage or first deed of trust on a Lot. Sale or transfer

of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot 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 first mortgage or deed of trust.

Section 10. Exempt Property. All property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. In addition, all Club Property shall be exempt from these assessments. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

Section 11. Individual Damage Assessments. In the event that any damage is caused to any of the Common Areas, median strips, Landscape and Easement Areas or within the public street right-of-way where it is adjacent to Common Areas and Landscape Easements, through the willful or negligent act or omissions of a Lot Owner, his family, tenants, guests, the Board shall have the obligation to correct or repair any such damage, and the costs thereof shall be added to and become a part of the assessment against the individual Lot owned by the Lot Owner, or his family, tenants, guests causing such damages.

Section 12. Special Assessment for Individual Lots. After Notice and Opportunity for Hearing, the Board, without the vote or written consent of Members, may levy a special assessment against an Owner and his Lot as a remedy to reimburse the Association for costs (including attorneys' fees) incurred in bringing the Owner, his Lot or his residence into compliance with the provisions of this Declaration, the By-Laws or the Rules and Regulations.

Section 13. Certificate of Assessment. Upon request of any person having a valid interest therein, the Association, upon reasonable advance notice and for a reasonable fee, will issue a written certificate stating the amount of assessment due as to any Lot as of the date of such certificate.

ARTICLE VI

SIGN EASEMENT

The Association, its successors and assigns, shall have a "Sign Easement" over those portions of the Lots designated "Sign Easements" on the recorded Maps for Verdict Ridge. The Sign Easements shall be for the purpose of installation and maintenance of subdivision entrance signs, interior village signs, lighting and irrigation systems, fences and landscaping located within the Sign Easement Areas. No fences, structures, driveways, plantings, swings or any other objects, temporary or permanent, shall be permitted in such areas other than those initially installed by Declarant or

Verdict Ridge Development Company, LLC or its designated successor, without the Association's prior written approval. Association shall at all times have the right of access for its employees, agents, contractors and sub-contractors over the Sign Easement areas for the purpose of installing, maintaining, repairing and replacing the subdivision entrance signs, interior village signs, lighting and irrigation systems and fences or decorative walls and for the purpose of landscaping, planting, mowing and maintaining the area within the Sign Easements.

ARTICLE VII

EASEMENTS

Easements for installation and maintenance of driveway, walkway, parking area, water line, gas line, cable television, telephone, electric power line, sanitary sewer and storm drainage facilities and for other utility installations are reserved as shown on the recorded plat(s). Further, easements ten feet in width for such purposes are reserved over, under and through and along the rear Lot lines of all Lots shown on recorded plants, and easements five feet in width for such purposes are reserved over, under and through and along all side Lot lines of all Lots shown on recorded plats, as well as temporary easements five feet in width along the front Lot lines for construction, maintenance and repair purposes. In the event it is determined that other and further easements are required over any Lot or Lots in locations not shown on the recorded plat and not along rear or side Lot lines, such easements may be established by the Declarant, except that if any such easements are reserved or established after the conveyance of a Lot or Lots to be affected thereby, the written assent of the Owner or Owners of such Lot or Lots and of the trustees and mortgagees in deeds of trust constituting a lien thereon shall be required. Within any such easements above provided for, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation, delivery and maintenance of public utilities, or which may obstruct or change the direction of flow of water through drainage channels in the easements.

ARTICLE VIII

**RESIDENTIAL LANDSCAPE EASEMENT AREAS,
RESIDENTIAL ENTRANCE LANDSCAPE EASEMENT AREAS,
GOLF CLUB ENTRANCE LANDSCAPE EASEMENT AREAS,
GOLF CLUB LANDSCAPE EASEMENT AREAS
AND
LAKE MAINTENANCE EASEMENT AREAS**

Section 1. Residential Landscape and Easement Areas. Declarant, for itself, its successors and assigns, reserves an easement over the following land for the use and benefit of Verdict Ridge Country Club which may not be modified without written consent of Verdict Ridge Country Club:

Any portions of Lots designated "Residential Landscape and Easement

Areas" (or different language with similar meaning) on any recorded map of the Properties.

for the construction, maintenance, repair and replacement of irrigation and lighting systems, berms, plantings and landscaping within the Residential Landscape and Easement Areas. The Owners of said Lots shall maintain the area not maintained or landscaped pursuant to this easement. No fences, structures, driveways, plantings or other objects, temporary or permanent, shall be permitted in such easement without Verdict Ridge Development Company, LLC's or Association's prior written consent. Verdict Ridge Development Company, LLC may assign this easement to the Association. The reservation of this easement imposes no obligation on Declarant, Verdict Ridge Development Company, LLC, its successors and assigns, to continue to maintain the plantings and landscaping within the Residential Landscape and Easement Areas.

Section 2. Residential Entrance Landscape Easement Areas. Declarant, for itself, its successors and assigns, and for the Club Owner reserves an easement over the following land:

Any portions of Lots designated "Residential Entrance Landscape Easement Areas" (or different language with similar meaning) on any recorded Map of the Properties.

for the construction, maintenance, repair and replacement of irrigation systems, berms, plantings and landscaping within the Residential Entrance Landscape Easement Areas. The Owners of said Lots shall maintain the area not maintained or landscaped pursuant to this easement. No fences, structures, driveways, plantings or other objects, temporary or permanent, shall be permitted in such easement without Verdict Ridge Development Company, LLC and/or Club Owner's prior written consent. The reservation of this easement imposes no obligation on Declarant, Verdict Ridge Development Company, LLC, or Club Owner, their successors and assigns, to continue to maintain the plantings and landscaping within the Residential Entrance Landscape Easement Areas. Verdict Ridge Development Company, LLC may assign this easement to the Association.

Section 3. Golf Club Entrance Landscape Easement Areas. Declarant, for itself, its successors and assigns, and for the Club Owner reserves an easement over the following land:

Any portions of Common Areas designed "Golf Club Entrance Landscape Easement Areas" (or different language with similar meaning) on any recorded Map of the Properties.

for the construction, installation, maintenance, repair and replacement of subdivision entrance monuments and signs, Golf Club entrance monuments and signs, walls, fences, ponds, waterfalls and other structures and improvements, of any kind, installed by the Club Owner, irrigation and lighting systems, berms, plantings and landscaping within the Golf Club Entrance Landscape Easement Areas. No structures, improvements, plantings or other objects, temporary or permanent, shall be permitted in such easement without

Verdict Ridge Development Company, LLC, and/or Club Owner's prior written consent. The reservation of this easement imposes no obligation on Declarant, The Verdict Ridge Development Company, LLC or Club Owner, their successors and assigns, to continue to maintain the plantings and landscaping within the Golf Club Entrance Landscape Easement Areas, however, in the event the Golf Club Entrance Landscape Easement Areas are not maintained by Declarant and/or Club Owner to a standard comparable to or better than the maintenance of areas similar in size and area maintained by the Association, the Association shall have the right to maintain the Golf Club Entrance Landscape Easement Areas; if, after giving Verdict Ridge Development Company, LLC and Club Owner sixty (60) days' written notice to have the maintenance of the Golf Club Entrance Landscape Easement Areas brought up to such standard, Verdict Ridge Development Company, LLC and/or Club Owner have not brought the maintenance up to such standard.

Section 4. Golf Club Landscape Easement Areas. Declarant, for itself, its successors and assigns, and for the Club Owner reserves an easement over the following land:

Any portions of Lots designated "Golf Club Landscape Easement Areas" (or different language with similar meaning) on any recorded Map of the Properties.

for the construction, maintenance, repair and replacement of irrigation and lighting systems, berms, plantings and landscaping within the Golf Club Landscape Easement Areas. The Owners of said Lots shall maintain the area not maintained or landscaped pursuant to this easement. No fences, structures, driveways, plantings or other objects, temporary or permanent, shall be permitted in such easement without Verdict Ridge Development Company, LLC's and/or Club Owner's prior written consent. The reservation of this easement imposes no obligation on Declarant, Verdict Ridge Development Company, LLC or Club Owner, their successors and assigns, to continue to maintain the plantings and landscaping within the Golf Club Landscape Easement Areas. In the event Verdict Ridge Development Company, LLC and/or Club Owner do not maintain the Golf Club Landscape Easement Areas to a standard comparable to or better than the maintenance of Landscape and Easement Areas similar in size and area maintained by the Association, the Association shall have the right to maintain the Golf Club giving Verdict Ridge Development Company, LLC and Club Owner thirty (30) days' written notice to have the maintenance of the Golf Club Landscape Easement Areas brought up to such standard, Verdict Ridge Development Company, LLC and Club Owner have not brought the maintenance up to such standard.

Section 5. Lake Maintenance Easement Areas. Declarant, for itself, its successors and assigns, and for the Club Owner reserves an easement over the following land:

Any portions of Lots designated "Lake Maintenance Easements Areas" (or different language with similar meaning) on any recorded Map of the Properties.

for the construction, maintenance, repair and replacement of any lake (nature or artificial) adjacent to such Lots, including the banks of the lake, the lake bed, the lake itself, the dam and spillway and any grass or landscaping along the banks of the lake. The Owners of said Lots shall maintain the area not maintained pursuant to this easement. No fences, structures, driveways, plantings or other objects, temporary or permanent, shall be permitted in such easement without Verdict Ridge Development Company, LLC and/or Club Owner's prior written consent. The reservation of this easement imposes no obligation on Declarant, Verdict Ridge Development Company, LLC, or Club Owner, their successors and assigns, to continue to maintain the grass and landscaping within the Lake Maintenance Easement Areas. In the event of any disagreement between Developer and Golf Club Owner, Golf Club Owner's decision shall prevail.

ARTICLE IX

INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Association shall indemnify any and all persons who may serve or who have served at any time as directors or officers of the Association against any and all expenses, including amounts paid upon judgments, counsel fees and amounts paid in settlement (before or after suit is commenced), actually and necessarily incurred by such persons in connection with the defense or settlement of any claim, action, suit or proceeding in which they, or any of them, are made parties, or a party, which may be asserted against them or any of them, by reason of being or having been directors or officers or a director or an officer of the Association, except in relation to matters as to which any such director or officer or former director or officer or person shall be adjudged in any action, suit, or proceeding guilty of willful and intentional negligence or misconduct in the performance of his or her duties to the Association. Provided, however, that in the event of a settlement, the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Association.

The provisions hereof shall be in addition to and not exclusive of any and all other rights to which any director or officer may otherwise be entitled under any law, By-law, agreement, vote of Association Members or otherwise. In the event of death of any officer or director, the provisions foregoing rights shall be available whether or not such person or persons were in fact directors or officers at the time of incurring or becoming subject to such expenses, and whether or not the proceeding claim, suit or action is based on matters which antedate the adoption of such By-Law.

ARTICLE X

ARCHITECTURAL CONTROL COMMITTEE

Section 1. Establishment. Verdict Ridge Development Company, LLC, or its designated assigns, shall establish an Architectural Control Committee (the "A.C.C." or

"Committee") to perform the architectural review functions set forth in this Declaration and shall adopt the procedural rules and regulations for the performance of such duties by the A.C.C., including procedures for the preparation, submission and determination of the application for any approvals required by this Declaration. The A.C.C. shall consist of not less than three (3) nor more than five (5) Members, each serving one-year terms, with such alternate Members as the Verdict Ridge Development Company, LLC may deem necessary. Verdict Ridge Development Company, LLC, or its designated assigns, shall appoint all of the original Members of the A.C.C. and shall continue to appoint all members of the A.C.C. until Declarant and Approved Builders no longer own any Lot or any portion of the Property, at which time the Board of the Association shall have the power to appoint all of the members of the A.C.C. with the exception that the Club Owner shall, at all times, have the right to appoint one member to the A.C.C. which member shall be designated the Club Owner's representative and have the additional approval rights set forth in Section 8 of Article IV of this Declaration. The appointees of the Board or Verdict Ridge Development Company, LLC need not be members of the Association, architects, Owners, lessees or residents and do not need to possess any special qualifications of any type except such as the Board or Verdict Ridge Development Company, LLC may, in their discretion, require. However, it is recommended that at least one member of the A.C.C. be an architect, planner, engineer, developer or other member of a profession engaged in the construction or development industry. The A.C.C. shall hold regular meetings, a quorum for such meeting shall consist of a majority of the regular members, and the concurrence of a majority of the regular members at a meeting shall be necessary for any decision of the A.C.C., except as otherwise provided herein. An alternate member, approved by Verdict Ridge Development Company, LLC may participate at any meeting at which there is not a quorum of regular members present, may constitute a quorum by his (their) presence and shall have all of the authority of a regular member while so participating. Subject to the provisions of Section 8 of Article IV concerning improvements visible from the Club Property, the decision of the A.C.C. shall be final on all matters submitted to it pursuant to this Declaration.

Section 2. Review by Committee. With the exception of structures designed and/or constructed by Declarant or Approved Builders, prior written approval by the A.C.C. shall be required of all new construction in or on the Property. In addition, no alteration or modification to an existing dwelling unit constructed by Approved Builders or any other structure previously approved by the A.C.C. whether dwellings, buildings, gazebos, storage sheds, room additions, ramadas, rooms, fences, walls, canopies, statuary, awnings, roofs, devices to be mounted on roofs, exterior lighting facilities, athletic facilities or recreational facilities, mailboxes, changes in exterior paint color, or other similar improvements or attachments shall be constructed and no alteration of the established drainage on a Lot shall be made unless complete plans and specifications therefore have been first submitted to and approved in writing by the A.C.C. The A.C.C. shall exercise its best judgment (neither arbitrarily nor capriciously) to the end that all such changes, improvements and alterations requested for properties within the Properties conform to and harmonize with the existing surroundings. Specifications shall be submitted in duplicate to the Committee. The plans and specifications shall show the nature, kind, shape, height, materials and location of all improvements and landscaping. The documents shall specify any requested variance from the set back lines, garage location or any other

requirement set forth in this Declaration. At such time as the plans meet the approval of the Committee one complete set will be retained by the Committee and the other set shall be marked approved on behalf of the Committee and returned to the Owner or his designated representative. If disapproved by the Committee one set of such plans shall be returned marked "disapproved" and shall be accompanied by a statement setting forth the reasons for disapproval. In no event shall the Committee give verbal approval or disapproval of any plans, and no person or entity shall be entitled to rely on verbal approval. If the Committee fails to approve or disapprove such plans and specifications within thirty (30) days after the date of submission, written approval of the matter submitted shall not be required and compliance with this Article shall be deemed to have been completed, so long as the submission does not otherwise violate or fail to conform to any restrictions or requirements of this Declaration or previously established requirements of the A.C.C. in which event the submission shall be deemed disapproved by the Committee. An Owner submitting plans to the Committee shall have the burden of establishing the date upon which the Committee received said plans. It is the intent hereof that the Architectural Control Committee shall have broad power and discretion to review, supervise and control any and all man-made buildings, structures, improvements and objects of every kind or description which may be placed, erected, installed or permitted to remain on any lot, or within the street right-of-way adjacent to any lot, as well as any trees, shrubbery or plantings of any kind which may be planted, transplanted, placed upon or removed from any lot. The enumeration of specific use restrictions in section 15 of this Article shall not be interpreted to limit the authority of the A.C.C., the only intended limit on its plenary authority being that it shall not act arbitrarily or capriciously.

Section 3. Subcommittee. The Architectural Control Committee with the advice and consent of the Board is herein empowered to form a subcommittee to the Architectural Control Committee the ("Sub A.C.C." or "Subcommittee") comprised of Members of the Association. The Subcommittee shall be comprised of such number of Members as the A.C.C. deems reasonable and necessary in order to carry out its function. The A.C.C. shall be entitled to delegate to the Subcommittee such responsibilities and activities as the A.C.C., in its discretion, shall determine, including but not limited to the ability to preview submittals to the A.C.C. and make non-binding recommendations thereon. Such Subcommittee shall serve at the discretion of the A.C.C. and/or the Board and may or may not be continued following transfer of control of the A.C.C. to the Association.

Section 4. Appeal. Any Owner aggrieved by a decision of the Sub A.C.C. may appeal the decision to the A.C.C. in accordance with procedures to be established by the A.C.C. Such procedures would include the requirement that the appellant has modified the requested action or new information which would in the A.C.C.'s opinion warrant a reconsideration. If the A.C.C. fails to allow an appeal or if the A.C.C., after appeal, again rules in a manner aggrieving the appellant, the decision of the A.C.C. is final.

Section 5. Fee. The Board may establish a reasonable processing fee to defer the costs of the Association in considering any requests for approvals submitted to it, which fee shall be paid at the time the request for approval is submitted.

Section 6. Architectural Design Guide and Development Standards. The Declarant may develop, publish and promulgate architectural standards and guidelines (hereafter "Architectural Design Guide") which shall be used by the A.C.C. in reviewing any proposed plans, specifications and materials submitted to the A.C.C. for approval. In addition, the A.C.C. may develop development standards setting forth the minimum standards for the design, size, location, style, structure, color, mode of architecture, mode of landscaping and relevant criteria deemed important by the A.C.C. or by Verdict Ridge Development Company, LLC for the construction of improvements of any nature in the Properties with special emphasis on improvements adjacent to or visible from the Club Property. The purpose of such development standards will be to preserve and promote the character and orderly development of the Properties. By acceptance of a deed to any Lot, each Owner thereof and his successors and assigns agrees to be bound by all provisions of such development standards as may be adopted by the A.C.C. and to use diligence in keeping abreast of the provisions thereof and any amendments thereto.

Section 7. No Waiver. The approval or disapproval by the A.C.C. and/or Club Owner through its representative on the A.C.C., as the case may be, of any proposals or plans and specifications or drawings for any work done or proposed, or in connection with any other matter requiring the approval and consent of the A.C.C. and/or Club Owner, as the case may be, shall not be deemed: (a) to constitute a waiver of any right to approve or withhold approval or consent as to any similar proposals, plans and specifications, drawings, or matters whatever subsequently or additionally submitted for approval or consent not; (b) to prohibit the A.C.C. from modifying and amending the Architectural Design Guide from time to time (with the approval of the Board) to specifically permit any improvement previously prohibited or (c) to prohibit any improvement previously permitted.

Section 8. Variance. The A.C.C. may authorize variances from compliance with the Architectural Design Guide when circumstances such as topography, natural obstructions, hardship, or aesthetic or environmental considerations require. Such variances may only be granted, however, when unique circumstances dictate, as determined by the A.C.C., and no variance shall (a) be effective unless in writing or (b) stop the A.C.C. from denying a variance in other circumstances.

Section 9. Violation of Approved Plans and Right of Entry. If it is determined by the A.C.C. that work completed on any Lot has not been completed in compliance with the final plans approved by the Committee, the Committee or the Association may notify the Owner in writing of such non-compliance within (30) days of inspection, specifying in reasonable detail the particulars of non-compliance and may require the Owner to remedy the same. The Association shall have the right to enter upon the Lot of any Owner and to perform compliance or remedy noncompliance as ordered by the Committee and the cost of such performance or remedy shall be charged to the Owner of the Lot in question, which cost shall be due within ten (10) business days after receipt of written demand therefore. If the Owner fails to remedy such non-compliance or to commence and continue diligently toward achieving compliance, Verdict Ridge

Development Company, LLC or the Association (as their interests shall appear) shall notify the Owner that it shall take action to remove the non-complying improvements and/or seek injunctive relief, recovery of costs incurred (including reasonable attorney fees), and imposition of a fine, which fine shall not exceed ten percent (10%) of the cost of achieving compliance.

Section 10. Non-Liability for Approval of Plans. Architectural Control Committee approval of plans shall not constitute a representation, warranty or guarantee, whether express or implied, that such plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such plans and specifications neither the Architectural Control Committee, the Members thereof, the Association, any Member thereof, the Board nor Verdict Ridge Development Company, LLC assumes any liability or responsibility therefore, or for any defect in any improvements constructed from such plans or specifications. Neither the Committee, any Member thereof, the Association, the Board nor Verdict Ridge Development Company, LLC shall be liable to any Member, Owner, occupant, or other person or entity for any damage, loss or prejudice suffered or claimed on account for (a) the approval or disapproval of any plans, drawings and specifications, whether or not defective, or (b) the construction or performance of any work, whether or not pursuant to the approved plans, drawings and specifications.

Section 11. Compliance with Laws. Review and approval of plans and specifications by the A.C.C. and/or Club Owner through its representative on the A.C.C., as the case may be, shall not imply compliance with any law, ordinance or regulation, or structural integrity or safety of any improvements described, in any approved plans and specifications. Review and approval as provided in this Article is for aesthetic purposes only. It is each Owner's sole responsibility to plan and construct any and all improvements in a manner which complies with all applicable codes, statutes, laws, ordinance and regulations in compliance with any approval granted hereunder.

Section 12. Approved Builder Exemption. The Architectural Control Committee shall have no authority, power, or jurisdiction over Lots owned by Declarant or Approved Builders, and the provisions of this Article X shall not apply to Lots owned by Declarant or any Approved Builder until such time as an Approved Builder conveys title to the Lot to a purchaser thereof. This Section 12 shall not be amended without Approved Builder's written consent set forth on the amendment.

Section 13. Club Improvements. Notwithstanding the provisions of this Article X, construction of any improvements in connection with the development of the Club, Golf Course and the Club Facilities, including the construction and development of a club house and other improvements on the Club Property, shall not be subject to the provisions of this Article X and such improvements on the Club Property may be constructed and the Club Property may be developed without any submission, review and approval of the plans and specifications or the approval of any other matters in connection therewith by the A.C.C. The improvement and development of the Golf Course and any revisions or changes thereto in the future are not subject to the provisions of this Article X.

Section 14. Duty to Complete Improvements. An Owner shall complete all approved improvements, subject to unforeseen circumstances and causes beyond the reasonable control of such Owner, as reasonably determined by the A.C.C. within twelve (12) months following commencement of construction of such approved improvements.

Section 15. Use Restrictions. The ownership, use and occupancy of each Lot shall be subject to the following restrictions:

1. Each lot shall be used only for single family residential purposes, and no structure shall be erected, altered, placed or permitted to remain on any lot except one detached site built single family dwelling house with a private garage, detached garage and other out buildings incidental to the residential use of the lot as approved by Declarant or A.C.C., consistent with the Architectural Guidelines. Provided, that this provision shall not prohibit the model homes and construction trailers during the development of the subdivision, and provided further, the Declarant may approve multi-family uses and structures within portions of the Property.

2. All building shall be located inside of the front, rear and side set back lines shown on the Maps.

3. No animals shall be kept, raised or bred on any Lot except a total of not more than three dogs, cats, or other normal household pets, provided that same are not kept, raised or bred for any commercial purpose. No dog run or pen may be placed or maintained on any lot unless the Architectural Control Committee has approved the same. Pit Bulls are expressly prohibited, and the Association shall have the right to prohibit or require the removal of any dog or other animal which, after consideration of factors such as size, breed and disposition of the animal and security measures taken by the owner, the Association, in its sole discretion, deems to be undesirable, a nuisance or a safety hazard. Unleashed pets are not permitted off the Lot where their owner resides. It is the responsibility of the animal's owner to clean up any waste or damage from the animal on Common Areas or other Lot Owner's property.

4. No residence or structure of temporary nature shall be erected or permitted to remain on any Lot, and no trailer, basement, shack, tent, garage, barn or other building of a similar nature shall be used as a residence or sleeping place either temporarily or permanently.

5. No noxious or offensive activity shall be carried on upon any lot nor shall anything be done thereon which may be or become an annoyance or nuisance to the neighborhood. No potentially hazardous or toxic materials or substances shall be kept, used or stored on any Lot other than normal household, lawn and garden products, and the same shall be used so as to not permit spills or runoffs of such material.

6. Easements for the installation, maintenance and repair of utility, cable television, drainage facilities are reserved as shown on the Maps and over the rear ten feet

and each side five feet of every Lot. Within said easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation and maintenance of utility facilities or which may obstruct, retard, or change the direction of flow of surface water in the easement. Declarant reserves the right to create and impose additional easements over unsold Lots for said purposes, by appropriate recorded instruments.

7. Except for signs placed by Declarant or Approved Builders, no sign or poster of any kind shall be displayed to public view on any Lot except one sign of not more than five square feet advertising the property for sale or rent.

8. Many of the techniques and hardware of satellite dishes and other forms of communication equipment are still in the developmental stage. A.C.C. approval is required for all exterior satellite dishes, and the A.C.C. will reject any satellite dish of any size, shape or color which is insensitively designed or located. The Architectural Guidelines may be modified to allow for new advances in communication equipment, so long as they are consistent with the protection and enhancement of the values in Verdict Ridge Development and the residents' benefit and enjoyment. Nothing herein shall limit any rights available to the Board, the ACC, the Declarant or Club Owner as specified in the Covenants and Restrictions or Architectural Guidelines.

9. Each Lot shall be kept in an orderly, clean, safe and sightly condition and in a suitable state of repair, promptly repairing any damage thereto by fire or other causality. No outdoor clothesline may be kept on any Lot. No portion of any Lot shall be used for storage of debris, rubbish or waste of any kind, including wrecked, junked, or inoperable motor vehicles or similar unsightly items.

10. No mobile home or house trailer, camper, camper top, motor home, commercial vehicle of any kind, boat or boat trailer or golf cart shall be parked, kept or permitted to remain on the street adjacent to any Lot, driveway or anywhere on the Lot where it would be visible from the street, another lot, the Verdict Ridge Country Club or the Golf Course. Vehicles shall not be parked on sidewalk, nor within the street right-of-way, nor on any part of any lot not improved for that purpose such as a garage, driveway, carport or parking pad, but this sentence does not prohibit occasional overflow parking within the street right-of-way for guests or other reasonable purposes, provided that no inconvenience is imposed on the occupants of other Lots.

11. Under no circumstances shall the Declarant, the Board of Directors, Association, the Club Owner or the operator of the Golf Course be held liable for any property damage, personal injury or legal consequences resulting from the use of personal golf carts or club owned golf carts on areas within the Verdict Ridge Development, including, but not limited to, Common Areas, Streets and Right-of-ways. All Owners agree and covenant for themselves, their contractors, subcontractors, guests and invitees, successors in interest and assigns, not to make any claim or institute any action whatsoever against Declarant, the Association, the Board of Directors, Club, the Club Owner, the operator of the Golf Course, the architect of the Golf Course, or any officers, directors, employees, agents or

affiliates of any of them or their respective assigns, arising or resulting from such unauthorized use. Each Owner hereby acknowledges and agrees that the use of personal or club owned carts upon Common Areas, Streets (whether privately owned or publicly owned) and Right-of-ways within the Verdict Ridge Development, is not authorized and expressly assumes the risk, including, but not limited to, the risk of property damage, personal injury or legal consequences, for themselves and on behalf of any minor children. The Club Owner reserves the right to limit the use of personal carts on Club Property in accordance with Article XI.

ARTICLE XI

THE CLUB AND GOLF COURSE

Section 1. Owner's Covenants. With respect to the Club, the Club Property and the Golf Course, the Owners of property in the Property shall be subject to the additional covenants that are set forth in this Article XI.

Section 2. The Club. The Club Property is being developed by Verdict Ridge Country Club, Inc. as a club and recreational area in conjunction with the development of the Properties. Verdict Ridge Development Company, LLC or other parties may from time to time develop club facilities within the Club Property (including, without limitation, the Golf Course, pool and tennis courts, a clubhouse and other facilities as determined by the Club Owner) (the "Club Facilities"). The Club Facilities shall be developed and provided at the discretion of Verdict Ridge Country Club, Inc. and/or the Club Owner. The Club Owner at any particular time shall have the exclusive right to determine from time to time, in its sole discretion and without notice or approval of any change, how and by whom the Club Facilities shall be used, if at all. By way of example, but not limitation, the Club Owner shall have the right to approve users and determine eligibility for use of the Club Facilities, to reserve use rights for future purchasers of property in the Properties, to terminate any or all use rights, to change, eliminate or cease operation of any or all of the Club Facilities, to transfer any or all of the Club Facilities or the operation thereof to anyone (including without limitation, a member-owned or equity club) and on any terms, to limit the availability of use privileges, and to require the payment of a purchase price, a membership contribution, an initiation fee, dues and other charges for use privileges.

The Club Property is a part of the Properties and is hereby made subject to the covenants, conditions, restrictions, easements, charges and liens contained in this Declaration as more particularly set forth herein, except as otherwise provided. The Club, the members of the Club, their visitors, guests and invitees shall have certain perpetual non-exclusive easements over the Properties as set forth in Article IV hereof; provided, however, that such easements as they relate to the use of the Common Area by the Club or its members, their visitors, guests and invitees shall be only as to those portions of the Common Area as is necessary for such persons' use. Each Owner acknowledges that the use of the Common Areas by the Club or its members, their visitors, guests and invitees may increase the number of people using the Common Areas. Any disputes as to what

constitutes a normal purpose or what portions of the Common Areas are necessary for such persons' use shall, during the term of this Declaration, be determined by Verdict Ridge Development Company, LLC in its sole and absolute discretion. Verdict Ridge Development Company, LLC reserves the right, in its sole discretion and with no other approval being required, to impose upon the Common Area such other easements which are required for the use and enjoyment of the Club Property. The location of a Lot within the Properties may result in nuisances or hazards to such Lot or to persons on, making use of or in transit to or from such Lot, or to property on such Lot as a result of normal Club Operations. Each Owner, covenants for itself, its successors in interest and assigns, and its contractors, sub-contractors, guests and invitees that it shall assume all risks associated with such location, including, but not limited to, the risk of property damage or personal injury arising from stray golf balls or actions incidental to such Club activities, and shall indemnify and hold harmless the Declarant, the Association, Verdict Ridge Development Company, LLC, the Club Owner, the Club, the Golf Course Architect, any other entity owning or managing the Golf Course or the Club, and any of the officers, directors, agents or the employees, from any and all liabilities, claims or expenses, including attorneys' fees and expenses, arising from such property damage or personal injury. Nothing in this Section 2 shall restrict or limit any power of Verdict Ridge Development Company, LLC, the Club Owner or any entity owning or managing the Golf Course to change the design of the Golf Course, and such changes, if any, shall not nullify, restrict or impair the covenants contained herein.

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, NEITHER THE CLUB NOR ANY OF THE CLUB FACILITIES WILL BE COMMON AREA UNDER THIS DECLARATION, AND THE OWNERSHIP OF A LOT AND/OR MEMBERSHIP IN THE ASSOCIATION DOES NOT IN ANY WAY CONFER ANY OWNERSHIP INTEREST IN OR ANY EASEMENT OR RIGHT TO USE THE CLUB, THE CLUB PROPERTY OR ANY CLUB FACILITIES OR AMENITIES, AND NO SUCH INTEREST, RIGHT, EASEMENT OR RIGHT OF USE IS CREATED UNDER THIS DECLARATION BY IMPLICATION. THE CLUB MAY HAVE MEMBERS WHO ARE NOT OWNERS OR MEMBERS OF THE ASSOCIATION.

Section 3. Golf Course. While Owners shall have the right of quiet enjoyment to their portion of the Properties, there shall be no activity on any Lot or other portion of the Properties which is contiguous to the Golf Course or within a distance of one hundred (100) feet from any boundary of the Golf Course that unreasonably disturbs play, or the enjoyment of the Golf Course, by members and guests thereof, including, without limitation, undue noise, unsightly trash and debris, or any other noxious or offensive activity. Typical noises and activities associated with normal construction activities on Lots or other portions of the Properties shall, however, be permitted except during the Golf Tournament, as hereinafter defined.

Section 4. Golf Tournament. In addition to the restrictions set forth in Section 3 above, which shall govern at all times, during any professional tournament on the Golf Course sponsored by the Club Owner and sanctioned by the U.S.G.A. or recognized

professional association such as P.G.A., Tour Players Association, Senior Tour and L.P.G.A. and one club member guest per year which shall last no longer than three (3) days ("Golf Tournament"), there shall be no unusual construction on any lot contiguous to the Golf Course, that, in the reasonable judgment of the Club Owner, disturbs play in, or conduct of, the Golf Tournament, including the enjoyment thereof by spectators. Provided they comply with applicable governmental laws, rules and regulations, the Club Owner and its designees shall be entitled to restrict the public rights-of-way and access to other public areas contiguous to or near the Golf Course during the period of any Golf Tournament, provided, however, that Owners, their guests and invitees, shall at all times have at least one means of ingress and egress from their property in the Properties to a public right-of-way. All Owners acknowledge that during the Golf Tournament, parking facilities for spectators and guests may be located off the premise of the Golf Course, including within the Properties, and traffic congestion may occur.

Section 5. Construction Limits. With respect to portions of the Properties which are contiguous to the Golf Course:

(a) Reasonable efforts shall be made to screen locations of construction material storage areas, chemical toilets, dumpsters and other unsightly items from the line of sight of the Golf Course;

(b) All construction areas shall be kept in good order; all debris shall be placed in dumpsters which shall be emptied as necessary during construction in order to prevent spillage of debris on the ground, or handled as otherwise directed by the Architectural Control Committee;

(c) Except for drainage required by governmental authorities, no permanent open trenches will be located adjacent to the Golf Course. Any trenches required by governmental authorities shall be designed so as to minimize any adverse aesthetic impact on the Golf Course and the Properties.

Section 6. Daily Construction Operations. During any Golf Tournament no exterior work will be allowed on any portion of the Property if such work, in the reasonable judgment of the Club Owner, would disturb play in, or conduct of, the Golf Tournament, including the enjoyment thereof by spectators. For purposes of illustration only, such prohibited construction work during any Golf Tournament shall include pile driving, hammering, jack-hammering, sawing (by means of a power or chain saw), and similar noisy activities.

Section 7. Excavation. Any trenches located within a distance of ten (10) feet from any boundary of the Golf Course must be closed overnight unless effectively barricaded, lighted and marked to indicate a hazardous condition.

Section 8. Construction Vehicles and Parking. Construction parking will be restricted to the street side of any property contiguous to the Golf Course (i.e., away from the common boundary with the Golf Course).

Section 9. Construction Access Across or Over Golf Course. In order to prevent damage to the Golf Course, at no time will access be allowed across or over the Golf Course for storage or transportation of labor or materials or location of construction equipment other than in connection with construction easements approved in advance in writing by the Club Owner.

Section 10. Noise. No radios, tape or record players, musical instruments, telephones, horns or bells, or other devices, shall be operated in an unreasonably loud manner on any portion of the Properties which, in the reasonable judgment of the Club Owner, would disturb play on or the use of the Golf Course.

Section 11. Signage. No signs other than a for sale sign approved by Declarant will be allowed on the Golf Course side of any Lot or Common Area contiguous to the Golf Course other than emergency or warning signs established by Verdict Ridge Development Company, LLC or its designated assigns or the Club Owner.

Section 12. Additional Construction Restrictions on Portions of the Property Adjacent to the Golf Course. The following additional restrictions shall apply to construction activity on any portion of the Properties contiguous to the Golf Course:

(a) The contractor shall schedule and perform his work in a good and workmanlike manner and use reasonable efforts to minimize any detrimental impact on play in, or the conduct of, any golfing activity or Golf Tournament, including the enjoyment thereof by spectators;

(b) No work will be allowed that will restrict access to the Golf Course (except in the event of an emergency) unless such work is coordinated with, and approved by, the Club Owner, which approval shall not be unreasonably withheld; and

(c) The contractor shall exercise reasonable care to restore any area affected by his construction activities to its original condition.

Section 13. Pets. Any pet shall be kept on a leash whenever such pet is not on its owner's property and shall be kept off the Club Property and the Golf Course at all times.

Section 14. Enforceability. The rights and obligations to implement the enforcement of the provisions of this Article XI and of those portions of the other covenants, conditions and restrictions herein contained that are directed to the protection of and enjoyment of the Club Property, the Golf Course and the orderly conduct of the Golf Tournament shall be and are hereby delegated to and become the sole responsibility of the Club Owner, its successors and assigns; provided, however, the Board shall also have the right, but not the obligation, to enforce any of the provisions of this Article XI.

ARTICLE XII

COMMON AREA AND LOT MAINTENANCE

Section 1. Maintenance and Association. The Association shall repair and maintain the Common Area and all improvements, utilities and facilities located on the Common Area. In addition, the Association shall repair and maintain the Sign Easements as provided in Article VI and the Landscape and Easement Areas as provided in Article VIII.

Section 2. Maintenance by Owners. Each Owner shall, at all times, maintain, repair and otherwise be responsible for his Lot and all structures, parking areas and other improvements thereon. Owners of Lots which are located adjacent to the Golf Course shall maintain that portion of their Lot located within fifty (50) feet of the Golf Course boundary to a level at least equivalent with the level of maintenance being performed on that portion of the Golf Course Property adjacent to the Lot. Owners of the Lots fronting on public streets within the Properties shall maintain driveways serving their respective Lots and shall maintain landscaping, sidewalks and private mail boxes located within the public street right-of-way between the Lot boundary line and the nearest curb or pavement edge. Owners of Lots fronting on Verdict Ridge Dr. subject to the Residential Verdict Ridge Landscape Easement Areas shall cooperate with Club Owner in maintaining such portion of their Lot. Owners shall have no right to remove trees, shrubs or other existing vegetation from the lot or the public street right-of-way adjacent to the Lot without prior approval of the A.C.C. An Owner shall be responsible for replacement and reconstruction of improvements on his Lot required because of damage or destruction by fire or other casualty. Each Owner shall maintain, repair and replace the surface and subsurface drainage facilities, swales and appurtenances located on his Lot as may be necessary to maintain good and proper drainage of the property and other real property in the vicinity, except for such facilities the maintenance of which has been assumed by the County or other governmental entity. If any Owner, after Notice and Opportunity for Hearing fails to maintain, repair and replace such drainage facilities, swales and appurtenances as required herein, the Association, at the expense of such Owner, shall maintain, repair and replace such drainage facilities, swales and appurtenances at the sole cost and expense of such Owner, and may levy a special assessment against such Owner to obtain reimbursement therefore as provided in Section 12 of Article V hereof.

No structure shall be placed or permitted to remain on any Lot which may damage or interfere with the use, maintenance, repair or replacement of such drainage facilities, swales and appurtenances and no Owner shall do any work, construct any improvements, place any landscaping or suffer the existence of any condition whatsoever which shall alter or interfere with the drainage pattern for the Lots or Common Areas as established in connection with the approval of the subdivision map or maps applicable to Verdict Ridge by the County, except to the extent such alteration in drainage pattern is approved in writing by the Architectural Control Committee and all public authorities having jurisdiction. All such drainage facilities, swales and appurtenances shall at all times be accessible to Declarant until Verdict Ridge is completed and at all times shall be accessible to the Association and all persons installing, using, maintaining, repairing or

replacing such drainage facilities, swales and appurtenances. Declarant may from time to time present for recordation in the official records of the County instruments showing approximate locations of subsurface storm drainage facilities and of subsurface groundwater drainage facilities.

Section 3. Negligence. The cost of repair or replacement of any improvement to be maintained and kept in repair by the Association, which repair or replacement is required because of the act or omission of any Owner, shall be the responsibility of any paid for by such Owner.

Section 4. Right to Enter. After reasonable notice to the occupant, the Association or its agents shall have access over and upon any Lot when necessary in connection with any repair, maintenance, or replacement of improvements for which the Association is responsible or for the enforcement of this Declaration, and each Owner shall accept title to this Lot subject to such right of access of the Association or its agents. By way of illustration, and not limitation, the Association may repair, maintain and replace drainage facilities and/or drainage swales on a Lot.

Section 5. Failure to Maintain by Owner. All maintenance required by Owners under this Article XII shall be performed in a manner consistent with the Declaration, By Laws, Architectural Design Guide and all other applicable rules and regulations. If any Owner of a Lot fails properly to perform his or her maintenance responsibilities or remove trees, shrubs or any other vegetation without A.C.C.'s approval, the Association, after giving Owner a minimum of seven (7) days' written notice to cure the failure to maintain, shall have the right, but not the obligation, to enter such Owners Lot to maintain said Lot and assess all costs incurred by the Association against the Lot and the Owner thereof as a special assessment as provided in Section 12 of Article V.

ARTICLE XIII

GENERAL PROVISIONS

Section 1. Enforcement. The Declarant, the Association, the Club Owner or any Owner, shall have the right to enforce, by any proceeding at law or in equity against any person or persons violating or attempting to violate any restriction, condition, covenant, reservations, lien and charge now or hereafter imposed by the provisions of this Declaration, either to restrain or to enjoin violation or to recover damages, and against the land to enforce any lien created by this Declaration. Failure or forbearance by the Declarant, the Association, the Club Owner or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no ways affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The Declaration may be amended from time to time, as follows:

(a) By Declarant. Declarant reserves the right and power and each Lot Owner by acceptance of a deed to a Lot is deemed to and does grant to the Declarant a Power of Attorney coupled with an interest which shall run with the title to the Lot, and shall be irrevocable except by Declarant for a period of fifteen (15) years from the date hereof, to amend this Declaration to the extent necessary to conform to any requirements imposed or requested by any governmental agency, planning or zoning body, public authority or financial institution, (including the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Housing Administration, Veteran's Administration or similar agency), without the approval of the Lot Owners or to the extent necessary to enable Declarant or any other Developer to meet any other reasonable need or requirement in order to complete the development of the property and to facilitate the making and marketing of the first mortgages upon any of the Lots. Any amendment must be recorded and shall take effect only upon recording.

(b) By Lot Owners. The covenants and restrictions of this Declaration shall run with and bind the land and all Owners thereof, for a term of twenty-five (25) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years unless terminated or altered by a vote of seventy-five (75%) percent of a vote of the Owners after the expiration of said twenty-five (25) year period. This Declaration may amended during the first twenty-five year period by an instrument signed by the Owners of not less than eighty (80%) percent of the Lots, and thereafter by an instrument signed by the Owners of not less than seventy-five (75%) percent of the Lots; provided, however, that Declarant's rights hereunder may not be amended or altered without Declarant's prior written consent and Club Owner's rights hereunder may not be amended or altered without Club Owner's prior written consent. Any amendment must be properly recorded and shall take effect only upon recording. For the purpose of this section, additions to existing property as provided in Article II, Section 2 hereof shall not constitute an amendment.

Section 4. Notices. Any notice required to be sent to any Member or Owner under the provisions of this Declaration shall be deemed to have been properly sent when mailed, by ordinary mail, post paid, to the last known address of the person who appears as Member or Owner on the records of the Association at the time of such mailing.

Section 5. Conflicts. In the case of any conflict between this Declaration and either the Articles of Incorporation or the By Laws of the Association, the Declaration shall control.

Section 6. Condemnation. In the event any Common Area or any portion thereof is made the subject matter of any condemnation or eminent domain proceedings or other sought to be acquired by a condemning authority, the proceeds of any award or settlement shall be distributed to the Association for the common benefit of the Lot Owners and their mortgagees, as their interest appear.

Section 7. Joinder of Mortgagee. First Citizen's Bank and Trust Company, and GREGORY R. DICKINSON, Trustee join in the execution of this instrument solely for the purpose of consenting to the recordation of this Declaration and of subordinating hereto the liens of all Deeds of Trust now or hereafter held by them which encumber the Property, or any portion thereof. Further, they agree the Declarant may record amendments or supplemental declarations hereafter, and said Deeds of Trust shall be deemed subordinated thereto without the necessity of their joinder, provided the sole purpose thereof is to annex Additional Properties pursuant to Article II Section 2.

Section 8. Disclaimer. Notwithstanding anything contained herein or in the Articles of Incorporation, By-Laws, Rules and Regulations or any other document governing or binding the Association (collectively the "Association Documents"), the Association, the Declarant and the Club Owner shall not be liable or responsible for, or in any manner a guarantor or insurer of, the health, safety or welfare of any Member, occupant or user of any portion of the Properties, including, without limitation, Owners and their respective families, guests, invitees, agents, servants, contractors, or subcontractors or for any property of any such persons. It is the express intent of the Association Documents that the various provisions thereof that are enforceable by the Association and govern or regulate the use of the Properties have been written, and are to be interpreted and enforced, for the sole purpose of maintaining the enjoyment of the Properties. The Association, the Declarant and the Club Owner are not empowered, and have not been created, to act as an entity which enforces or ensures any other individual's or entity's compliance with the laws of the United States, State of North Carolina or any other jurisdiction or the prevention of criminal, tortuous or like regulated activities. Every Owner, by taking title to any part of the Properties, covenants and agrees to hold harmless and to indemnify the Association, the Declarant, the Club Owner and their respective directors, trustees, officers, agents, parties and affiliates from and against all claims of any kind whatsoever by an invitee, licensee, family member, employee or other representative or agent of that Member for any loss or damage arising in connection with the use, ownership or occupancy of any portion of the Properties including, without limitation, any claim by an invitee, licensee, family member, employee or other representative relating to personal injuries and/or property damage resulting from errant golf balls from the Golf Course (as provided in Sections 6 and 7 of Article IV hereof).

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed this 8 day of February, 2007.

[Signature] (seal)
H. EDWARD KNOX

[Signature] (seal)
FRANCES S. KNOX

[Signature] (seal)
GREGORY R. DICKINSON, Trustee

First Citizens Bank

By [Signature] (seal)
Secretary President

Attest:

[Signature]
ASST. Secretary

STATE OF NORTH CAROLINA

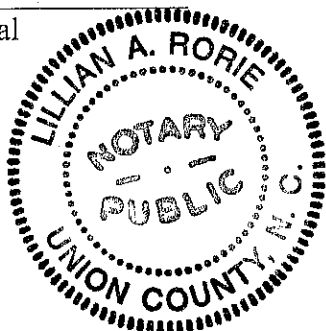
COUNTY OF LINCOLN UNION 202

I, a Notary Public of the County and State aforesaid, certify that H. EDWARD KNOX and wife, FRANCES S. KNOX, Declarant, personally appeared before me on this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 12 day of February, 2007.

[Signature]
Notary Public

My Commission Expires: 9/30/09

Notary Seal



STATE OF NORTH CAROLINA

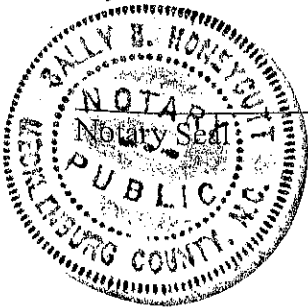
COUNTY OF Mecklenburg

I, a Notary Public of the County and State aforesaid, certify that GREGORY R. DICKINSON, Trustee,*personally appeared before me on this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 8 day of February, 2007.

* Trustee of Neuse, Inc. Substitute Trustee

Sally B. Honeycutt
Notary Public

My Commission Expires: 3/18/2008



STATE OF NORTH CAROLINA

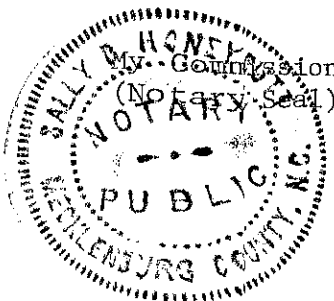
COUNTY OF Mecklenburg

I, a Notary Public of the County and State aforesaid, certify that LARRY STOFIRA personally came before me this day and acknowledged that he is the Senior Vice President of First Citizens Bank and Trust Company, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed and it's name by its Senior ^{vice} President. *LSA*

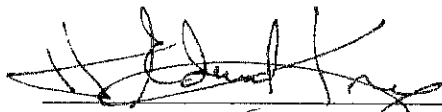
Witness my hand and official stamp or seal, this 8 day of February, 2007.

Sally B. Honeycutt
Notary Public

My Commission Expires: 3/18/2008
(Notary Seal)



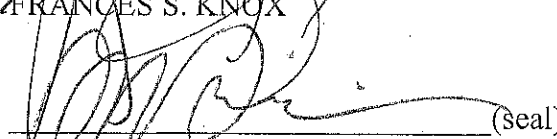
IN WITNESS WHEREOF, Declarant has caused this instrument to be executed
this 8 day of February, 2007.



H. EDWARD KNOX (seal)




FRANCES S. KNOX (seal)



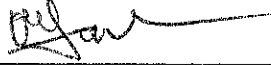
GREGORY R. DICKINSON, Trustee (seal)

First Citizens Bank

By 

Secretary President (seal)

Attest:

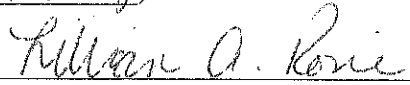


ASST. Secretary

STATE OF NORTH CAROLINA

COUNTY OF ~~ENCLOSURE~~ LINCOLN UNION 202

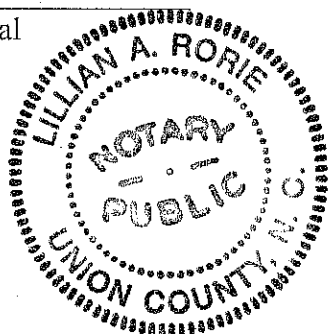
I, a Notary Public of the County and State aforesaid, certify that H. EDWARD KNOX and wife, FRANCES S. KNOX, Declarant, personally appeared before me on this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 12 day of February, 2007.



Notary Public

My Commission Expires: 9/30/09

Notary Seal



STATE OF NORTH CAROLINA

COUNTY OF Mecklenburg

I, a Notary Public of the County and State aforesaid, certify that GREGORY R. DICKINSON, Trustee* personally appeared before me on this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp or seal, this 8 day of February, 2007.

* Trustee of Neuse, Inc. Substitute Trustee

Sally B. Honeycutt
Notary Public

My Commission Expires: 3/18/2008

Notary Seal

STATE OF NORTH CAROLINA

COUNTY OF Mecklenburg

I, a Notary Public of the County and State aforesaid, certify that LARRY STOFIRA personally came before me this day and acknowledged that he is the Senior Vice Stofira President of First Citizens Bank and Trust Company, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed and it's name by its Senior ^{vice} President.

Witness my hand and official stamp or seal, this 8 day of February, 2007.

Sally B. Honeycutt
Notary Public

My Commission Expires: 3/18/2008
(Notary Seal)