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Signature Development Group
Signature Development Group
Willow Farms, LLC
19701 Bethel Church Rd.
Cornelius, NC 28031

ELAINE N. HARMON
REGISTER OF DEEDS
LINCOLN COUNTY, NC

DECLARATION OF COVENANTS, CONDITIONS**AND RESTRICTIONS FOR****WILLOW FARMS SUBDIVISION**

THIS DECLARATION is made as of this 24 day of May, 2006, by Signature Development Group-Willow Farms, LLC, a North Carolina limited liability company, (referred to in this instrument as "Declarant").

STATEMENT OF PURPOSE

Declarant is the owner of those certain real property located in Denver, Lincoln County, North Carolina and more particularly described on **Exhibit A** attached hereto and incorporated by reference (the "Property"), which Property is being developed by Declarant as an exclusive residential community known as Willow Farms (as defined herein).

It is in the best interest of Declarant, as well as to the benefit, interest and advantage of each person or other entity now owning or later acquiring any property in Willow Farms that certain covenants, conditions, easements, assessments, liens and restrictions governing and regulating the use and occupancy of the same be established, fixed and set forth and declared to be covenants running with the land.

Declarant desires to provide for the preservation of the values and amenities and the desirability and attractiveness of the real property in Willow Farms and for the continued maintenance and operation of such recreational and common areas as may be provided.

Declarant further desires to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the common area in Willow Farms, administering and enforcing the covenants and restrictions contained herein, and collecting and disbursing the assessments and charges hereinafter created in order to efficiently preserve, protect, and enhance the values and amenities in Willow Farms, to ensure the residents' enjoyment of the specific rights specific rights, privileges and easements in the common area, and to provide for the maintenance and upkeep of the common area. To that end, the Declarant has or will cause to be incorporated under North Carolina law, Willow Farms Homeowners Association, Inc., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions.

Legal description – Exhibit “A”

All those certain pieces, parcels or lots of land situate, lying and being in Catawba Springs Township, Lincoln County, North Carolina, and being more particularly described as follows:

Being all of Lots 1, 2, 3, 4, 5 and 6, Lots 51 and 55, Lots 69 and 70, as shown on the Plat of Willow Farms, Phase One, Map 1 of 4, as recorded in Map Book 13, at Page 416, in the Lincoln County Public Registry.

And

Being all of Lots 7, 8, 9 and 10, Lots 47, 48, 49 and 50, as shown on the Plat of Willow Farms, Phase One, Map 2 of 4, as recorded in Map Book 13, at Page 417, in the Lincoln County Public Registry.

And

Being all of Lots 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67 and 68, as shown on the Plat of Willow Farms Phase One, Map 3 of 4, as recorded in Map Book 13, at Page 418, in the Lincoln County Public Registry.

Certificates and Notes for conformity of compliance for all approvals are shown on Plat of Willow Farms Phase One, Map 4 of 4, as recorded in Map Book 13, at Page 419, in the Lincoln County Public Registry.

DECLARATION

NOW, THEREFORE, the Declarant hereby declares that all of the property described above is held and shall be held and conveyed subject to the following restrictions, covenants and conditions; all of which are declared and agreed to be in furtherance of the plan for Willow Farms and are established for the purpose of enhancing and protecting the value, desirability and attractiveness of the property and every part thereof, and all such items of this Declaration shall run with the land and shall be binding on all parties having or acquiring any right, title or interest in the described lands or any part thereof (referred to in this instrument as "restrictions" which restrictions shall be construed as covenants running with the land and shall be binding on all parties having any right, title or interest in the described real property or any part thereof) and their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I: DEFINITIONS

The following words when used in the Declaration or any Supplemental Declaration (unless the context shall prohibit) shall have the following meanings:

- (1.1) "Association" shall mean Willow Farms Homeowners Association, Inc., a non-profit corporation organized and existing under the laws of the State of North Carolina and its successors and assigns.
- (1.2) "Owner" shall mean the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of Willow Farms, but excluding those having such interest merely as security for the performance of an obligation.
- (1.3) "Properties" shall mean the submitted Property and such real property as may subsequently be brought within the jurisdiction of the Association.
- (1.4) "Common Area" shall mean all real property and/or easements acquired by the Association in Willow Farms for the common use and enjoyment of members of the Association lying within the boundaries of the Properties. Common Areas, with respect to the Properties subject to this Declaration, shall be shown on the plats of Willow Farms recorded in the Lincoln County Public Registry and designated whereon as "Common Area" or "Common Area Easements" or "Wall & Landscape Easement" are those shown on maps.
- (1.5) "Lot" shall mean any numbered plot of land to be used for residential purposes shown upon any recorded subdivision plat of the Properties subject to this Declaration.
- (1.6) "Declarant" shall mean and refer to Signature Development Group-Willow Farms, LLC and any affiliated business of or business, corporation, or partnership owned by Signature Development Group-Willow Farms, LLC.

- (1.7) "Person" shall mean a natural person, as well as a corporation, partnership, firm, association, trust or other legal entity. The use of the masculine pronoun shall include the neuter and feminine, and the use of the singular shall include the plural where the context so requires.
- (1.8) "Willow Farms" shall mean the Submitted Property, together with such additions thereto as may from time to time be designated by Declarant in accordance with Article II hereon, whether or not such additions are contiguous with or adjoin the boundary lines of the submitted Property.

ARTICLE II: PROPERTY SUBJECT TO THIS DECLARATION

- (2.1) The submitted Property shall be held, transferred, sold, conveyed and occupied subject to this Declaration. Only the Submitted Property is hereby made subject to this Declaration provided, however, Declarant shall have the right to subject other real property to these restrictions as provided in Section 2.2.
- (2.2) Without further assent or permit, Declarant hereby shall have the right, exercisable from time to time, to subject other real property within the area described on Exhibit A attached hereto in order extend the scheme of this Declaration to other property to be developed as part of Willow Farms and thereby bring such additional properties within the jurisdiction of the Association.
- (2.3) Any addition of real property shall be made by filing of record one or more Supplemental Declarations in respect to the property to be then made subject to this Declaration, and the jurisdiction of the Association shall thereby then extend to such property and subject such additions to the assessments provided in this instrument for a just and proportionate share of the Association's expenses. Each Supplemental Declaration may contain such complementary additions and modifications of the covenants, condition and restrictions contained herein as may be necessary to reflect the different character of the added properties and as are not inconsistent with the provisions of this Declaration.

ARTICLE III: PROPERTY RIGHTS

- (3.1) Owner's Easements of Enjoyment. Every Owner shall have a nonexclusive right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot subject to the provisions of the Declaration, including but not limited to the following:
- (a) The right of the Association to limit the use of the Common Area to Owners, their families and guests:
- (b) The right of the Association to suspend the voting rights of an Owner for any period during which any assessment against his Lot remains unpaid, or for any infraction of the Association's published rules and regulations, if any:
- (c) The right of the association to dedicate or transfer all or any part of the Common Area to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the Association

members. No such dedication or transfer shall be effective unless the members entitled to at least two-thirds (3/4) of the vote appurtenant to both the Class A Lots and the Class B Lots agree to such dedication or transfer and signify their agreement by a signed and recorded written document, provided that this paragraph shall not preclude the Board of Directors of the Association from 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 Area without the consent of the membership if such easements are requisite for the convenient use and enjoyment of the Properties.

- (3.2) **Delegation and Use.** The right and easement of enjoyment granted to every Owner in Section 3.1 of this Article may be exercised by members of Owner's family and guests thereof. An Owner may delegate to his tenants his rights of enjoyment in and to the Common Area and such facilities thereon as may be provided, in accordance with the Association's Bylaws and rules and regulations, if any.

ARTICLE IV: MEMBERSHIP AND VOTING RIGHTS

- (4.1) **Membership.** Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.
- (4.2) **Voting and Voting Rights.** The association shall have two classes of voting membership.
- (a) **Class A.** Class A members shall be all Owners with the exception of Declarant and shall be entitled to one vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.
- (b) **Class B.** The Class B member shall be Declarant and shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of any of the following events, whichever first occurs:
- (i) When the total votes outstanding in the Class A membership equal the total votes outstanding in Class B membership; or
 - (ii) Seven years from the date of recording of this Declaration; or
 - (iii) When the Declarant voluntarily relinquishes majority control of the Association by a duly recorded instrument.
- (4.3) **Suspension of Rights.** During any period in which a member shall be in default in the payment of any annual, special or other periodic assessment levied by the Association, the voting rights of such member may be suspended by the Board of Directors until such assessment is paid. In the event of violation by a member of any rules or regulations established by the

Board of Directors, such member's voting rights may be suspended by the board after a hearing. Such hearings shall only be held by the board or a committee thereof after giving a member ten (10) days prior written notice specifying each alleged violation and setting the time, place and date of the hearing. Determination of the violation shall be made by a majority vote of the board or the committee thereof.

ARTICLE V: COVENANT FOR MAINTENANCE ASSESSMENTS

- (5.1) **Purpose of Assessment.** The assessments levied by the Association shall be used: (a) to provide funds for maintenance, upkeep, landscaping and beautification of the Common Area in Willow Farms; (B) to provide services for the Association members to promote the health, safety and welfare of the residents of Willow Farms, and in particular for the acquisition, improvement and maintenance of properties, services and facilities related to the use and enjoyment of the Common Area, including but not limited to the cost of repair, replacement and additions thereto; (c) for the payment of taxes assessed against the Common Area, for insurance related to the Common Area, for the employment of attorneys, accountants and other professionals to represent the Association when necessary or useful, for the employment of security personnel; (d) the provision of any service which is not readily available from any governmental authority related to the use, occupancy and enjoyment of the properties and which the Association shall decide to provide; and (e) for the payment of monthly electric and water bills and other expenses resulting from the maintenance or beautification of entrance monuments, signs, and landscaping. Assessments levied by the Association may be used for the acquisition, construction, improvement (including landscaping and planting) and maintenance in the common facilities, including: pool; tennis courts; and clubhouse, if any, located or to be located in the Common Area, the medians within public road rights-of-way, including the landscaping and irrigation system(s), if any, located in the Common Area.
- (5.2) **Creation of the lien and Personal Obligation of Assessments.** The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a Deed therefore, whether or not it shall be so expressed in said Deed, is deemed to covenant and agree to pay to the Association;
- (a) Annual assessments ("Annual Assessments") for the purposes specified in Section 5.1 in the amount hereinafter set forth; and
 - (b) Special assessments ("Special Assessments") for the purposes specified in Section 5.1 as may be approved by the members to be established, and collected as provided herein.

In order to secure payment of the Annual and Special Assessments, such charges as may be levied by the Association against any Lot, together with interest, costs of collection and reasonable attorney's fees, shall be a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment together with interest, late charges, costs of collection and reasonable attorney's fees shall also be the personal obligation of the person who is the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to an Owner's successor in title unless expressly assumed by them. Such assumption shall not relieve an Owner of his obligation.

- (5.3) **Exempt Property.** The assessments, charges and liens created under this Article shall not apply to the Common Area, nor shall they apply to any property dedicated to, and accepted by, a local public authority and all properties owned by a charitable or non-profit organization exempt from the taxation by the laws of the State of North Carolina. Declarant shall be exempt from all assessments, charges and liens created under this article. Each owner purchasing a lot will deposit Three Hundred and No/100 Dollars (\$300.00) as the homeowners association initial working capital contribution. This working

Capital contribution shall be deposited into the Willow Farms Homeowner's Association account no later than the date of the first conveyance of a lot(s) to an Owner. For owners purchasing lots from Declarant, owner shall be responsible for their pro rata share of the assessments, charges and liens for the time period of owner's ownership. Owner is not responsible for assessment, charges and liens for any time period that a Lot is owned by Declarant.

(5.4) **Maximum Annual Assessments.** Until January 1 of 2007 the maximum Annual Assessment shall be Four Hundred Fifty dollars and No/100 Dollar (\$450.00) on each Lot.

(a) From and after January 1 of 2007, the maximum Annual Assessment may be increased each year above the maximum assessment for the previous year without a vote of the membership not more than the greater of (1) six percent (6%) or (2) the increase in the Consumer Price Index from the previous year.

(b) From and after January 1 of 2007 the Maximum Annual Assessment may be increased above the greater of six percent (6%) or the previous year increase in the Consumer Price Index by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the Annual Assessment at an amount not in excess of the maximum herein provided.

(5.5) **Special Assessments.** In addition to the annual assessment authorized above, the Association may levy, in any assessment year, a Special Assessment applicable to that year only provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of the Association members who are voting in person or by proxy at a meeting duly called for this purpose.

(5.6) **Notice and Quorum for Any Action Authorized Under Sections 5.4 and 5.5.** Written notice of any meeting called for the purpose of taking any action authorized under Sections 5.4 and 5.5 of this Article shall be sent to all members not less than ten (10) days nor more than fifty (50) days in advance of the meeting. At the first such meeting called, the presence in person or by proxy of members entitled to cast thirty percent (30%) of all the votes of each class shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement and the required quorum at the subsequent meeting shall be the presence in person or proxy of members entitled to cast twenty percent (20%) of all the votes of each class of members. No such subsequent meeting shall be held more than six (6) months following the preceding meeting.

(5.7) **Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment.** The Annual Assessments shall commence as to all Lots on the first day of the month following the date such property is submitted to the provisions of this Declaration. From the date on which the Annual Assessments commence on a Lot until the date on which the Lot is sold by the Declarant to a purchaser, the Declarant shall be not be liable for Annual Assessments. At least thirty (30) days before January 1 of each year, the Board of Directors shall fix the amount of the Annual Assessment against each Lot and in the event the Board elects not to fix such assessment rate as herein provided, the amount of the prior year's Annual Assessment shall be the fixed amount. Written notice of any change in assessment rate shall be sent to every owner. The Annual Assessments shall be due and payable in advance on January 1 of each year unless the Board of Directors votes to collect such assessments on a monthly basis and the due dates for the payment of Special Assessments shall be established by the Board of Directors. The Association shall, upon demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid to date.

- (5.8) **Effect of Non-Payment of Assessment; Remedies of the Association.** Any assessment not paid within thirty (30) days after the due date shall be assessed a late charge as determined by the board of Directors and bear interest from the due date at an annual rate of eight percent (8%) but in no event above the then maximum legal rate, and to the extent allowed by law. The Association, or its agent or representative, may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot to which the assessment relates, and interest, costs and reasonable attorney's fees for such action or foreclosure shall be added to the amount of such assessment to the extent allowed by law. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.
- (5.9) **Subordination of the Lien to First Mortgages.** The lien of the assessments provided for herein shall be subordinate to the lien of any first priority deed of trust or first mortgage. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot which is subject to any first mortgage pursuant to a foreclosure thereof or under a power of sale or any proceeding in lieu of foreclosure thereof shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof.
- (5.10) **Collection Upon Sale by Declarant.** Upon the sale of a Lot by Declarant, the purchaser shall pay to the Association at the closing of the sale that amount of money that is equal to that portion of the Annual Assessment attributable to the balance of the year in which the closing takes place. Any Special Assessment made before, but falling due after, the date of closing of the sale of a Lot by Declarant shall be paid in full to the Association by the purchaser at the closing of the sale.

ARTICLE VI: ARCHITECTURAL, MAINTENANCE AND USE RESTRICTIONS

- (6.1) **Architectural Control Committee.** Before all Class B Lots shall cease to exist and be converted to Class A Lots pursuant to Article IV, Declarant shall appoint an Architectural Control Committee consisting of not less than three members to serve as representatives of the Association's Board of Directors and enforce the restrictions hereafter set forth.
- Prior to the formation of said Committee, Declarant shall have the responsibility of enforcing the restrictions set forth in this Article and any architectural review guidelines. Upon the later of the following two dates, the Architectural Control Committee shall be appointed by the Board of Directors: (1) Upon the termination of the Class B membership; or (2) seven years following the date of recording of this Declaration. Reference herein to the Committee shall mean the Declarant until such Committee is appointed. The following architectural, maintenance and use restrictions shall apply to each and every Lot now or hereafter subject to this Declaration.
- (6.2) **Approval of Plans and Architectural Committee.** Prior to any construction, reconstruction, remodeling, alteration, roofing or addition to any structure, building, fence, wall, drive or walkway or exterior color change, commenced or maintained upon any Lot, or any exterior addition to or change or alteration therein made after completion of construction of said dwelling, all plans and specifications showing the nature, kind, shape, height, color, material and location of the same shall have been mailed to the Committee by certified mail with return receipt requested and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Committee. If the Committee fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications shall have been submitted to it, further approval will not be required and this Article will be deemed to have been fully complied with. Upon giving approval to such plans and specifications, construction shall be started and prosecuted to completion promptly and in strict conformity with such plans as have been previously approved by the Committee. The

Committee or the Board of Directors of the Association shall be entitled to stop any construction in violation of these restrictions.

- (6.3) **Residential Use.** All Lots shall be used for residential purposes only.
- (6.4) **Building Line Requirements.** No building shall be located nearer to the front property line or side street line than the building setback line as shown on the recorded maps of the Property. It is provided, however, that eaves, steps, stoops, porches and chimneys shall not be considered a part of the building for purposes of interpreting this paragraph of this Declaration. Minimum setback lines which may be shown on any recorded plat of the Properties are not necessarily intended to create uniformity of setbacks, they are meant primarily to avoid overcrowding and monotony. It is intended that the setbacks may be staggered where appropriate so as to preserve the trees and other natural vegetation, and to insure each Owner the greatest benefit and enjoyment of his/her Lot. Any deviation from the building line requirements not in excess of ten (10) percent thereof shall not be construed as a violation of the building line requirements.
- (6.5) **Building Requirements.** No dwelling shall be erected or placed on any Lot having a heated living area (exclusive of uncovered porches, stoops, terraces, attached garages or carports) of less than 1800 square feet in the case of a one-story dwelling or 2500 square feet in the case of a two-story dwelling with a first-floor of a minimum of 1800 square feet.
- (6.6) **Walls, Fences and Hedges.** No fence, hedge or wall of any type or kind shall be erected or maintained on a Lot except such fence, hedges or walls as may be installed, constructed or erected with the initial construction of the main dwelling located on said Lot, or as may later be approved by the Committee as described in Paragraph (6.2) above. No metal fences, except for a 2 x 4 wire mesh inside of an approved wooden fence to contain pets, are allowed on a Lot. No solid fence is allowed on the perimeter of any Lot. All perimeter fences on a Lot must be rail type or picket fences with at least 50% of surface area open. Privacy fences are permitted around inground pools with a maximum height of six (6) feet.
- (6.7) **Use of Outbuilding and Similar Structures.** No structure of a temporary nature shall be erected or allowed to remain on any Lot, and no trailer, shed, tent, garage, carport, or any other structure of a similar nature shall be used as a residence either temporarily or permanently. Provided, however, this paragraph shall not be construed to prevent the Declarant from using sheds or other temporary structures during construction for such purposes as Declarant deems necessary or later approved by the Association. No television satellite dishes shall be erected on any Lot, except that a television satellite dish not exceeding 18 inches in diameter which is not visible from the street shall be permitted. No radio or television antenna shall be allowed on the roof of any house or structure located on a Lot and no separate towers for antenna shall be erected on any Lot. No solar panels, solar collectors or other solar power apparatus shall be allowed on any Lot. No metal storage buildings, metal sheds, metal trailers or metal garages shall be permitted on any Lot. All other types of storage buildings, sheds, trailers or garages shall not be allowed on a Lot unless approved by the Architectural Control Committee as described in Paragraph (6.2) above.
- (6.8) **Animals and Pets.** No animals, livestock or poultry of any kind shall be raised, bred, pastured, or maintained on any Lot, except household pets which may be kept thereon in reasonable numbers as pets for the sole pleasure and use of the occupants, but not for any commercial use or purpose. All household pets shall be kept under Owner's control so as not to be a nuisance to other Owners. Household pets shall include those pets that are commonly thought of as household domesticated animals.

- (6.9) **Signs.** No advertising signs of any type or kind shall be erected, placed or permitted to remain upon or above any Lot or Common Area with the exception of a single sign "For Rent" or "For Sale", which sign shall not exceed two feet by two feet in dimension and shall refer only to the premises on which displayed, there being only one sign to a Lot. Notwithstanding the above, the Declarant may erect and place permanent and temporary signs on or above any unsold Lot, however, signs on each Lot shall conform to specifics set for the by the Architectural Control Committee. Declarant shall also have the right of ingress, egress and regress over the aforesaid Lots in order to maintain and replace any such signs until 100% of the Lots have been sold.
- (6.10) **Nuisances.** No offensive or illegal activity shall be carried on upon any Lot, nor shall anything be done thereon which is or may become an annoyance or nuisance to any other Owner. No Lot shall be used in whole or in part for storage of rubbish of any character whatsoever, nor for the storage of any property or thing that will cause such Lot to appear in an unclean or untidy condition or that is unsightly; nor shall any substance, thing or material be kept upon any Lot that will emit a foul odor or that will cause any noise that will or might disturb the peace and quiet of the occupants of surrounding Lots. No trash, rubbish, stored material, wrecked, unlicensed or inoperable vehicles, boats and/or trailers, recreational vehicles or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure. However, the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish and other such debris for pick up by governmental and other similar garbage and trash removal service units. In the event any Owner fails or refuses to keep this Lot free from unsightly objects, weeds or underbrush in a manner satisfactory to a majority of the Association Board of Directors, the Association may, through it agent or representative, five days after posting a notice on such Lot or mailing a notice to the Owner thereof at his property requesting the Owner to comply with the requirements of this paragraph, enter and remove all such unsightly objects, debris or other vegetation at the Owner's expense and Owner, by acquiring any Lot subject to this Declaration, agrees to pay such costs incurred by the Association in the enforcement of this paragraph promptly upon demand. No such entry as provided herein shall be deemed a trespass. The forgoing provisions shall not apply to the Declarant while constructing residences upon any Lots.
- (6.11) **Clotheslines, Garbage Cans, Etc.** All clotheslines, garbage cans, lawnmowers and similar equipment shall be kept, in the garage or screened by adequate planting or fencing so as to conceal same from the view of neighboring Owners and Streets. Incinerators for garbage, trash or other refuse shall not be used nor permitted to be erected or placed on any Lot.
- (6.12) **Use of Common Areas.** No planting or gardening by individual Owners shall be done upon any Common Area. Except for the right of easement of enjoyment in and to the Common Areas herein given to each Owner, owners are hereby prohibited and restricted from using any of the Common Area except as may be allowed and prescribed by the Association's Board of Directors or as expressly provided for herein. It is Declarant's intent that this paragraph inure to the mutual benefit of all Owners within the Properties.
- (6.13) **Maintenance.**
- (a) Exterior maintenance, upkeep and repair to the main dwelling on each Lot, yard, fence, walkway and shrubbery shall be the sole responsibility and expense of the Owner of the Lot subject to such reasonable requirements as may from time to time be established by the Committee to insure the continuity and harmony of exterior design of Willow Farms. Should a majority of the Association Board of Directors determine that any Owner has failed or refused to discharge properly his obligations with respect to such maintenance, upkeep and repairs, the Association, through its agent or representative, may provide same as it may deem necessary and proper.
 - (b) All Lots, together with the exterior of all improvements thereon, shall be maintained in a neat and attractive

condition by their respective Owners. Such maintenance shall include, but shall not be limited to, painting, repairing, replacing or caring for roofs, gutters, downspouts, building surfaces, trees, shrubs, walks or other exterior improvements. In the event an Owner shall fail to maintain the premises and the improvements thereon in a manner satisfactory to the Association Board of Directors, the Association may, through its agent or representative, after approval by two-thirds (2/3) vote of the Board, have the right to enter upon said Lot and repair, maintain and restore the Lot and the exterior of the buildings and any other improvements thereon. The cost of such exterior maintenance shall be added to and become part of the assessment to which such Lot is subject and the Owner shall be personally liable to in the Association for the costs of such maintenance, and the cost until paid, shall be a permanent charge and lien upon such Lot, enforceable to the same extent and collectible as provided for in Article V. Such entry as provided herein shall not be a trespass, nor shall the Association be liable for doing anything reasonably necessary or appropriate in connection with carrying out those provisions, provided such entry shall be at reasonable times and places so as not to interfere with the right of quiet enjoyment of the individual Lot Owner.

- (6.14) **Above Ground Swimming Pools.** No above ground swimming pools, except for small temporary wading pools, are permitted on any Lot.
- (6.15) **Decorative Structures.** No decorative statues, birdbaths, fountains, ornaments, figurines or any other decorative structures or items are permitted in the front or side yards of any Lot.
- (6.16) **Boats, Commercial Vehicles and Recreational Vehicles.** No boats, commercial vehicles, or recreational vehicles shall be permitted on any Lot except in an enclosed garage.
- (6.17) **Mailboxes.** Mailboxes on each Lot shall conform to specifics set for the by the Architectural Control Committee.
- (6.18) **Parking.** Vehicles are to be parked on driveways only. Parking on grass areas is prohibited.

ARTICLE VII: EASEMENTS

- (7.1) **General.** Each Lot now or hereafter subjected to this Declaration shall be subject to all easements shown or set forth on the recorded plat or plats of survey upon which such Lot is shown. No structure of any type shall be erected or placed upon any part of a Lot or the Common Area which will interfere with rights and use of any and all easements shown on said recorded plat.
- (7.2) **Utility and Drainage.** As easement on each Lot is hereby reserved by Declarant for itself and its successors and assigns along, over, under and upon a strip of land ten feet (10') in width parallel and contiguous to the rear or back Lot line of each Lot and easements five feet (5') in width over, under and along the side lot lines of each Lot in addition to such other easements as may appear on a recorded subdivision plat for Willow Farms. The purpose of these easements shall be to provide, install, maintain, construct and operate drainage facilities now or in the future and utility service lines to, from or for each of the Lots. Within these 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 in the easements except for party walls located on a portion of the side line or lines of a Lot. The easement

area of each and all improvements in it shall be maintained continuously by Owner, except for those improvements for which a public authority or utility company is responsible. With ten (10) days prior written notice to Owner, Declarant may exercise the right to remove obstruction in such easements upon Owner's failure to do so. For the purpose of this covenant, Declarant reserves the right to modify or extinguish the herein reserved easements along any Lot lines when in its sole discretion adequate reserved easements are otherwise available for the installation of drainage facilities and/or utility service lines. For the duration of these restrictions, no such utilities shall be permitted to occupy or otherwise encroach upon any of the easement areas reserved without first obtaining the prior written consent of Declarant; provided, however, local service from utilities within easement areas to residences constructed upon any such Lots may be established without first obtaining separate consents therefore from Declarant. The association may likewise reserve and grant easements for the installation and maintenance of sewerage, utility and drainage facilities in, across, under and over the Common Area.

- (7.3) **Emergency.** There is hereby reserved without further assent or permit and to the extent allowed by law, a general easement to all firemen, ambulance personnel, policemen and security guards employed by Declarant and all similar persons to enter upon the Properties or any portion thereof, in the performance of their respective duties.
- (7.4) **Entry Monuments, Signs and Wall Easements.** Declarant hereby grants the Association perpetual easements over the portion of those Lots which are designated "Wall & Landscape Easement" on all recorded maps of Willow Farms. Easements over these areas shall be for the purpose of the installation, maintenance and repair of all Willow Farms entry monuments, walls, signs and landscaping.

ARTICLE VIII: GENERAL PROVISIONS

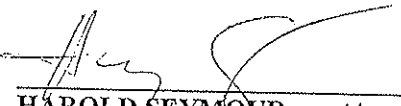
- (8.1) **Covenants Running with the Land.** All provisions of this Declaration shall be construed to be covenants running with the land, and with every part thereof and interest therein, and every Owner or any other person or legal entity claiming an interest in any Lot, and his heirs, executors, administrators, successors and assigns, shall be bound by all of the provisions of this Declaration.
- (8.2) **Duration.** The covenants, conditions and restrictions of this Declaration shall be binding for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive and additional periods of ten (10) years each, unless earlier terminated as provided in Paragraph (8.3) below.
- (8.3) **Amendments and Termination.** This Declaration may be terminated during the first twenty (20) year period by an instrument signed by not less than ninety percent (90%) of the Owners and thereafter may be amended or terminated by an instrument signed by not less than seventy-five percent (75%) of the Owners. This Declaration may be amended upon the affirmative vote or written consent, or any combination thereof, of at least two-thirds (2/3rds) of the Owners and the consent of the Declarant; provided, however, that the Declarant may amend this Declaration to correct minor and clerical errors, as determined by the Declarant, without approval of Owners and should the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) subsequently delete any of their requirements which necessitate certain provisions of this declaration or make any such requirements less stringent, the Declarant, without approval of Owners, may amend this Declaration to reflect such changes. Any such amendment or termination shall not be effective until an instrument evidencing such change has been filed of record in the Lincoln County Public Registry.
- (8.4) **FHA/VA Approval.** In the event the Declarant has arranged for and provided purchasers of Lots with FHA insured or VAmortgage loans, then as long as any Class B lot exists, as provided in Article VI hereof, the following actions will require

the prior approval of the Federal Housing Administration or the Veterans Administration: annexation of additional properties, other than as provided in Article II hereof, deeding, mortgaging or dedication of Common Area to persons other than the Association and amendment of this Declaration.

- (8.5) **Enforcement.** If any Owner shall violate or attempt to violate any of these restrictions, failure to comply with any of the same shall be grounds for an action to recover sums due, for damages or injunctive relief, or both, maintainable by the Board of Directors on behalf of the Association, or, in proper case, by an aggrieved Owner. Any failure by the Association or any other Owner to enforce any of the foregoing restrictions or other provisions shall in no event be deemed a waiver of their right to do so thereafter. Invalidity of any covenant, condition or restriction or other provision of this Declaration shall not affect the validity of the remaining portions thereof which shall remain in full force and effect.
- (8.6) **Headings.** Headings are inserted only for convenience and are in no way to be constructed as defining, limiting, extending or otherwise modifying or adding to the particular paragraphs to which they refer.
- (8.7) **Unintentional Violation of Restrictions.** In the event of unintentional violation of any of the foregoing restrictions with respect to any Lot, the Declarant reserves the right (by and with the mutual written consent of the then Owner or Owners of such Lot) to change, amend or release any of the foregoing restrictions as the same may apply to that particular Lot.
- (8.8) **Severability.** The provisions of this Declaration are severable and the invalidity of one or more provisions hereof shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder hereof.


IN WITNESS WHEREOF, the parties have hereunto affixed their hands and seals this 24 day of May, 2006.

SIGNATURE DEVELOPMENT GROUP-WILLOW FARMS, LLC


HAROLD SEYMOUR - Member/Mgr.


SOMSANOUK SOUTHIVONGNORATH - Member/Mgr.


CHRISTOPHER HUNTER - Member/Mgr.


JASON D. TUCKER - Member/Mgr.