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MASTER DECLARATION OF
COVENANTS CONDITIONS AND RESTRICTIONS
FOR
CHRISTENBURY

Drawn By and Mail to:
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MASTER DECLARATION OF
COVENANTS CONDITIONS AND RESTRICTIONS
FOR
CHRISTENBURY

This MASTER DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR CHRISTENBURY (this "Declaration") is made this 14th day of June, 2006 by CHRISTENBURY LAND INVESTMENTS, LLC, a North Carolina limited liability company (together with its successors and assigns, "Declarant"). Each capitalized term used in this Declaration shall have the meaning for such term defined herein unless otherwise required by context.

WITNESSETH:

WHEREAS, Declarant is the owner of the property described in Exhibit A attached hereto and made a part hereof, which property, together with such Additional Property as shall have been from time to time brought under the scheme of this Declaration by Supplemental Declaration filed in the Registry (collectively, the "Property"), has been or will be developed into building lots and related amenities for use as a community of single-family residences, said community to be known as Christenbury (provided, however, Declarant reserves the right to change said name as to all or any portion of the Property at any time and from time to time); and

WHEREAS, Declarant desires to insure the attractiveness of the Lots and community facilities within Christenbury and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of Christenbury and to provide for the maintenance and upkeep of the Common Areas, the Located Easements and other community facilities and utilities within Christenbury; and, in order to accomplish these objectives, Declarant deems it advisable to subject the Property to the covenants, conditions, restrictions, easements, charges, and liens hereinafter set forth; and

WHEREAS, Declarant contemplates that the Property has been or will be developed into four distinct villages, each a "Village", as set out in more detail hereinbelow, and that for any Village or Villages, separate easements, covenants, conditions and restrictions may be imposed and/or a separate owners' association established. Nevertheless, Declarant desires to impose the Covenants upon all of the Property with the understanding that amended and/or supplemental restrictions may be imposed with regard to any Village or Villages; and

WHEREAS, Declarant deems it desirable, in order to insure the efficient preservation, protection, and enhancement of the values and amenities of Christenbury and the residents' enjoyment of the specific rights, privileges, and easements in the Common Areas, the Located Easements and the other community facilities and utilities within Christenbury, that an organization be created to which will be delegated and assigned the powers of maintaining the Common Areas, the Located Easements and the other community facilities and utilities within

Christenbury, administering and enforcing this Declaration, and collecting and disbursing the assessments and charges hereinafter imposed; and

WHEREAS, Declarant has caused or will cause to be created for the purposes aforesaid, a North Carolina non-profit corporation under the name and style of Christenbury Master Association, Inc.;

NOW, THEREFORE, the Declarant declares that the Property is and shall be owned, held, transferred, sold, conveyed, and occupied subject to the following covenants, conditions, restrictions, easements, charges, and liens (collectively, "Covenants") which shall run with the title to Property and be binding upon and inure to the benefit of all Owners thereof and their heirs, personal representatives, successors, and assigns.

ARTICLE I. DEFINITIONS

Without limitation of other capitalized terms defined herein, certain of the capitalized terms used in this Declaration are defined in and shall have the meanings given them in Exhibit B ("Definitions") attached hereto and incorporated herein by reference.

ARTICLE II. PROPERTY

Section 1. Property Subject to Declaration. The Property shall be owned, held, leased, transferred, sold, mortgaged and conveyed subject to this Declaration and the Covenants set forth herein; provided that certain of the Covenants are, by their express terms, applicable only to Lots or certain Lots.

Section 2. Scope of Additional Coverage. Declarant shall have the right, at its election without the consent of any Owner, to bring within the scheme of this Declaration any portion of the Additional Property which Declarant shall elect, by filing a Supplemental Declaration in the Registry. At such time as any Additional Property is brought within the scheme of this Declaration set forth above, it shall be part of the Property.

Section 3. Applicability of Consent Agreement. The Property and this Declaration are subject to that certain Consent Agreement between Clarke Creek Land Company, LLC and Cabarrus County, North Carolina recorded in Book 6259, Page 1 in the Registry ("Consent Agreement"). The Consent Agreement is incorporated herein by reference and made a part hereof.

Section 4. Additional Declaration Documents. Declarant may supplement the provisions of this Declaration, whether with regard to the entire Property or any portion thereof, including any modifications as may be necessary to reflect the different character of any portion of the Property, provided the same are not inconsistent with the plan and spirit hereof. So long as Declarant owns any part of the Property, Declarant's prior written consent shall be required for

any Person to supplement the provisions of this Declaration in regard to any portion of the Property.

Section 5. Villages. It is anticipated that Christenbury will be divided into four distinct Villages, designated as follows:

(a) Village A (Christenbury Hall), which shall be comprised of the property described in Exhibit A-1 attached hereto and made a part hereof, together with such Additional Property as shall have been from time to time Designated as being a part of Village A, all of which is collectively referred to herein as the "Village A Property";

(b) Village B (Christenbury Wood), which shall be comprised of the property described in Exhibit A-2 attached hereto and made a part hereof, together with such Additional Property as shall have been from time to time Designated as being a part of Village B, all of which is collectively referred to herein as the "Village B Property";

(c) Village C (Christenbury Walk), which shall be comprised of the property described in Exhibit A-3 attached hereto and made a part hereof, together with such Additional Property as shall have been from time to time Designated as being a part of Village C, all of which is collectively referred to herein as the "Village C Property"; and

(d) Village D (Christenbury Mews), which shall be comprised of such Additional Property as shall have been from time to time Designated as being a part of Village D, all of which is collectively referred to herein as the "Village D Property".

Section 6. Village A Declaration. After this Declaration is recorded in the Registry, the Declarant will record in the Registry a Declaration of Covenants, Conditions and Restrictions for Christenbury Village A – Christenbury Hall (the "Village A Declaration"). The Village A Declaration shall establish the Authority of the Village A Association over the Village A Property, and may contain any other provisions the Declarant deems appropriate to reflect the character of Village A. The rights and obligations set forth in the Village A Declaration are separate and apart from and in addition to those established in this Declaration. In the event of any conflict between terms of the Village A Declaration and this Declaration in regard to the Village A Property, the Village A Declaration shall control; provided, however, no provision of the Village A Declaration shall affect in any manner any assessment provided for under this Declaration.

ARTICLE III. RIGHTS IN COMMON AREAS

Section 1. Owner's Easements of Enjoyment. Subject to the provisions of Section 5 of this Article, each Owner shall have a right and easement of use and enjoyment in and to the Common Areas, and such easements shall be appurtenant to and shall pass with the title to such Owner's Lot; provided, however, that such easements shall not give such Owner the right to make alterations, additions or improvements to any part of any Common Area.

Section 2. Delegation of Use. The rights and easements of use and enjoyment granted to each Owner in Section 1 of this Article may be exercised by the members of the Owner's family who occupy the Owner's Lot, and may be delegated by the Owner to such Owner's tenants who occupy said Lot as their principal residence.

Section 3. Title to the Common Areas.

(a) Declarant shall convey to the Master Association (by deed without warranty) fee simple title to the Common Areas, free and clear of all encumbrances and liens other than the lien of current taxes and assessments not in default, restrictive covenants and utility easements, and any other encumbrances of record. Common Areas may be conveyed by Declarant to the Master Association in whole or in part from time to time.

(b) While it is anticipated that the Common Areas shall be limited to those properties specifically set forth on the Plats, nothing contained herein shall prevent the Declarant, by Supplemental Declaration or otherwise, to create, and to convey to the Master Association, any Common Areas.

Section 4. Control of Common Areas. The Master Association shall have sole and exclusive Authority over the usage of and guidelines applicable to the Common Areas.

Section 5. Extent of Owner's Easement. The rights and easements of use and enjoyment created in this Article shall be subject to the following:

(a) The right of the Master Association to prescribe regulations governing the use, operation and maintenance of the Common Areas (including limiting the number of guests of Owners who may use such Common Areas) subject to limitations established by the Declarant or the Master Association, as applicable, on such right to impose regulations;

(b) Subject to affirmative vote of eighty percent (80%) of the votes of the Class A Members and the vote of the Class B Member (for so long as Class B Membership exists), the right of the Master Association, in accordance with its Articles of Incorporation, to borrow money for the purpose of improving the Common Areas and in aid thereof to mortgage such Common Areas; provided that the rights of such mortgagee in the Common Areas shall be subordinate to the rights of the Owners hereunder.

(c) The right of the Master Association to take such steps as are reasonably necessary to protect the Common Areas against foreclosure;

(d) The right of the Master Association to charge reasonable admission and other fees for the use of recreational facilities (if any) in the Common Areas, other than any walking trails and ponds;

(e) Subject to the affirmative vote of eighty percent (80%) of the votes of the Class A Members and the vote of the Class B Member (for so long as Class B

Membership exists), the right of the Master Association to dedicate or transfer all or any part of the Common Areas to any public agency or utility for such purposes and upon such conditions as the Master Board may determine; provided that this paragraph shall not preclude the Master Association from either granting easements for the installation and maintenance of electrical, telephone, cablevision, water and sewerage, utilities and drainage facilities upon, over, under and across the Common Areas without the assent of the Members when such easements are requisite for the convenient use and enjoyment of the Property, as determined by the Master Board in its sole discretion.

ARTICLE IV. EASEMENTS

Section 1. Located Easements. An easement on each Lot is hereby reserved by the Declarant along, over, under and upon a strip of land ten (10) feet in width parallel and contiguous to the front, rear, and side Lot lines of each Lot, except that with regard to Village C, no side Lot line reservation is made (collectively, the "General Utility Easements"). The purpose(s) of the General Utility Easements shall be to provide for installation, maintenance, construction and operation of drainage facilities and utility service lines to, from or for each of the Lots. In addition, as shown on the Plats, the Declarant has reserved (and may hereafter reserve) the following other easements (which, together with the General Utility Easements are collectively sometimes referred to herein as the "Located Easements"), which Located Easements are reserved by Declarant for itself, its successors and assigns, over, under and across the Property, and which Declarant may modify or extinguish when in its sole discretion adequate easements are otherwise available:

(a) Landscape easements, consisting of: (i) those areas shown on the Plats as easements dedicated for the installation, maintenance, repair, and removal of landscaping amenities, including, but not limited to, monumentation, signage and sitework; (ii) street medians, shoulder and boulevard areas within street rights of way;

(b) Specific utility easements, consisting of those areas shown on the Plats as easements dedicated for the installation, maintenance, repair, and removal of public and private utilities, including without limitation gas, electric, telephone, cable, sewer and water;

(c) Irrigation easements, consisting of those areas shown on the Plats as easements dedicated for the installation, maintenance, repair, and removal of irrigation facilities; and

(d) Drainage easements, consisting of those areas shown on the Plats as easements dedicated for the installation, maintenance, repair, and removal of drainage facilities.

Section 2. Rights and Limitations With Regard to Located Easements. With regard to the Located Easements, the following shall apply:

(a) Since the locations of certain of the Located Easements may not have been finally determined as of the date of recording of this Declaration in the Registry, for a period of seven (7) years after the date of recording of this Declaration in the Registry, Declarant reserves to itself and its successors and assigns, and shall be vested with, the right to establish and adjust the locations of such of the Located Easements as are not finally established as of such date of recording and to record in the Registry on behalf of each and every affected Owner such revisions or supplements to the Plats as may be necessary or desirable to reflect the final locations of the Located Easements.

(b) Within the Located Easements, no structure, planting or other material shall be placed or permitted to remain which may damage or interfere with the installation or maintenance of utilities, or which may change the direction or flow of drainage channels. Except as otherwise specifically provided in this Declaration and except for maintenance and repairs for which a public authority or public utility shall be responsible, the Located Easements on each Lot and all Improvements therein shall be maintained continuously by the Owner.

(c) It is anticipated that Declarant shall assign to the Master Association Declarant's rights with respect to the Located Easements, except as to Located Easement rights within Village A, which Declarant may assign, in whole or in part, to the Village A Association.

(d) Declarant shall have the right to assign to any public authority or public utility company, in whole or in part, any easement reserved by Declarant under this Declaration.

Section 3. Easement of Ingress and Egress. Full rights of ingress and egress are reserved for the benefit of Declarant and the Master Association for the exercise of the Located Easement rights as well as the maintenance and repair rights (as set forth in Article XI) in accordance with the provisions hereof for the carrying out by Declarant and/or the Master Association of the rights, functions, duties and obligations of each hereunder (to the extent applicable); provided, that any such entry by Declarant or the Master Association upon any Lot shall be made with as minimum inconvenience to the Owner of such Lot as reasonably practical, and any damage caused as a result of the gross negligence of Declarant's or the Master Association's employees or agents shall be repaired by Declarant or the Master Association (as the case may be) at the expense of Declarant or the Master Association (as the case may be).

ARTICLE V. MEMBERSHIP IN MASTER ASSOCIATION

Section 1. Membership in Master Association. Every Owner of a Lot which is subject to assessment shall be a Member of the Master Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. The voting rights of the Members shall be appurtenant to the ownership of the Lots. When more than one Person owns an interest (other than a leasehold or security interest) in a Lot, all such Persons shall be Members and the voting

rights 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 owned by a Class A Member.

Section 2. Classes of Members. The Master Association shall have two classes of membership:

(a) Class A. Class A Members shall be all Members with the exception of Declarant. Each Class A Member shall be entitled to one vote (1) per Lot owned by such Member.

(b) Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to four (4) votes for each Lot owned by Declarant.

Notwithstanding anything contained herein to the contrary, the Class B Membership shall cease on the earliest of (a) December 31, 2015, (b) the date on which Declarant no longer owns any part of the Property, or (c) the date Declarant shall elect, in its sole discretion, that its Class B Membership cease and be converted to Class A Membership (which election may be made upon Declarant giving written notice of the election to the Master Board).

Section 3. Voting, Quorum and Notice Requirements. Except as may be otherwise specifically set forth in this Declaration or in the Charter Documents of the Master Association, the vote of the majority of the aggregate votes entitled to be cast by all classes of the Members present or represented by legitimate proxy at a legally constituted meeting at which a quorum is present shall be the act of the Members meeting. The Charter Documents will set forth (a) the number of votes present that will constitute a quorum at a properly called meeting of Members and (b) the notice requirements for all action to be taken by the Members.

In any instance in this Declaration in which the affirmative vote of a number or percentage of votes of the Master Association is called for, it shall be interpreted to mean the following: The affirmative vote of that number or percentage of votes of the Master Association that: (i) are entitled to be cast and (ii) are present or represented by proxy at a Proper Meeting. A "Proper Meeting" shall mean a meeting of the members of the Master Association: (a) at which a quorum is present and (b) which is duly called and held for the purpose of casting such vote.

ARTICLE VI.

POWERS AND OBLIGATIONS OF THE MASTER ASSOCIATION

Section 1. Powers and Obligations of the Master Association. The Master Association, for the benefit of the Owners, shall have the following specific powers and rights (without limitation of other powers and rights the Master Association may have) and obligations:

- (a) The power, right and obligation to improve, maintain or cause to be maintained the Common Areas and Located Easements (or particular portions thereof or particular improvements therein, as determined from time to time by the Master Association in its discretion), including, but not limited to, such swimming pools, tennis courts, parks, ponds, walking trails, community

meeting facilities and parking lots as may exist in the Common Areas and Located Easements from time to time;

- (b) The power and right to own the Common Areas and the facilities and improvements described in subparagraph (a) above;
- (c) The power and right to enter into agreements to enable the Master Association to improve and maintain the Common Areas and Located Easements or portions thereof;
- (d) The power and right to make (without being obligated to do so) rules and regulations and establish guidelines for the use and operation of and activities on the Lots and the Common Areas and Located Easements (including, without limitation, guidelines, rules and regulations related to architectural control), and to amend them from time to time;
- (e) The power and right to enter into agreements or contracts with insurance companies with respect to insurance coverage relating to the Common Areas, Located Easements and the Master Association;
- (f) The power and right to enter into agreements or contracts with utility companies with respect to utility installation, consumption and service matters relating to the Common Areas, Located Easements and the Master Association;
- (g) The power and right to borrow funds to pay costs of operation of the Master Association, which borrowings may be secured by assignment or pledge of rights against delinquent Owners or by liens on other Master Association assets, if the Master Board sees fit;
- (h) The power and right to enter into contracts (specifically including, without limitation, street light leases), maintain one or more bank accounts, and, generally to have all the powers necessary or incidental to the operation and management of the Master Association;
- (i) The power and right to sue or defend in any court of law in on behalf of the Master Association and to provide reserves for repairs and replacements;
- (j) The power, right and obligation to make available to each Member within sixty days after the end of each Assessment Year an annual report of the Master Association and, upon resolution adopted by the Master Board or upon the written request of the Class A Members holding at least three-fourths (3/4) of the eligible votes of Class A Members of the Master Association at such time, to have such report audited (at the expense of the Master Association) by an independent certified public accountant, which audited report shall be made available to each Member within thirty days after completion;

- (k) The power, right and obligation to adjust the amount, collect, and use any insurance proceeds to repair damage to or replace lost property of the Master Association; and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency;
- (l) The power and right to exercise all powers, duties and authority vested in the Master Association by this Declaration or the Charter Documents and not reserved to the Members or Declarant by other provisions of this Declaration or the Charter Documents;
- (m) The power and right to employ a manager or firm to manage the affairs and property of the Master Association (including, without limitation, collection of assessments provided for in this Declaration and enforcement of the Covenants), to employ independent contractors, or such other employees as the Master Board may deem necessary, and to prescribe their duties and to set their compensation;
- (n) The power and right to retain the services of legal and accounting firms;
- (o) The power and right to the extent permitted hereby, to enforce the provisions of this Declaration and any rules made hereunder and to enjoin and, at its discretion, seek damages or other relief for violation of such provisions or rules;
- (p) The power and right to contract with any third party or any Member (including Declarant) for performance, on behalf of the Master Association, of services which the Master Association is otherwise required to perform pursuant to the terms hereof, such contracts to be at competitive rates and otherwise upon such terms and conditions and for such consideration as the Master Board may deem proper, advisable and in the best interests of the Master Association;
- (q) The power and right to take any and all other actions and to enter into any and all other agreements as may be necessary or proper for the fulfillment of its rights or obligations hereunder or for the operation or protection of the Master Association;
- (r) The power and right to set the Master Assessments and the Townhome Assessments; and
- (s) The power and right to contract with the Village A Association for collection by the Village A Association for the benefit of and for immediate remittance to the Master Association, Master Assessments for Lots within the Village A Property.

Anything contained herein to the contrary notwithstanding, except as specifically set forth herein, none of the above-described rights and powers of the Master Association shall be obligatory on the part of the Master Association, and the failure or refusal by the Master Association to implement any such rights and powers shall not constitute a breach or default by the Master Association or the Master Board or the officers of the Master Association of any duties or obligations arising hereunder or otherwise owing to its Members.

Section 2. Liability Limitations. Neither Declarant, nor any Member nor the Master Board nor any member or manager of Declarant nor any officer or director of the Master Association shall be liable for: (a) debts contracted for or otherwise incurred by the Master Association or for a tort of another Member, whether or not such other Member was acting on behalf of the Master Association or otherwise; (b) any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof or for failure to repair or maintain the same; or (c) any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof. The Master Association shall, to the extent permitted by applicable law, indemnify and defend all members of the Master Board from and against any and all loss, expense, damage, liability, action or cause of action relating to the performance by the Master Board of its duties except for any such loss, expense, damage, liability, action or cause of action resulting from the gross negligence or willful misconduct of the person to be indemnified.

ARTICLE VII. MASTER ASSESSMENTS

Section 1. Covenant for Master Assessments. In addition to (and not in lieu of) the Townhome Assessments provided for in Article XII of this Declaration, the Declarant, for each Lot within the Property, hereby covenants, and each Owner of a Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Master Association: (a) Master Annual Assessments; (b) Master Special Assessments; (c) Individual Assessments; and (d) Master Working Capital Contributions (collectively "Master Assessments").

Section 2. Purposes of Master Assessments. The Master Assessments shall be used to carry out of the rights, powers and obligations of the Master Association pursuant to the terms of this Declaration, and to promote the enjoyment and welfare of Christenbury, including in particular, but without limitation, to (i) develop and maintain the Common Areas and Located Easements (except to the extent development and maintenance shall have been delegated to, or required of, the Village A Association); (ii) pay ad valorem taxes, premiums for hazard insurance in connection with the Common Areas and Located Easements, and public liability and other insurance of the Master Association, including directors and officers liability insurance; (iii) carry out the duties of the Master Association; and (iv) carry out the purposes of the Master Association and its Architectural Control Committee as stated in the Master Association's Charter Documents and this Declaration. Anything contained in this Master Declaration to the contrary notwithstanding, until such time as the Class B Membership shall cease and be converted to Class A Membership, any costs and expenses associated with the initial construction and installation (the "Initial Costs") of the improvements within the Common Areas

and Located Easements shall be incurred by the Master Association only after such Initial Costs are approved by a vote of the majority of the votes of Class A Membership present or represented by proxy at a duly constituted meeting of the Class A Members at which a quorum is present, and if they are not so approved, such Initial Costs shall be borne by Declarant. All costs and expenses associated with operating, maintaining, repairing and replacing the improvements within the Common Areas and Located Easements benefiting Christenbury in general (as determined from time to time in the sole discretion of the Master Board) shall be the responsibility of the Master Association.

In addition to the general purposes set forth above, the Master Assessments shall expressly be used for repayment of any loan incurred, payment of any sum due under any lease entered into, and satisfaction of any other expense of installation, maintenance, repair or replacement incurred by Declarant or the Master Association in connection with the acquisition of decorative street light poles, fixtures, bulbs, wiring and all equipment related to the use thereof within the Property. However, to the extent that there is any fee or payment due on account of the maintenance of any such poles not located on streets dedicated to the public (specifically including the private streets in Village A), such fees or expenses shall be borne entirely by the Owners of Lots in the Village in which such non-public streets are located and assessed in such manner as shall be determined by the Master Board.

Section 3. Master Annual Assessments. For each Assessment Year, in accordance with the provisions of the Act and this Declaration, the Master Board shall determine the amount of the annual assessment provided for in this Article VII (the "Master Annual Assessment") to be assessed against each Lot (which, except as provided in Section 6 below, shall be uniform for all Lots). In making such determination, the Master Board shall take into consideration, among other things, estimated development and maintenance costs to be borne by the Master Association under this Article VII, and future needs of the Master Association under this Article VII, which may include budget line items allocable to the Master Working Capital Fund. The time of payment of the Master Annual Assessment shall be determined by the Master Board from time to time as set forth in statements of amounts due sent to each Lot Owner.

Section 4. Master Special Assessments. In addition to the Master Annual Assessment, the Master Board may levy in any Assessment Year, in accordance with the provisions of the Act and this Declaration, special assessments (each a "Master Special Assessment") against each Lot (which, except as provided in Section 6 below, shall be uniform for all Lots) for the purpose of defraying, in whole or in part, any costs incurred by the Master Association under this Article VII which are not paid for out of funds on hand in the Master Association (exclusive of the Townhome Funds) or out of the Master Annual Assessment collected by the Master Association, as determined by the Master Board in its discretion.

Section 5. Individual Assessments. The Master Board may levy particular assessments against an individual Owner ("Individual Assessments") for: (i) reimbursement to the Master Association for repairs to the Common Areas or Located Easements occasioned by the willful or negligent acts of such Owner; or (ii) payment of fines, penalties or other charges imposed against an individual Owner relative to such Owner's failure to comply with the terms and provisions of this Master Declaration, the Charter Documents or any rules or regulations promulgated

hereunder, including, without limitation, reimbursement to the Master Association for all expenses incurred in connection with the enforcement of the provisions of Article XI, or otherwise specifically allocable to such Owner hereunder; or (iii) with regard to Townhome Lots, an assessment for maintenance, repair or replacement specific to one or more Townhome Lots, but not to all Townhome Lots.

Section 6. Assessment Limitations on Declarant and Developer Owned Lots. Notwithstanding any other provision of this Declaration no Lot owned by Declarant shall be subject to any Master Annual Assessment or Master Special Assessment, and the amount of each Master Annual Assessment and Master Special Assessment assessed against any Lot owned by a Developer shall be 50% of the Master Annual Assessment or Master Special Assessment assessed against other Lots.

Section 7. Use of Master Working Capital Contributions. The Master Working Capital Contributions provided for in Section 15 below may be used by the Master Association for any of the purposes described in Section 2 above, as determined from time to time by the Master Board in its discretion.

Section 8. Commencement of Master Annual Assessments. The first Master Annual Assessment shall commence with the Assessment Year in which any Lot is conveyed to an Owner other than Declarant or any later Assessment Year as determined by the Master Board in its discretion. Master Annual Assessments shall continue thereafter for each Assessment Year.

Section 9. Due Date of Master Assessments; Payment. Master Annual Assessments shall be due and payable on a quarterly basis on the first day of each third month of each Assessment Year or on such other basis as shall be determined from time to time by the Master Board in its discretion. The due date of any Master Special Assessment or Individual Assessment shall be fixed in the Master Board resolution authorizing such Master Special Assessment or Individual Assessment.

Section 10. Notice. In the event of the establishment or revision in the amount or rate of a Master Annual Assessment, Master Special Assessment or Individual Assessment, the Master Board shall fix the amount thereof, and in regard to any Master Special Assessment or Individual Assessment, the applicable due date(s) for the payment of such Special Assessment or Individual Assessment, and shall provide written notice thereof to each Owner subject thereto.

Section 11. Omission by Master Board. The omission by the Master Board, before the expiration of any Assessment Year, to fix the Master Annual Assessment hereunder for that or any subsequent Assessment Year shall not be deemed to waive or modify in any respect any of the provisions of this Declaration or to release any Owner from the obligation to pay the Master Annual Assessment due for that or any subsequent Assessment Year. The Master Annual Assessment fixed for the preceding Assessment Year shall continue until a new Master Annual Assessment is fixed.

Section 12. Owner's Personal Obligation for Payment. Each Master Assessment provided for herein shall be the personal and individual debt of the Owner (as of the due date of

the applicable Master Assessment) to which such Master Assessment relates. The personal obligation to pay any such Master Assessment, together with interest thereon and costs of collection, shall not pass to the successors in title of such Owner unless expressly assumed by such successors. Although unpaid Master Assessment charges are not the personal obligation of such Owner's successors in title unless expressly assumed by them as provided in Section 13 below, the unpaid Master Assessment charges continue to be a lien on the Lot against which the Master Assessment has been made. In the event of default in the payment of any such Master Assessment, the defaulting Owner shall be obligated to pay interest, late fees and all costs and expenses of collection, including reasonable attorneys' fees, as determined from time to time by the Master Board consistent with the provisions of the Act.

Section 13. Master Assessment Lien and Foreclosure. All sums assessed in the manner provided in this Article but unpaid, are, together with interest, late fees and the costs of collection, including reasonable attorney's fees as provided in this Article, a continuing lien and charge on the Lot owned by the defaulting Owner as of the Master Assessment due date and shall bind and run with the title to such Lot. Except as provided below, the aforesaid lien shall be superior to all other liens and charges against such Lot. Further provided, that the Master Board shall have the power to subordinate the aforesaid assessment lien to any other lien, and such power shall be entirely discretionary with the Master Board. The Master Association may bring an action at law against the Owner personally obligated to pay the Master Assessment, or to foreclose the lien against the Lot as provided in the Act.

Section 14. Subordination of the Lien to Mortgages. The lien of the Master Assessments shall be subordinate and inferior to the lien of any first priority mortgage or deed of trust encumbering a Lot; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the foreclosure sale or other transfer of the Lot pursuant to the terms and conditions of any such first priority mortgage or deed of trust. Such sale or transfer shall not relieve such Lot from liability for the amount of any Master Assessment thereafter becoming due or from the lien thereof.

Section 15. MASTER WORKING CAPITAL CONTRIBUTIONS. IN ADDITION TO, AND NOT IN LIEU OF, THE MASTER ANNUAL ASSESSMENTS, MASTER SPECIAL ASSESSMENTS AND INDIVIDUAL ASSESSMENTS PROVIDED FOR ABOVE IN THIS ARTICLE VII AND THE TOWNHOME ASSESSMENTS PROVIDED FOR IN ARTICLE XII, DECLARANT HEREBY IMPOSES AGAINST EACH LOT THE WORKING CAPITAL CONTRIBUTION REQUIREMENTS SET FORTH BELOW. EACH CAPITAL CONTRIBUTION REQUIRED HEREUNDER IS HEREIN REFERRED TO AS A "MASTER WORKING CAPITAL CONTRIBUTION." WITH REGARD TO EACH LOT, A MASTER WORKING CAPITAL CONTRIBUTION SHALL BE PAID TO THE MASTER ASSOCIATION BY THE PURCHASER OF SUCH LOT AT THE CLOSING OF EACH SALE OF SUCH LOT BEGINNING THE FIRST TIME SUCH LOT IS CONVEYED TO AN OWNER OTHER THAN A DEVELOPER. EACH MASTER WORKING CAPITAL CONTRIBUTION SHALL NOT BE CONSIDERED TO BE AN ADVANCE PAYMENT OF ANY MASTER ANNUAL ASSESSMENT, MASTER SPECIAL ASSESSMENT, INDIVIDUAL ASSESSMENT OR TOWNHOME ASSESSMENT. THE AMOUNT OF EACH MASTER WORKING CAPITAL CONTRIBUTION SHALL BE EQUAL TO ONE-THIRD OF THE AMOUNT OF THE MASTER ANNUAL ASSESSMENT FOR SUCH LOT ON THE DATE OF EACH SALE FOR WHICH A MASTER WORKING CAPITAL CONTRIBUTION IS DUE.

**ARTICLE VIII.
USE OF PROPERTY – PROTECTIVE COVENANTS**

Except as otherwise provided with regard to the Village A Property in the Village A Declaration, the Property shall be occupied and used as follows:

Section 1. Residential Purposes Only. Each Lot shall be used exclusively for single-family, non-transient residential purposes, and garages, carports, and parking spaces shall be used exclusively for the parking of passenger automobiles or light (noncommercial) vans or trucks therein or thereon; provided, however, each Developer shall have the right to use Lots owned by it for the purpose of construction and operation of sales and marketing centers (and for related uses) for Christenbury. No trade or business of any kind shall be conducted upon a Lot or any part thereof except by Developers as described hereinabove. Except those to be utilized by Developers as described hereinabove, no structure shall be erected, placed, altered, used or permitted to remain on any Lot other than one single-family private dwelling and private garage(s) approved by the Architectural Control Committee in accordance with the requirements of Article IX of this Declaration. For so long as Class B Membership exists, minimum and maximum dwelling square footages within the Village B Property, the Village C Property and the Village D Property may be specified from time to time by Declarant; provided, however, Declarant's specifications shall at all times be consistent with Declarant's contractual obligations to Developers. No Lot or portion thereof may be used for hotel or other transient residential purposes. Each lease relating to any Lot must be for a term of at least six (6) months, be in writing, and must provide that the tenant is obligated to observe and perform all of the terms and provisions of this Declaration applicable to such Lot.

Section 2. Obstructions, etc. Except with the prior written consent of the Master Association, there shall be no obstruction of the Common Areas or Located Easements, nothing shall be kept or stored in the Common Areas or Located Easements, nor shall anything be altered, or constructed or planted in, or removed from the Common Areas or Located Easements. Notwithstanding the above, Declarant shall have the right to install signs in the Common Areas and Located Easements.

Section 3. Restricted Actions by Owners. No waste shall be committed in the Common Areas or Located Easements. Each Owner shall comply with all laws, regulations, ordinances (including, without limitation, applicable zoning ordinances) and other governmental rules and restrictions in regard to such Owner's Lot.

Section 4. Signs. No sign of any kind shall be displayed to the public view on any Lot except no more than one professional sign which is consistent with such rules, regulations and guidelines as shall from time to time be issued by the Architectural Control Committee, approved in writing by the Architectural Control Committee (and, for so long as Class B Membership exists, approved in writing by Declarant) and which is for the purpose of (i) advertising the Lot for sale or rent, and/or (ii) advertising the building contractor constructing improvements on the Lot during the initial construction and sales period, and/or (iii) identifying the sales office and/or model home of a building contractor who owns the Lot; however, the foregoing shall not act to restrict or prohibit Declarant from erecting and maintaining signs and

billboards advertising the Property, Christenbury or portions of either thereof, or to restrict the Master Association or the Village A Association from posting permanent signs designed to aid in vehicular access and related information.

Section 5. Attachments. No permanent attachments of any kind or character whatsoever shall be made to the roof or exterior walls of any dwelling on a Lot, except for: (a) a satellite disc or dish no larger than one (1) meter in diameter that is not (nor is any cable, wire or other apparatus connected thereto) visible from any street adjoining the Lot.

Section 6. Animals. No animals, livestock or poultry shall be raised, bred or kept on any Lot except that dogs, cats or other household pets may be kept, but not for any commercial purposes, provided that they do not create a nuisance (in the judgment of the Master Board in its sole discretion) such as, but without limitation, by noise, odor, damage or destruction of property or refuse. At any time and from time to time the Master Board, in its sole discretion, may require any animal to be removed from any Lot. No dog run may be constructed or maintained on any Lot unless such dog run has been approved in writing by the Architectural Control Committee prior to commencement of construction. Notwithstanding the foregoing, in no event shall more than three (3) dogs be maintained on any Lot, nor shall any Pit Bull breed of dog (whether or not mixed) be maintained on any Lot.

Section 7. Recreational Vehicles/Equipment. All recreational vehicles, boats, campers, jet skis, trailers and any other similar equipment (as determined by the Master Board in its discretion) must be currently licensed (if applicable) and must be parked in an enclosed garage.

(a) No vehicle shall be permitted to park on any street within the Property except for occasional temporary overflow as determined appropriate from time to time by the Master Board in its discretion. No vehicle of any size which transports inflammatory or explosive cargo may be kept within the Property at any time. No vehicle not in operating condition may be stored or situated on any Lot unless stored in an enclosed garage.

(b) The Owner of each Lot will be responsible for providing on such Lot sufficient parking area for all vehicles normally parked and/or situated on such Lot.

Section 8. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash or garbage. Waste of any nature shall not be kept on any part of the Property except on a temporary basis in sanitary containers. Except during reasonable pick-up periods (as determined from time to time by the Master Board in its discretion), containers shall at all times be stored in an enclosed garage or other enclosure approved by the Architectural Control Committee.

Section 9. New Construction. Construction of new buildings only shall be permitted on Lots, it being the intent of this covenant to prohibit the moving of any existing building onto a Lot.

Section 10. No Temporary Structures. No structure of a temporary character on any Lot, such as a trailer, tent, shack, or other outbuilding, shall be used at any time as a dwelling.

Section 11. Mailboxes. All mailboxes within the Property shall conform to the mailbox design guidelines from time to time promulgated by the Architectural Control Committee.

Section 12. No Drilling or Mining. No oil drilling, oil development operation, oil refining, quarrying, or mining operations of any kind shall be permitted on any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted on any Lot. No derrick or other structure designed for use in quarrying or for drilling for oil or natural gas shall be erected, maintained or permitted on any Lot.

Section 13. Diligent Construction. All construction, landscaping or other work which has been commenced on any Lot must be continued with reasonable diligence to completion and no partially completed houses or other Improvements shall be permitted to exist on any Lot, except during such reasonable time period as is necessary for completion.

Section 14. No Subdivision of Lots. No Lot shall be subdivided by sale, lease or otherwise so as to reduce the total Lot area as shown on the Plat of such Lot. The foregoing shall not apply to Declarant.

Section 15. Governmental Requirements. Nothing herein contained shall be deemed to constitute a waiver of any governmental requirement applicable to any Lot and all applicable governmental requirements or restrictions relative to the construction of improvements on and/or use and utilization of any Lot shall continue to be applicable and shall be complied with in regard to each Lot.

ARTICLE IX. ARCHITECTURAL CONTROL

Section 1. General. Notwithstanding any other provision of this Declaration, but subject to such contractual commitments as Declarant shall have to Developers, no Improvement, including, without limitation, site preparation on any Lot or change in grade or slope of any Lot or erection of building or exterior addition or alteration to any building situated upon the Property or erection of or changes or additions to fences, hedges, walls, storage buildings, mail boxes and other structures, or construction of any swimming pools or other improvements, shall be commenced, erected or maintained on any portion of the Property until the Architectural Control Committee appointed as hereinafter provided, has approved the plans and specifications therefor and the location of such Improvements. Subject to approval by the Master Board, the Architectural Control Committee shall have the authority to issue and amend from time to time (but shall not be required to do so) guidelines, rules and regulations with respect to construction of Improvements.

Section 2. Composition. The Architectural Control Committee shall be composed of at least three and not more than seven individuals (the exact number to be designated by the Master Board from time to time), annually appointed by the Master Board, each to be generally familiar with residential and community development design matters and knowledgeable about the Master Association's concern for high level design standards within the Property. In the event of the death, removal or resignation of any member of the Architectural Control Committee, the

Master Board shall have full authority to designate and appoint a successor. Members of the Architectural Control Committee may be removed and replaced by the Master Board at any time, with or without cause, and without prior notice. For so long as Declarant has the rights with respect to appointment and removal of Master Board members set forth in the Definitions, Declarant shall also have the right at any time and from time to time to appoint and remove any and all members of the Architectural Control Committee.

Section 3. Procedure. No Improvement of any kind or nature shall be erected, remodeled or placed on any portion of the Property until all plans and specifications and a site plan therefor have been submitted to and approved in writing by the Architectural Control Committee.

Section 4. Authority. The Architectural Control Committee is authorized and empowered to consider and review any and all aspects of the construction of any Improvements on any portion of the Property which may, in the opinion of the Architectural Control Committee, affect the living enjoyment of any Owner or the general value of the Property or Christenbury or any portion thereof.

Section 5. Enforcement. The Architectural Control Committee shall have the specific right (but no obligation) to enforce the provisions contained in this Article IX, and/or to prevent any violation of the provisions contained in this Article IX by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions contained in this Article IX. The Master Association shall also have the right (but not obligation) to enforce these provisions.

Section 6. Limitation of Liability. Neither the Architectural Control Committee nor the members thereof nor Declarant shall be liable in damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or disapprove any plans or specifications.

Section 7. Village A Association. Notwithstanding the foregoing, with regard to Village A, the Master Association may delegate or assign the authority otherwise vested in the Architectural Control Committee pursuant to this Article IX to the Village A Association, which may delegate its authority under this Article to a committee of the Board of Directors of the Village A Association.

Section 8. Miscellaneous. No member of the Architectural Control Committee shall be entitled to compensation for, or be liable for claims, causes of action or damages (except where occasioned by gross negligence or arbitrary and capricious conduct) arising out of, services performed pursuant to this Article IX. The Master Association shall reimburse members of the Architectural Control Committee for reasonable out-of-pocket expenses associated with its activities hereunder.

**ARTICLE X.
INSURANCE**

Section 1. Insurance Requirements under the Act. Section 47F-3-113 of the Act requires certain insurance to be carried by the Master Association and provides for the distribution of insurance proceeds. Sections 2 through 5 of this Article X set forth the requirements of Section 47F-3-113 of the Act. In the event the insurance requirements set forth in the Act or any portion of the Act are changed, amended or deleted, the insurance requirements set forth in Sections 2 through 5 of this Article X shall likewise be changed, amended or deleted to conform with the insurance provisions of the Act without the requirement of a formal amendment to this Declaration. The insurance requirements set forth in Article XII of this Declaration are in addition to those provided for in this Section 1 of Article X.

Section 2. Property Insurance. The Master Association shall maintain, to the extent reasonably available, property insurance on the Common Areas and Located Easements insuring against all risks of direct physical loss commonly insured against including fire and extended coverage perils. The total amount of insurance after application of any deductibles shall not be less than eighty percent (80%) of the replacement cost of the insured property at the time the insurance is purchased and at each renewal date, exclusive of land, excavations, foundations, and other items normally excluded from property policies. Any loss covered by this property insurance shall be adjusted with the Master Association, but the insurance proceeds for that loss are payable to any insurance trustee designated for that purpose, or otherwise to the Master Association, and not to any mortgagee or beneficiary under a deed of trust. The insurance trustee or the Master Association shall hold any insurance proceeds in trust for Owners and lien holders as their interests may appear. The proceeds shall be disbursed first for the repair or restoration of the damaged property, and Owners and lien holders are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored, or the planned community is terminated.

Section 3. Liability Insurance. The Master Association shall maintain, to the extent reasonably available, liability insurance in reasonable amounts, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership, or maintenance of the Common Areas and Located Easements. The liability insurance shall be for the benefit of the Owners, occupants, the Master Association, the Master Board, the managing agent, if any, the Declarant, and their respective officers, directors, members, managers, agents, and employees in such amounts and with such coverage that shall be determined by the Master Board; provided that such liability insurance shall be for at least One Million Dollars (\$1,000,000.00) per occurrence for death, bodily injury and property damage.

Section 4. Required Provisions for Property and Liability Insurance. Insurance policies carried pursuant to Sections 2 and 3 above shall provide that:

(a) Each Owner is an insured person under the policy to the extent of the Owner's insurable interest;

(b) The insurer waives its right to subrogation under the policy against any Owner or member of the Owner's household;

(c) No act or omission by any Owner, unless acting within the scope of the Owner's authority on behalf of the Master Association, will preclude recovery under the policy; and

(d) If, at the time of a loss under the policy, there is other insurance in the name of the Owner covering the same risk covered by the policy, the Master Association's policy provides primary insurance.

Section 5. Insurance Repairs. Any portion of the planned community for which insurance is required under Sections 2 and 3 hereinabove which is damaged or destroyed shall be repaired or replaced promptly by the Master Association unless: (a) the planned community is terminated; (b) repair or replacement would be illegal under any State or local health or safety statute or ordinance; or (c) the Owners decide not to rebuild by an eighty percent (80%) vote. The cost of repair or replacement in excess of insurance proceeds and reserves is a common expense if any portion of the planned community is not repaired or replaced, (a) the insurance proceeds attributable to the damaged Common Area or Located Easement shall be used to restore the damaged area to a condition compatible with the remainder of the planned community; (b) the insurance proceeds attributable to limited common elements which are not rebuilt shall be distributed to the Owners of the Lots to which those limited common elements were allocated, or to lien holders, as their interests may appear; and (c) the remainder of the proceeds shall be distributed to all the Lot Owners or lien holders, as their interests may appear, in proportion to the common expense liabilities of all the Lots. Notwithstanding the provisions of this Section 5, Section 47F-2-118 (termination of the planned community) governs the distribution of the insurance proceeds if the planned community is terminated.

Section 6. Insufficient Proceeds. If the insurance proceeds received by the Master Association are insufficient to reimburse, to repair and/or replace any damage or destruction to person or property, the Master Board may levy a Master Special Assessment against the Owners to cover the deficiency.

Section 7. Owner's Personal Property. The Master Association or Declarant shall not be liable in any manner for the safekeeping or condition of any personal property belonging to or used by any Owner or such Owner's family, guests or invitees, located on or used at the Common Areas or Located Easements. Further, the Master Association or Declarant shall not be responsible or liable for any damage or loss to any personal property of any Owner, such Owner's family, guests or invitees located on or used at the Common Areas or Located Easements. Each Owner shall be solely responsible for all personal property and for any damage thereto or loss thereof, and shall be responsible for the purchase of, at such Owner's sole cost and expense, any liability or other insurance for damage to or loss of such property.

Section 8. No Obligation to Insure Owners' Property. By virtue of taking title to a Lot within Christenbury, each Owner acknowledges that neither the Master Association nor Declarant has any obligation to provide any insurance for any portion of such Lot or any Improvement located thereon.

Section 9. Security. The Master Association may, in its sole discretion, but shall not be obligated to, provide certain security and fire protection measures, and maintain or support certain other activities within Christenbury designed to make Christenbury safer than it might otherwise be. Provided, however, should the Master Association provide, maintain or support any such measures or activities, then neither the Master Association, Master Board, Declarant, nor any successor of Declarant shall in any way be considered insurers or guarantors of security or fire protection within Christenbury, and neither the Master Association, Declarant nor any successor of Declarant shall be held liable for any loss or damage by reason of failure to provide or take any security or fire protection measures or for the ineffectiveness of any such measures undertaken. Each Owner of any Lot and each tenant, guest and invitee thereof acknowledges and understands that neither the Master Association, Master Board, Declarant nor any successor of Declarant are insurers, and each such Owner of a Lot, and such Owner's tenants, guests and invitees hereby assume all risks for loss or damage to persons, property or contents belonging to any such persons.

ARTICLE XI. MAINTENANCE

Section 1. Duty of Maintenance. Except as otherwise specifically provided in Article XII, the Owner of each Lot shall have the duty and responsibility, at such Owner's sole cost and expense, to keep the Lot owned by such Owner in a well-maintained, safe, clean and attractive condition at all times. Such maintenance includes, but is not limited to, the following:

- (a) Prompt removal of all litter, trash, refuse and waste;
- (b) Lawn mowing on a regular basis;
- (c) Tree and shrub pruning;
- (d) Watering by means of a lawn sprinkler system and hand watering as needed;
- (e) Keeping exterior lighting and mechanical facilities in working order;
- (f) Keeping lawn and garden areas alive;
- (g) Removing and replacing any dead plant material;
- (h) Keeping vacant land well maintained and free of trash and weeds;
- (i) Keeping parking areas and driveways in good repair;
- (j) Keeping all sediment resulting from land disturbance or construction confined to the Lot owned by such Owner;
- (k) Complying with all governmental health and police requirements;

- (l) Repainting of Improvements; and
- (m) Repair of damage to Improvements; it being understood and agreed that if any Improvements are damaged or destroyed by fire, or other casualty, the Owner of the Lot must repair and restore such damaged Improvements (in accordance with plans and specifications approved by the Architectural Control Committee and otherwise in accordance with the terms and provisions of this Master Declaration) or remove such damaged Improvements and restore the Lot to its condition existing prior to the construction of such Improvements, within six (6) months following the date such damage or destruction occurs.

Section 2. Enforcement. If the Owner of any Lot has failed in any of the duties or responsibilities of such Owner as set forth in this Declaration, then the Master Association and Declarant, jointly or severally, may enforce the duties and responsibilities of such Owner in any manner available at law or in equity (subject, however, to any limitations imposed by the Act), including, without limitation, by entering onto the Lot of such Owner and performing such care and maintenance without any liability for damages for wrongful entry, trespass or otherwise to any Person. The Owner of the Lot on which such work is performed shall be liable for the cost of such work and, without limiting any other remedy, the Master Association may impose an Individual Assessment against such Owner. Declarant has the right to assign to the Master Association the rights of Declarant under this Section.

Notwithstanding the foregoing, if an Owner is in violation of Article VIII, Section 4 of this Declaration, the Master Association and Declarant, jointly or severally, may give such Owner written notice of such failure and such Owner must within 24 hours after receiving such notice (which notice shall be deemed received when handed to Owner or prominently posted on the front entry door of the dwelling on the Lot) remove the unauthorized sign(s). Should such Owner fail to fulfill this duty within such 24 hour period, then the Master Association and Declarant, jointly or severally, shall have the right and power to enter onto the Lot and remove and dispose of such unauthorized sign(s) without any liability for damages for wrongful entry, trespass or otherwise to any Person.

ARTICLE XII. TOWNHOMES

Section 1. General Statement. Declarant anticipates that the Village C Property will be developed into Townhome Lots, that there will be constructed on each Townhome Lot a townhome unit (each a "Townhome" and collectively the "Townhomes") and that a separate homeowners' association will not be established with regard to the Townhomes. Nevertheless, the nature of the Townhomes dictates that the Owners of Townhome Lots be assessed to provide for performance of certain repairs and maintenance specific to the Townhomes as determined from time to time by the Master Board in its discretion, and that the Master Association be obligated to make such repairs and maintenance. The purpose of this Article XII is to set out such Townhome-specific provisions. The provisions of this Article XII shall apply only to the Village C Property and Owners of Townhome Lots.

Section 2. Townhome Assessments

(a) Covenant for Townhome Assessments. The Declarant, for the Village C Property, hereby covenants, and each Owner of a Townhome Lot, by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Master Association, in addition to *and not in lieu of* the Master Assessments provided for in Article VII: (a) Townhome Annual Assessments; (b) Townhome Special Assessments; and (c) Townhome Working Capital Contributions (collectively, the "Townhome Assessments"). Townhome Assessments collected by the Master Association under this Article XII shall be accounted for separately from the Master Assessments collected under Article VII, but may (and are anticipated to be) commingled with such Master Assessments. Townhome Assessments shall be used solely for the purposes set forth in this Article XII. Townhome Assessments accounted for separately as provided above may be referred to as "Townhome Funds".

(b) Purposes. The Townhome Assessments shall be used to carry out the rights and powers of the Master Association pursuant to the terms of this Article XII and, in particular, but without limitation, for: (i) as more particularly described in Subsection 3(a) of this Article XII, repair and replacement of exterior surfaces of the Townhomes (excluding, entry doors, garage doors, light fixtures and windows); (ii) as more particularly described in Subsection 3(b) of this Article XII maintenance, repair and replacement of the landscaping (including irrigation systems) on the Townhome Lots and on such portion or all of the Common Areas within the Village C Property as the Master Board, in its discretion, shall from time to time determine to be appropriately funded from Townhome Funds; and (iii) maintenance of insurance as provided in this Article XII.

(c) Townhome Annual Assessments. For each Assessment Year, in accordance with the provisions of the Act and this Declaration, the Master Board shall determine the amount of the annual assessment provided for in this Article XII (the "Townhome Annual Assessment") to be assessed against each Townhome Lot (which, except as provided in Subsection (e) below, shall be uniform for all Townhome Lots). In making such determination, the Master Board shall take into consideration, among other things, estimated development and maintenance costs to be borne by the Master Association under this Article XII, and future needs of the Master Association under this Article XII, which may include budget line items allocable to the Townhome Working Capital Fund. The time of payment of the Townhome Annual Assessment shall be as determined by the Master Board from time to time as set forth in statements of amounts due sent to each Townhome Lot Owner:

(d) Townhome Special Assessments. In addition to the Townhome Annual Assessment, the Master Board may levy in any Assessment Year, in accordance with the provisions of the Act and this Declaration, special assessments against the Townhome Lots (each a "Townhome Special Assessment") for the purpose of defraying, in whole or in part, any costs incurred by the Master Association under this Article XII which are not

paid for out of Townhome Funds on hand in the Master Association, as determined by the Master Board in its discretion.

(e) Assessment Limitations on Declarant-Owned Townhome Lots Notwithstanding any other provision of this Article XII, Townhome Lots owned by the Declarant shall not be subject to any Townhome Annual Assessment or Townhome Special Assessment.

(f) Use of Townhome Working Capital Contributions. The Townhome Working Capital Contributions provided for in Subsection 2(n) of this Article XII may be used by the Master Association for any of the purposes described in Subsection 2(b) of this Article XII, as determined from time to time by the Master Board in its discretion.

(g) Commencement of Townhome Annual Assessments. The first Townhome Annual Assessment shall commence with the Assessment Year in which any Townhome Lot is conveyed to an Owner other than Declarant or any later Assessment Year as determined by the Master Board in its discretion. Townhome Annual Assessments shall continue thereafter for each Assessment Year.

(h) Due Date of Townhome Assessments; Payment. Townhome Annual Assessments shall be due and payable on a monthly basis on the first day of each month of each Assessment Year or on such other basis as shall be determined from time to time by the Master Board in its discretion. The due date of any Townhome Special Assessment shall be fixed in the Master Board resolution authorizing such Townhome Special Assessment.

(i) Notice. In the event of the establishment or revision in the amount or rate of a Townhome Annual Assessment or Townhome Special Assessment, the Master Board shall fix the amount thereof, and in regard to any Townhome Special Assessment, the applicable due date(s) for the payment of such Special Assessment, and shall provide written notice thereof to each Owner subject thereto.

(j) Omission by Master Board. The omission by the Master Board, before the expiration of any Assessment Year, to fix the Townhome Annual Assessment hereunder for that or any subsequent Assessment Year shall not be deemed to waive or modify in any respect any of the provisions of this Article XII or to release any Owner from the obligation to pay the Townhome Annual Assessment due for that or any subsequent Assessment Year. The Townhome Annual Assessment fixed for the preceding Assessment Year shall continue until a new Annual Assessment is fixed.

(k) Owner's Personal Obligation for Payment. Each Townhome Assessment provided for herein shall be the personal and individual debt of the Owner (as of the due date of the applicable Townhome Assessment) to which such Townhome Assessment relates. The personal obligation to pay any such Townhome Assessment, together with interest thereon and costs of collection, shall not pass to the successors in title of such Owner unless expressly assumed by such successors. Although unpaid Townhome

Assessment charges are not the personal obligation of such Owner's successors in title unless expressly assumed by them, as provided in Subsection (l) below, the unpaid Townhome Assessment charges continue to be a lien on the Townhome Lot against which the Townhome Assessment has been made. In the event of default in the payment of any such Townhome Assessment, the defaulting Owner shall be obligated to pay interest, late fees and all costs and expenses of collection, including reasonable attorneys' fees, as determined from time to time by the Master Board consistent with the provisions of the Act.

(l) Townhome Assessment Lien and Foreclosure. All sums assessed in the manner provided in this Article but unpaid, are, together with interest, late fees and the costs of collection, including reasonable attorney's fees as provided in this Article,, a continuing lien and charge on the Townhome Lot owned by the defaulting Owner as of the Townhome Assessment due date and shall bind and run with the title to such Townhome Lot. Except as provided below, the aforesaid lien shall be superior to all other liens and charges against such Townhome Lot. Further provided, that the Master Board shall have the power to subordinate the aforesaid assessment lien to any other lien, and such power shall be entirely discretionary with the Master Board. The Master Association may bring an action at law against the Owner personally obligated to pay the Townhome Assessment, or to foreclose the lien against the Townhome Lot as provided in the Act.

(m) Subordination of the Lien to Mortgages. The lien of the Townhome Assessments shall be subordinate and inferior to the lien of any first priority mortgage or deed of trust encumbering a Townhome Lot; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the foreclosure sale or other transfer of the Townhome Lot pursuant to the terms and conditions of any such first priority mortgage or deed of trust. Such sale or transfer shall not relieve such Townhome Lot from liability for the amount of any Townhome Assessment thereafter becoming due or from the lien thereof.

(n) TOWNHOME WORKING CAPITAL CONTRIBUTIONS. IN ADDITION TO, AND NOT IN LIEU OF, THE TOWNHOME ANNUAL ASSESSMENTS AND TOWNHOME SPECIAL ASSESSMENTS PROVIDED FOR ABOVE IN THIS ARTICLE XII AND THE MASTER ASSESSMENTS PROVIDED FOR IN ARTICLE VII, DECLARANT HEREBY IMPOSES AGAINST EACH TOWNHOME LOT THE WORKING CAPITAL CONTRIBUTION REQUIREMENTS SET FORTH BELOW. EACH WORKING CAPITAL CONTRIBUTION REQUIRED HEREUNDER IS HEREIN REFERRED TO AS A "TOWNHOME WORKING CAPITAL CONTRIBUTION." WITH REGARD TO EACH TOWNHOME LOT, A TOWNHOME WORKING CAPITAL CONTRIBUTION SHALL BE PAID TO THE MASTER ASSOCIATION BY THE PURCHASER OF SUCH TOWNHOME LOT AT THE CLOSING OF EACH SALE OF SUCH TOWNHOME LOT BEGINNING THE FIRST TIME SUCH TOWNHOME LOT IS CONVEYED TO AN OWNER OTHER THAN A DEVELOPER. EACH TOWNHOME WORKING CAPITAL CONTRIBUTION SHALL NOT BE CONSIDERED TO BE AN ADVANCE PAYMENT OF ANY TOWNHOME ANNUAL ASSESSMENT, TOWNHOME SPECIAL ASSESSMENT OR MASTER ASSESSMENT. THE AMOUNT OF EACH TOWNHOME WORKING CAPITAL CONTRIBUTION SHALL BE EQUAL

TO ONE-THIRD OF THE AMOUNT OF THE TOWNHOME ANNUAL ASSESSMENT FOR SUCH TOWNHOME LOT ON THE DATE OF EACH SALE FOR WHICH A TOWNHOME WORKING CAPITAL CONTRIBUTION IS DUE.

Section 3. Master Association's Responsibility. The Master Association shall be responsible for the following items of maintenance, repair and replacement related to the Townhomes:

(a) Periodic painting, staining, repair, replacement and care of for all exterior building surfaces [including, without limitation: external brick, siding, roof surfaces, roof systems, gutters and downspouts; but excluding: patios, porches, stoops, entry doors and garage doors and their appurtenant hardware, and all exterior glass including windows and patio doors, all of which shall be maintained, repaired and replaced by the Townhome Owner, with any replacement windows and doors being the same as originally installed]; provided, however, the Townhome Owner, and not the Master Association, shall maintain any exterior improvement made by the Townhome Owner;

(b) Maintenance, repair and replacement of the landscaping (including irrigation system) on the Townhome Lots and on such portions of all of the Common Areas within the Village C Property as the Master Board, in its discretion, shall from time to time determine to be appropriately funded from Townhome Funds, including but not limited to, trees, hedges, shrubs, flowers, ground cover and grass, but excluding any additional landscaping installed by any Townhome Owner (any such landscaping being required to be approved in writing by the Architectural Control Committee).

Notwithstanding Subsections (a) and (b) above, if the need for replacement, maintenance or repair is caused through the willful or negligent act of the Townhome Owner, the Townhome Owner's family, guests, or invitees, the cost of such replacement, maintenance or repairs shall be the obligation of that Townhome Owner and shall be assessed by Individual Assessment. The Master Association is hereby granted a right of access to each Lot for performance of repairs or maintenance, whether the work is to be accomplished to fulfill the Master Association's responsibility therefor or to perform work which is the unfulfilled obligation of the Townhome Owner.

Section 4. Party Walls Each wall or fence separating two Townhomes as a part of the original construction of the Townhomes, and any replacement thereof, shall constitute a "party wall" for purposes of this Section. The following provisions shall apply to all party walls within Village C:

(a) General Law. To the extent not inconsistent with the provisions of this Section, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply to all party walls.

(b) Encroachment. If any portion of any structure originally constructed by Declarant or the Townhome Developer, or any party wall, or any common fence, protrudes over an adjoining Townhome Lot or into any Common Area, such structure,

wall or fence shall be deemed to be a permitted encroachment upon the adjoining Townhome Lot or Common Area, and the Owners and the Master Association shall neither maintain any action for the removal of the encroaching structure, wall or fence, nor any action for damages. In the case of such a protrusion, it shall be deemed that the affected Townhome Owners or the Master Association have granted perpetual easements to the adjoining Townhome Owner for continuing maintenance and use of the encroaching structure, wall or fence. The foregoing provision shall also apply to any replacements in conformance with the original structure, wall or fence constructed by Declarant or the Townhome Developer.

(c) Sharing of Repair and Maintenance. The cost of replacement, repair and maintenance of a party wall shall be equally divided by the Townhome Owners which share the wall, except that (i) if the damage necessitating the replacement, repair or maintenance is covered under the terms of any fire or casualty insurance policy maintained by the Master Association, the proceeds of such policy shall first be used to effect such replacement, repair and maintenance; and (ii) if the portion of the wall which requires the replacement, repair or maintenance is an outside wall for one of the Townhomes, but not for the other (that is, not common to both Townhomes) the replacement, repair or maintenance cost of that portion of the wall shall be borne by the Owner of the Townhome utilizing that portion of the wall, if, and to the extent that, the Master Association does not have that responsibility pursuant to the specific provisions of this Article XII.

(d) Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty or requires replacement, repair or maintenance in excess of the benefits payable under any fire or casualty insurance policy maintained by the Master Association, and one of the common Townhome Owners of the wall repairs, replaces or performs necessary maintenance work, the other Townhome Owner shall promptly reimburse the Townhome Owner who effects the work in an amount equal to one-half of the cost thereof; provided that this obligation shall not be absolute but shall be subject to the general rules of law regarding negligence and wrongful acts.

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

(f) Easement and Right of Entry for Repair, Maintenance and Reconstruction. Every Townhome Owner shall have an easement and right of entry upon the Townhome Lot of any other Townhome Owner to the extent reasonably necessary to perform repair, maintenance or reconstruction of a party wall. Such repair, maintenance or construction shall be done expeditiously and, upon completion of the work, the Townhome Owner shall restore the adjoining Townhome Lot or Townhome Lots to as near the same condition as that which prevailed prior to the commencement of the work as possible.

Section 5. Casualty Insurance Maintained By Master Association. The Master Association shall procure and maintain casualty insurance upon the Townhome Lots for the

benefit of the Master Association and the Townhome Owners and their mortgagees, as their interests may appear, and provisions shall be made for the issuance for certificates or mortgagee endorsements to the mortgagees of Townhome Owners upon request therefor by any Townhome Owner. Each Townhome Lot shall be insured in an amount equal to one hundred percent (100%) of its insurable replacement value of the Townhome thereon as determined annually by the Master Association with the assistance of the insurance company providing coverage.

(a) Coverage. Such coverage shall provide protection against: loss or damage by fire and other hazards, including extended coverage, vandalism and malicious mischief, and such other risks as from time to time shall be reasonably required by the Master Association.

(b) Premiums. Premiums for insurance policies purchased by the Master Association shall be paid by the Master Association and shall be included as part of the Townhome Annual Assessment.

(c) Proceeds. All insurance policies purchased by the Master Association shall be for the benefit of the Master Association and the Townhome Owners and their mortgagees, as their interests may appear, and shall provide that all proceeds thereof shall be payable to the Master Association as insurance trustee under this Declaration. The sole duty of the Master Association as insurance trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated herein or stated in the Bylaws and for the benefit of the Master Association, the Townhome Owners and their mortgagees in the following shares:

(i) If an insured casualty shall occur resulting in damage to a Townhome Lot or Townhome Lots, proceeds from insurance shall be held in undivided shares for the affected Townhome Owners in proportion to the cost of repairing the damage insured against in said policy, which cost shall be determined by the Master Association;

(ii) In the event a mortgagee endorsement has been issued for any Townhome Lot, the share of the Owner of that Townhome Lot shall be held in trust for the mortgagee and the other Townhome Owners, as their interests may appear.

(d) Distribution of Insurance Proceeds. Proceeds of insurance policies received by the Master Association as insurance trustee shall be distributed in the following manner: First, all expenses of the insurance trustee shall be first paid or provisions made therefor; and then any remaining proceeds shall be paid to defray the cost of the covered item.

(e) Responsibility for Repair. If the proceeds of insurance are insufficient to repair damage or destruction to any portion of the Village C Property by fire or other casualty, or if such casualty is not insured against, then the reconstruction or repair of any damaged improvements contained within any Townhome Lot shall be accomplished

promptly by the Owner(s) of such Townhome Lot, and the extent of such repairs shall be an expense of such Townhome Owner. If the Owner of the affected Townhome Lot fails to promptly accomplish such repair or reconstruction, the Master Association may perform such repairs or reconstruction on his behalf, and the expense of such repair or reconstruction may be assessed against that Townhome Lot, and if not paid shall be a lien on the Lot having all of the priorities provided in this Declaration.

Section 6. Public Liability Insurance. Public liability insurance shall be secured by the Master Association with limits of liability of no less than One Million and No/100 (\$1,000,000.00) Dollars per occurrence and shall include an endorsement to cover liability of the Townhome Owners, as a group, to a single Townhome Owner. If an insured casualty shall occur resulting in damage or injury to a claimant whose claim is insured against in said policy, proceeds from Master Association insurance shall be applied as follows: all expenses of the insurance trustee shall be first paid or provisions made therefor; and the balance held in undivided shares for compensation for injuries suffered by each claimant whose claim is insured against in said policy, all as determined by the Master Association.

Section 7. Easements.

(a) Construction. Declarant hereby reserves a construction easement over the Townhome Lots and adjoining Common Areas for the purposes reasonably related to installation of streets and utilities and construction of dwellings on the Townhome Lots, and Declarant and its contractors shall have full rights of ingress and egress to and through, over and about the Townhome Lots and adjoining Common Areas during such period of time that Declarant is engaged in any construction or improvement work on or within the Property and shall further have an easement for the purpose of storing the materials, vehicles, tools, equipment, etc., which are being utilized in such construction. No Owner, or his/her guests or invitees, shall in any way interfere or hamper Declarant or its employees or contractors in the exercise of these rights and easements. The Townhome Developer shall be entitled to the exercise of all easements and rights reserved by Declarant under this Section 7 for as long as the Townhome Developer owns any Townhome Lot.

(b) Repair and Maintenance. Easements are reserved for the benefit of Declarant and the Master Association over, under and through that portion of each Townhome Lot upon which is located any wall or any portion thereof for the construction, replacement, maintenance and continued location of such wall, together with a general right of ingress, egress and regress over and upon each Townhome Lot for the purpose of accessing such construction and location easement. Easements are reserved for the benefit of Declarant and the Master Association over, under and through that each Townhome Lot in order to perform any maintenance, alteration or repair required or permitted herein to be performed by the Declarant or the Master Association (and the Owner of each Townhome Lot shall permit the Declarant and the Master Association and any representative of either to enter for such purposes at reasonable times and with reasonable advance notice), and for immediate entry onto each Townhome Lot in the case of any emergency threatening such Townhome Lot or any

other Townhome Lot for the purpose of remedying or abating the cause of such emergency. The Declarant or the Master Association may, without consent or approval of any Owner, grant or convey any of the easement rights hereinabove reserved for the purposes set forth herein to any person, public or private utility or service company or any agent of Declarant or the Master Association.

(c) Settlement and Overhangs. Each Townhome Lot and each adjoining Common Area shall be and is subject to an easement for building encroachments created by initial construction and by subsequent settling and overhangs. A valid easement for said encroachments and for maintenance of same shall continue so long as said encroachments exist. In the event a Townhome is partially or totally destroyed, and then rebuilt, minor encroachments over parts of the adjoining Townhome Lots or Common Area(s) resulting from the reconstruction shall also be permitted and a valid easement for said encroachments and the maintenance thereof shall continue.

**ARTICLE XIII
EMINENT DOMAIN (CONDEMNATION)**

In the event of a taking of all or any portion of a Lot or all any portion of the Common Areas or Located Easements by eminent domain, or by conveyance in lieu thereof, the awards paid on account thereof shall be applied in accordance with Section 47F-1-107 of the Act.

**ARTICLE XIV
TERMINATION OF PLANNED COMMUNITY**

Christenbury, a planned community under the Act, may be terminated only in strict compliance with Section 47F-2-118 of the Act.

**ARTICLE XV
AMENDMENT**

This Declaration may be amended only in strict compliance with the Act, including, without limitation, Section 47F-2-117 of the Act, except that no amendment altering or impairing rights reserved by Declarant hereunder may be made without the written consent of the Declarant.

**ARTICLE XVI
GENERAL PROVISIONS**

Section 1. Enforcement. The Declarant, the Master Association 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, reservation, 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 Master Association 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. Conflict with the Act; Severability. Should any of the terms, conditions, provisions, paragraphs, or clauses of this Declaration conflict with any provisions of the Act, the provisions of the Act shall control unless the Act permits this Declaration to override the Act, in which event this Declaration shall control. The invalidity of any covenant, restriction, condition, limitation, provision, paragraph or clause of this Declaration, or any part of the same, or the application thereof to any person or circumstance, shall not impair or affect in any manner the validity, enforceability or affect of the rest of this Declaration, or the application of any such covenant, restriction, condition, limitation, provision, paragraph or clause to any other person or circumstance.

Section 3. Term. The Covenants of this Declaration shall run and bind the Property for a term of twenty-five (25) years from the date this Declaration is recorded in the Registry, after which time the Covenants shall be automatically extended for successive periods of ten (10) years unless terminated or altered in accordance with the provisions of the Act; provided, however, that Declarant's rights hereunder may not be amended or altered without Declarant's prior written consent. Any amendment must be properly recorded in the Registry and shall take effect only upon such recording. For the purposes of this section, additions to the Property as provided in Article II, Section 2 hereof shall not constitute an "amendment".

Section 4. Interpretation of Declaration. Whenever appropriate, singular may be read as plural, plural may be read as singular, and the masculine gender may be read as the feminine or neuter gender. Compound words beginning with the prefix "here" shall refer to this entire Declaration and not merely the part in which they appear.

Section 5. Captions. The captions herein are only for convenience and reference and do not define, limit or describe the scope of this Declaration, or the intent of any provision.

Section 6. Law Controlling. This Declaration shall be construed and controlled by and under the laws of the State of North Carolina.

Section 7. 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 8. Conflicts. In the case of any conflict between this Declaration and any of the Charter Documents, this Declaration shall control.

Section 9. Condemnation. Subject to the provisions of Article XIII hereof, in the event any Common Area or Located Easement 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 Master Association for the common benefit of the Owners and their mortgagees, as their interests appear.

Section 10. Disclaimer. Notwithstanding anything contained herein or in the Charter Documents, rules or regulations issued by the Master Association or any other document governing or binding the Master Association (collectively the "Master Association Documents"), the Master Association and the Declarant 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 Property, 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 Master Association Documents that the various provisions thereof that are enforceable by the Master Association and govern or regulate the uses of the Property have been written, and are to be interpreted and enforced, for the sole purpose of maintaining the enjoyment of the Property. The Master Association and the Declarant 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, tortious or like regulated activities. Every Owner, by taking title to any part of the Property, covenants and agrees to hold harmless and to indemnify the Master Association and the Declarant, and their respective directors, trustees, officers, members, managers, 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 Property.

Section 11. Construction Activities. All Owners, occupants, and users of Lots are hereby placed on notice that Declarant, Developers, and/or their agents, contractors, subcontractors, licensees, and other designees, successors, or assigns, may, from time to time, conduct blasting, excavation, construction, and other activities within Christenbury. By the acceptance of a deed or other conveyance or mortgage, leasehold, license, or other interest, and by using any portion of a Lot or Christenbury generally, the Owners and all occupants and users of Lots acknowledge, stipulate, and agree (a) such activities shall not be deemed nuisances, or noxious or offensive activities, under any applicable covenants or at law generally; (b) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is a trespass or otherwise) any property within or in proximity to the Lot where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours); (c) that Declarant, Developers, and all of their agents, contractors, subcontractors, licensees, and other designees, successors, and assigns, shall not be liable but, rather, shall be held harmless for any and all losses, damages (compensatory, consequential, punitive, or otherwise), injuries, or deaths arising from or relating to the aforesaid activities; (d) that any purchase or use of any portion of a Lot has been and will be made with full knowledge of the foregoing; and (e) this acknowledgment and agreement is a material inducement to Declarant and Developers to sell, convey, lease, and/or allow the use of Lots within Christenbury.

Section 12. No Liability for Third Party Acts. Owners and occupants of Lots, and their respective guests and invitees, are responsible for their own personal safety and for their property in Christenbury. The Master Association may, but is not obligated to, maintain or support certain activities within Christenbury which promote or enhance safety or security within Christenbury. However, the Master Association and Declarant shall not in any way be

considered insurers or guarantors of safety or security within Christenbury, nor shall they be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken.

No representation or warranty is made that any systems or measures, including fire protection, burglar alarm, or other security monitoring systems, or any mechanism or system for limiting access to Christenbury cannot be compromised or circumvented, nor that any such systems or measures undertaken will in all cases prevent loss or provide the detection or protection for which the system is designed or intended. Each Owner acknowledges, understands, and shall be responsible for informing its tenants and all occupants of such Owner's Lot that the Master Association, the Master Board and its committees and Declarant are not insurers or guarantors of security or safety and that each Person within Christenbury assumes all risks of personal injury and loss or damage to property, including Lots and the contents of Lots, resulting from acts of third parties.

Section 13. Assignment. Declarant may assign its rights hereunder (either in their entirety, or with respect to a portion of the Property) by a written instrument recorded in the Registry.

Section 14. No Exemption. No Owner shall become exempt from the coverage hereof or obligations imposed hereby (including, without limitation, the obligation to pay Master Assessments and, if applicable, Townhome Assessments) by non-use of such Owner's Lot or the Common Areas.

Section 15. Changes to Master Plan for Christenbury. Nothing contained herein shall be deemed to incorporate, by reference or otherwise, any plans or proposals promulgated by Declarant with respect to Christenbury, and Declarant reserves the right to change any master plans for Christenbury at any time and from time to time as Declarant may determine to be necessary based upon Declarant's continuing research and design program and/or market conditions and Declarant's plans for Christenbury shall not bind Declarant or its successors and assigns to adhere to such plans in the development of the Property or any part thereof.

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed this 14th day of June, 2006.

CHRISTENBURY LAND INVESTMENTS, LLC,
a North Carolina limited liability company

By: 
Alan G. Simonini, Manager

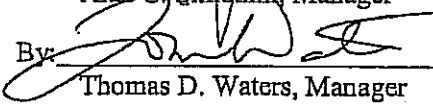
By: 
Thomas D. Waters, Manager

Exhibit A

BEING all of the property depicted on the maps recorded in Map Book 49, Pages 61, 62, 66, 67, 68, 70 and 71 in the Registry.

BOOK 6822 PAGE 234

Exhibit A-1

BEING all of the property depicted on the maps recorded in Map book 49, Pages 70 and 71 in the Registry.

Exhibit A-2

BEING all of the property depicted on the maps recorded in Map Book 49, Pages 61 and 62 in the Registry.

Exhibit A-3

BEING all of the property depicted on the maps recorded in Map Book 49, Pages 66, 67 and 68 in the Registry.

Exhibit B
Definitions

The following words, when used in this Declaration, shall have the meanings set forth beside them below:

1. "Act" shall mean the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes.
2. "Additional Property" shall mean any property located within two (2) miles from the perimeter of the property described in Exhibit A hereto.
3. "Assessment Year" shall mean such one year period as shall be specified by the Master Board in its discretion.
4. "Authority" over any parcel of property shall mean a right of ownership or control (whether in whole or in part) over such parcel of property.
5. "Charter Documents" shall mean the Articles of Incorporation and Bylaws of the Master Association, as applicable, as the same may be amended.
6. "Common Areas" shall mean any areas designated on any Plat as Common Area or Common Open Space or otherwise clearly dedicated to the use of all Owners of Lots, including any and all improvements thereto (for example, without limitation, swimming pools, playgrounds, parks, ponds, walking trails, community meeting facilities, tennis courts and parking lots); provided, however, any property comprising a portion of the Village A Property shall specifically not be "Common Areas" for purposes of this Declaration, notwithstanding any designation as such on any Plat.
7. "Declarant" shall mean Christenbury Land Investments, LLC, its successors and assigns.
8. "Designate" shall mean the act of identifying a portion of the Property or any Additional Property as being part of a particular Village, by specifying in this Declaration or in any Supplemental Declaration that such portion of Additional Property shall thereafter be a part of the named Village.
9. "Developer" shall mean any of the following: Simonini Builders of North Carolina, LLC, Provident Homes, Inc., M/I Homes of Charlotte, LLC, Weekley Homes, L.P., NVR, Inc., their respective successors, and any other Person whose primary business is construction and sale of homes designated from time to time as a Developer by Declarant by instrument recorded in the Registry.
10. "General Utility Easements" shall have the meaning set forth in Article IV, Section 1.
11. "Improvement" shall mean any structure and all appurtenances thereto of every type and kind, including but not limited to: buildings, outbuildings patios, tennis courts, garages, doghouses, swimming pools, basketball goals, mailboxes, aerials, roads, driveways, parking areas, fences, walls, retaining walls, stairs, decks, landscaping, plantings, planted

trees and shrubs, ponds, lakes, changes in grade or slope, site preparation, poles, signs, exterior air conditioning, external facilities used in connection with utilities (including water, sewer, gas, electric, telephone, regular, cable or satellite television or computer service), exterior illumination, changes in any exterior color, and any new exterior construction or exterior improvement not included in any of the foregoing. The definition of Improvement includes both original Improvements and all later changes and/or repairs to Improvements, except that it does not include replacement of trees or shrubs with those of the same or similar species or replacement or repair of Improvements previously approved by the Architectural Control Committee provided such replacement or repair does not change any exterior color, material, design or appearance from that previously approved by the Architectural Control Committee.

12. "Individual Assessments" shall have the meaning set forth in Article VII, Section 5.
13. "Located Easements" shall have the meaning set forth in Article IV, Section 1.
14. "Lot" shall mean a portion of the Property which has been included as a numbered or lettered plot of land on a Plat.
15. "Master Annual Assessment" shall have the meaning set forth in Article VII, Section 3.
16. "Master Association" or "Association" shall mean Christenbury Master Association, Inc., a North Carolina non-profit corporation.
17. "Master Board" or "Board" shall mean the Board of Directors of the Master Association. Notwithstanding anything to the contrary set forth in this Declaration or the Charter Documents, so long as Declarant owns any portion of the Property, Declarant shall have the right at any time and from time to time to appoint and remove any and all members of the Master Board.
18. "Master Working Capital Contributions" shall have the meaning set forth in Article V, Section 15.
19. "Master Special Assessments" shall have the meaning set forth in Article V, Section 4.
20. "Member" shall have the meaning set forth in Article V, Section 1.
21. "Owner" shall mean the record owner, whether one or more persons or entities, of fee simple title to any Lot, but excluding those having such interest merely as security for the performance of an obligation.
22. "Person" shall mean any individual, corporation, partnership, association, trust or other legal entity.
23. "Plats" shall mean such plats of all or any portion of the Property as shall have been from time to time recorded in the Registry (each a "Plat").

24. "Property" shall mean the property described in Exhibit A hereto, together with such Additional Property as shall have been from time to time brought under the scheme of this Declaration by Supplemental Declaration filed in the Registry.
25. "Registry" shall mean the office of the Register of Deeds for Cabarrus County, North Carolina.
26. "Supplemental Declaration" shall mean a Supplemental Declaration of Covenants, Conditions and Restrictions filed in the Registry pursuant to Article II, Section 2.
27. "Townhome Annual Assessments" shall have the meaning set forth in Article XII, Section 2(a).
28. "Townhome Working Capital Contributions" shall have the meaning set forth in Article XII, Section 2(n).
29. "Townhome Special Assessments" shall have the meaning set forth in Article XII, Section 2(d).
30. "Townhome Developer" shall mean NVR, Inc., its successors and assigns.
31. "Townhome Lot" shall mean any Lot developed within the Village C Property.
32. "Townhome Members" shall mean Members of the Master Association who are Owners of Townhome Lots.
33. "Townhome Owner" shall mean the Owner of a Townhome Lot.
34. "Townhome Quorum" shall mean at any meeting of the Members of the Association, a number of Townhome Members equal in the aggregate to at least 25% of the number of Townhome Lots.
35. "Village A Association" shall mean the homeowners association established pursuant to the Village A Declaration.
36. "Village A Declaration" shall have the meaning given it in Section 6 of Article II.

CONSENT AND SUBORDINATION
OF
WACHOVIA BANK, NATIONAL ASSOCIATION

The undersigned, being the Bank and Trustee in that certain Deed of Trust and Assignment of Rents executed by Christenbury Land Investments, LLC, a North Carolina limited liability company and recorded in Book 6259, Page 24 in the Cabarrus County Public Registry ("Deed of Trust"), do hereby consent to the terms and conditions of the Master Declaration of Covenants, Conditions and Restrictions for Christenbury ("Declaration") to which this Consent and Subordination is attached and do hereby agree that the Declaration shall be superior to the lien of the Deed of Trust.

IN WITNESS WHEREOF, the undersigned have caused this Consent and Subordination to be duly executed and sealed as of the 15th day of June, 2006.

BANK: WACHOVIA BANK, NATIONAL ASSOCIATION

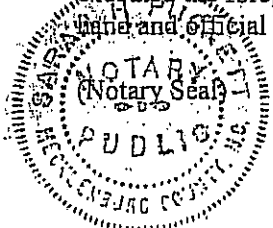
By: David Zelman
Asst. Vice President

TRUSTEE: TRSTE, INC.

By: David Zelman
Asst. V.P.

STATE OF North Carolina
COUNTY OF Mecklenburg

I, Sarah H. Puckett, certify that David Fichman either being personally known to me or proven by satisfactory evidence (said evidence being _____), personally came before me this day and acknowledged that (s)he is Asst. V.P. of Wachovia Bank, National Association, a national banking association, and that (s)he, as Asst. V.P., being authorized to do so, voluntarily executed the foregoing on behalf of said corporation for the purposes stated therein. Witness my hand and official seal, this the 15th day of June, 2006.

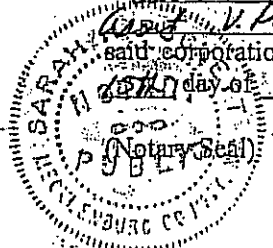


Sarah H. Puckett
Notary Public
SARAH H. Puckett
Printed Name of Notary

My Commission Expires: 03-06-2010

STATE OF North Carolina
COUNTY OF Mecklenburg

I, Sarah H. Puckett, certify that David Fichman, either being personally known to me or proven by satisfactory evidence (said evidence being _____), personally came before me this day and acknowledged that (s)he is Asst. V.P. of TRSTE, Inc., a Virginia corporation, and that (s)he, as Asst. V.P., being authorized to do so, voluntarily executed the foregoing on behalf of said corporation for the purposes stated therein. Witness my hand and official seal, this the 15th day of June, 2006.



Sarah H. Puckett
Notary Public
SARAH H. Puckett
Printed Name of Notary

My Commission Expires: 03-06-2010