

DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS, for this _____ day of _____, _____, by JOHN CROSLAND COMPANY, a North Carolina Corporation, hereinafter referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of the real property shown on a map of Sardis Cove, Section 1, which map is recorded in Map Book 19, at page 485 in the Mecklenburg Public Registry which property is more particularly described in Section 1 of Article II hereof, and desires to create thereon an exclusive residential community of single-family attached townhouses to be named SARDIS COVE TOWNHOUSES; and

WHEREAS, Declarant desires to insure the attractiveness of the subdivision and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the subdivision and to provide for the maintenance and upkeep of the exterior of all townhouse units and the Townhouse Common Area, as hereinafter defined; and, to this end desires to subject the real property shown upon the aforesaid map, together with such additions as may hereafter be made thereto to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof; and

WHEREAS, Declarant has deemed it desirable, for the efficient preservation, protection and enhancement of the values and amenities in said subdivision and to insure the residents enjoyment of the specific rights, privileges and easements in the Townhouse Common Area, as hereinafter defined, and to provide for the maintenance and upkeep of the exterior of all townhouse units and the Townhouse Common Area, to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the Townhouse Common Area and the exterior of the Townhouse Units and administering, enforcing the covenants and restrictions and collecting and disbursing the assessments and charges hereinafter created; and

WHEREAS, Declarant has incorporated under North Carolina law, SARDIS COVE HOMES ASSOCIATION, as a non-profit corporation for the purpose of exercising and performing the aforesaid functions;

NOW THEREFORE, Declarant, by this Declaration of Covenants, Conditions and Restrictions, does declare that all of the property shown on the aforesaid map of Sardis Cove, Section 1, and such additions thereto as may be hereafter made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in this Declaration which shall run with the real property and be binding on all parties owning any right, title or interest in said real property or any part thereof, their heirs, successors and assigns, and shall insure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

Section 1. "Townhouse Association" shall mean and refer to Sardis Cove Homes Association, a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interests merely as security for the performance of an obligation..

Section 3. "Properties" shall mean and refer to the "Existing Property" described in Article II, Section 1 hereof, and any additions thereto as are or shall become subject to this Declaration and brought within the jurisdiction of the Townhouse Association under the provisions of Article II hereof.

Section 4. "Townhouse Common Area" shall mean all the real property owned by the Townhouse Association for the common use and enjoyment of the Owners. The Townhouse Common Area to be owned by the Townhouse Association at the time of the conveyance of the first Lot is described as follows:

All of that land designated "Townhouse Common Area" on the plat entitled "Sardis Cove, Section 1", which appears of record on map recorded in Map Book 19 at Page 485 in the Mecklenburg Public Registry, specifically excluding all lots as hereinafter defined, but including all streets shown on said map.

Section 5. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on any recorded subdivision map of the Properties with the exception of the Townhouse Common Area.

Section 6. "Declarant" shall mean and refer to John Crosland Company and shall also mean and refer to any person, firm or corporation which shall hereafter become vested, at any given time, with title to two or more undeveloped Lots for the purpose of causing residence building (s) to be constructed thereon, and any such successor in title to John Crosland Company shall be a Declarant during such period of time as said party is vested with title to two or more such Lots (whether undeveloped or developed and un conveyed), but no longer.

Section 7. "Member" shall mean and refer to every person or entity who holds membership in the Townhouse Association.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE SARDIS COVE HOMES ASSOCIATION

ADDITIONS THERETO

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Townhouse Association is located in Charlotte Township, Mecklenburg County, North Carolina, described as follows:

Being all of the property shown on map recorded in Map Book 19 at page 485 in the Mecklenburg Public Registry.

Section 1. Additions to Existing Property. Additional land may be brought within the scheme of this Declaration and the jurisdiction of the Townhouse Association in the following manner:

(a) Additional land within the area described in the metes and bounds description attached hereto as SCHEDULE A and incorporated herein by reference may be annexed to the existing property by Declarant, in future stages of development, without the consent of the Townhouse Association or its Members, provided that said annexations must occur within six years after the date of this instrument. Declarant may remove all or any property from the Schedule A description prior to its annexation by filing a written declaration of removal in the Mecklenburg Public Registry.

(b) The additions authorized under Subsection (2) above shall be made by filing of record Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the additional

properties which shall extend the scheme of this Declaration and the jurisdiction of the Townhouse Association to such properties and thereby subject such additions to the benefits, agreements, restrictions and obligations set forth herein, Including, but not limited to, assessments as herein determined, to pay for the Townhouse Association's expenses.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS

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

Section 2. The voting rights of the membership shall be appurtenant to the ownership of the Lots. There shall be two classes of Lots with respect of voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as the same are hereinafter defined. Each Class A Lot shall entitle the Owner(s) of said Lot one (1) vote. When more than one person owns an interest (other than a leasehold or a security interest) in any 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 vote be cast with respect to any one Class A Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by Declarant which have not been converted to Class A Lots as provided in (1) or (2) below. The Declarant shall be entitled to four (4) votes for each Class B Lot owned by it. The Class B Lots shall cease to exist and shall be converted to Class A Lots:

(1) When the total number of votes appurtenant to the Class A Lots equal the total number of votes appurtenant to the Class B Lots, or

(2) On March 31, 1985, whichever is later.

Section 3. In the event that the Owner of any residence ceases to occupy that residence as his own personal living quarters or in the event that any property within the development is leased for rental purposes to tenants, then, in such event, the vote as expressed by rental tenants, if voted in a bloc, shall not be entitled to any weight greater than forty-nine (49%) percent on any matter pending before the Townhouse Association.

ARTICLE IV PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Townhouse Common Area which shall be appurtenant to and pass with the title to every Lot, subject to the following provisions:

(a) The right of the Townhouse Association to charge reasonable admission and other fees for the use of any recreational facilities situated upon the Townhouse Common Area and to limit the use of said facilities to Owners who occupy a residence on the Properties as their principal residence in Mecklenburg County, North Carolina, and to their families, tenants, contract purchasers and guests as provided in Section 2 of this Article IV;

(b) The right of the Townhouse Association to suspend the voting rights and enjoyment rights of an Owner for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed sixty days for any infraction of its published rules and regulations;

(c) The right of the Townhouse Association to dedicate or transfer all or any part of the Townhouse Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless the Members entitled to at least two-thirds (2/3) of the votes appurtenant to each Class of Lots (Class A and Class B) agree to such dedication or transfer and signify their agreement by a signed and recorded written instrument, provided that this subsection shall not preclude the Board of Directors of the Townhouse Association from granting easements to public authorities or others for the installation and maintenance of sewerage, utilities and drainage facilities upon, over, under and across the Townhouse Common Area without the assent of the membership when, in the sole opinion of such Board, such easements do not interfere with the use and enjoyment of the Properties or are necessary for the convenient use and enjoyment of the Properties;

(d) The rights of Owners to the exclusive use of parking spaces as provided in Section 3 of this Article IV;

(e) The right of the Townhouse Association, with the written assent of Members entitled to at least two thirds (2/3) of the votes appurtenant to each Class of Lots (Class A and Class B), to mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(f) No unit owners or tenant shall build or allow to be built any fire(s) near or on the premises or in any common area of the townhouse, other than fires in a contained outdoor grill. The owner shall be responsible for any resulting damage should any such fire(s) be allowed by unit owner, tenant of owner, or guest of owner or tenant or any agent of the owner.

Section 2. Delegation of Use.

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

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

(c) Guests. Recreational facilities situated upon the Properties may be utilized by guests of Owners, tenants or contract purchasers subject to the rules and regulations of the Townhouse Association, as may be established by its Board of Directors, governing said use.

Section 3. Parking Rights.

(a) Assigned Parking Spaces. Ownership of each Lot shall entitle the Owner(s) thereof to the use of two automobile parking spaces, which shall be assigned initially to said Owner by the Declarant, together with the right of ingress and egress in and upon said parking area. The Board of Directors of Townhouse Association shall have the authority acting in its sole discretion to reassign said parking spaces from time to time as it may determine are in the best interest of the Members.

(b) Visitor Parking. Parking spaces designated for the exclusive use of visitors to the Properties shall not be used by any Owner for the parking of his vehicles, but may be used by persons visiting Owners for period not to exceed one week in time.

(c) Recreational Vehicles. No campers, trucks, vans, or recreational vehicles may be parked or kept within the Properties, except at locations specifically designated for such parking by the Townhouse Association. The Townhouse Association may make reasonable charges for parking of such vehicles in designated areas and may in its sole discretion refuse to allow any such parking within the confines of the Properties. No trailers, boats or tractors may be parked or kept within the Properties, except for maintenance equipment owned by the Townhouse Association.

(d) Rules and Regulations Regarding Parking. The Board of Directors of the Townhouse Association may make such reasonable rules and regulations as it may elect with respect to the parking of vehicles as aforesaid and may amend and vary the requirements of (b) and (c) above without the consent of the Members of the Townhouse Association.

Section 4. Rental of Units. Any lease of a unit or portion there shall be in writing and shall provide that the terms of the lease shall be subject in all respects to the Townhome Documents. All units must be leased for a period of 12 months. A unit owner shall not rent or lease their premises more than once during any rolling 12 month period. A unit owner must provide a copy of the signed lease to the Board, and the unit owner must sign a statement saying that the unit owner has done a credit and criminal check and does approve of the tenant(s); the unit owner can not submit the credit and criminal report to the Board. The signed statement must identify the tenant. The Sardis Cove Homeowners Association Board of Directors shall have the right to waive this requirement. [The preceding paragraph was authorized by the 2005 annual meeting.]

Section 5. Number of Individuals per Unit. There shall be no more than 2 individuals living in any 1-bedroom unit and no more than 4 individuals living in any 2-bedroom unit. The Sardis Cove Homeowners Association Board of Directors shall have the right to waive this requirement. [The preceding paragraph was authorized by the 2005 annual meeting.]

ARTICLE V COVENANT FOR MAINTENANCE ASSESSMENTS

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

Section 2. Purposed of Assessments. The assessments levied by the Townhouse Association shall be used exclusively to promote the recreation, health, safety and welfare of the residents of the Properties and in particular for the maintenance, repair and reconstruction of the exterior of townhouse units and for the acquisition, improvement and maintenance of properties, services and facilities devoted to this purpose and related to the use and enjoyment of the Townhouse Common Area, including but not limited to, the cost of repair, replacement and additions thereto, the cost of labor, equipment, materials, management and supervision thereof, the payment of taxes assessed against the townhouse Common Area, the procurement

and maintenance of insurance in accordance with the By-Laws, the employment of attorneys to represent the Townhouse Association when necessary, and such other needs as may arise. In addition, expenditures for the recreation, health, safety and welfare of the residents of the properties and are hereby authorized.

Section 3. Maximum Annual Assessment. Until January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessment shall be \$516.00 per Class Lot and \$50.00 per Class B Lot.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum annual assessments above established may be increased, effective January 1 of each year, without a vote of the membership, but subject to the limitation that any such increase shall not exceed the amount needed to maintain financial solvency as per the seven year financial projection prepared each September by the Board of Directors or \$10.00 per month whichever is smaller.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, said maximum annual assessments may be increased without limitation if such increase is approved by Members entitled to no less than two-thirds (2/3) of the votes (appurtenant to each Class of Lots) represented in person or by proxy at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessments at amounts not in excess of the maximum, but the ratio of the assessment established for each Class A Lot to the assessment established for each Class B Lot shall always be 516 to 50.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Townhouse Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Townhouse Common Area, including fixtures and personal property related thereto, provided that any such assessment shall have the same assent of the Members as provided in Section 3(b) of this Article; provided further, however, that no Special Assessment for capital improvements may be made until all Class B lots have been converted to Class A lots under the terms of Article III, Section 2 hereof.

Section 5. Assessment Rate. Both annual and special assessments must be fixed at a uniform rate for all Lots within each class and may be collected on a monthly basis.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3. and 4. Written notice of any meeting called for the purpose of taking any action authorized under Section 3 or 4 shall be sent to all Members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of Members or of proxies entitled to cast sixty (60%) percent of the votes appurtenant to each Class of Lots (Class A and Class B) 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 one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments; Due Dates; Certificate of Payment. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the conveyance to the Townhouse Association of the Townhouse Common Area. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. 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 for the next year and at least fifteen (15) days before January 1 shall send written notice of such fixed assessment to every Owner subject thereto. The due dates for the payment of annual and special assessments shall be established by the Board of Directors. The Townhouse Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Townhouse Association setting forth whether the assessments on a specified Lot have been paid.

Section 8. Effect of Nonpayment of Assessments; Remedies of the Townhouse Association. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate

of eight (8%) percent per annum or the maximum interest rate permitted to be legally charged under the laws of the State of North Carolina at the time of such delinquency, whichever is greater. In addition to such interest charge, the delinquent Owner shall also pay such late charge as may have been theretofore established by the Board of Directors of the Townhouse Association to defray the costs of late payment. The Townhouse Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, late payment fee, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Townhouse Common Area or abandonment of his Lot.

Section 9. Subordination of the Lien to Mortgages. The liens provided for herein shall be subordinate to the lien of any first mortgage, mortgages, first deed of trust or deeds of trust on a Lot. Sale or transfer of any Lot shall not affect any assessment lien. However, the sale or transfer of any Lot which is subject to any mortgage or deed of trust, pursuant to a foreclosure thereof or any proceeding in lieu of foreclosure thereof, shall extinguish the lien of such assessments as to the payment thereof which became due prior to such sale or transfer. No such sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof, but the liens provided for herein shall continue to be subordinate to the lien of any mortgage, mortgages, deed of trust or deeds of trust.

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

Section 11. Payment of Dues. Dues shall be payable within 30 days of assessment. The Sardis Cove Homeowners Association Board of Directors may allow the dues to be paid monthly. Monthly dues are due on the first day of each month, starting January 1. A late fee will be charged if dues are not paid by the tenth day of the month.

ARTICLE VI ARCHITECTURAL CONTROL

No building, fence, wall or other structure shall be commenced, erected or maintained upon the Properties, nor shall any exterior addition to or change of alteration therein be made, including the erection of antennas, aerials, awnings, the placement of reflective or other material in the windows of a Townhouse Unit or other exterior attachment, until the plans and specifications showing the nature, kind, shape, heights, materials, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Townhouse Association, or by an architectural control committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee, fails to approve or disapprove such design and location within thirty (30) days after said plans and specifications have been submitted to it, approval will not be required, and this Article will be deemed to have been fully complied with. The Townhouse Association shall have the right to charge a reasonable fee for receiving each application in an amount not to exceed \$25.00. Neither the Board of Directors nor the architectural control commitment shall approve any alterations, decorations or modifications which would jeopardize or impair the soundness, safety or appearance of any Lot or the Townhouse Common Area. Provided that nothing herein contained shall be construed to permit interference with the development of the Properties by the Declarant in accordance with its general plan of development.

ARTICLE VII EXTERIOR MAINTENANCE

In addition to maintenance upon the Townhouse Common Area, the Townhouse Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: Paint,

repair, replace and care of walks, roofs, gutter, downspouts, exterior building surfaces, trees, shrubs, and other exterior improvements, including grass and other vegetation in those portions of each Lot lying outside of the residence building and patio. Such exterior maintenance shall not include glass surfaces and each Owner shall be required to maintain his own glass and his own patio, deck and fence. In order to enable the Townhouse Association to accomplish the foregoing, there is hereby reserved to the Townhouse Association the right to unobstructed access over and upon each Lot at all reasonable times to perform maintenance as provided in this Article.

In the event that the need for maintenance, repair, or replacement is caused through the willful, or negligent act of the Owner, his family guests, or invitees, the cost of such maintenance, replacement, or repairs incurred by the Townhouse Association, shall be added to and become a part of the assessment to which such Lot is subject.

All unit owners and tenants shall not place, or allow to be placed, non-porch furniture on the porches of any home. Porches shall be free of clutter at all times. The Sardis Cove Homeowners Association Board of Directors shall have the right to charge up to \$150.00 fine for such violation.

ARTICLE VIII INTERIOR MAINTENANCE

Each Owner shall maintain, repair and replace at his expense all interior portions of the improvements on his Lot which shall need repair, including patios, fencing and decks located on the Lot, if any, and all bathroom and kitchen fixtures, light fixtures or other electrical or plumbing equipment, pipes and fittings serving an Owner's unit which are located in a party wall, if any. Further, each Owner shall repair, maintain and replace at his own expense when necessary the heating and air conditioning systems servicing his dwelling, whether located on his Lot or in the Townhouse Common Area adjacent to the Lot.

ARTICLE IX PARTY WALLS

Section 1. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the homes upon the Properties and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

Section 2. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 3. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such owners to call for a larger contribution from the others under any rule of law regarding liability for negligent or willful acts or omissions.

Section 4. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 5. Right to Contribution Runs with Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 6. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, each party shall choose one arbitrator, and such arbitrators shall choose one additional arbitrator, and the decision shall be by a majority of all the arbitrators.

ARTICLE X USE RESTRICTIONS

Section 1. Land Use. All Lots shall be used for residential purposes only and only one family may occupy a Lot as a principal residence at any one time. Declarant may maintain a sales office, models and construction office in one or more units until all units to be located on the Properties have been sold.

Section 2. Nuisance. No noxious or offensive activity shall be conducted upon any Lot or in any dwelling nor shall anything be done thereon or therein which may be or may become an annoyance or nuisance to the neighborhood.

Section 3. Animals. No animals, livestock, or poultry of any kind shall be kept or maintained on any Lot or in any dwelling except that dogs, cats or other household pets may be kept or maintained provided they are not kept or maintained for commercial purposes.

Section 4. Temporary Structures. No structure of a temporary nature shall be erected or allowed to remain on any Lot unless and until permission for the same has been granted by the Townhouse Association, or its designated agent or representative.

Section 5. Use of Townhouse Common Area. The Townhouse Common Area shall not be used in any manner except as shall be approved or specifically permitted by the Townhouse Association.

Section 6. Access to Lot. The Townhouse Association, its agents or employees shall have access to all Lots from time to time during reasonable working hours, upon oral or written notice to the Owner, as may be necessary for the maintenance, repair or replacement of any portion of the Townhouse Common Area, or facilities situate upon such Lot which serve another Owner's Lot. The Association or its agent shall also have access to each Lot at all times without notice as may be necessary to make emergency repairs to prevent damage to the Townhouse Common Area or another Lot.

Section 7. Clothes Drying. No drying or airing of any clothing or bedding shall be permitted outdoors on any Lot or in any other unenclosed area (including patios) within the Properties other than between the hours of 8 A. M. and 5 P. M. on Monday through Friday and * A. M. and 1 P. M. on Saturdays (except when any such day shall fall upon a holiday) and clothes hanging devices such as lines, reels, poles, frames, etc. shall be stored out of sight other than during the times aforementioned.

Section 8. Signs. No signs or other advertising devices shall be displayed upon any Lot which are visible from the exterior of the dwelling thereon or on the Townhouse Common Area, or in the facilities thereon, without prior written permission of the Townhouse Association. Declarant, however, may post temporary for sale signs on the Properties until such time as all units owned by Declarant have been sold.

Section 9. Garbage Disposal. All garbage shall be stored within the residence of each Owner or in the storage facilities provided for said residence at the time same is constructed. No Owner may change or supplement the garbage disposal facilities provided for such Owner's residence on the date of completion of construction thereof unless the Board of Directors of the Townhouse Association shall first approve in writing the change or addition to the method of storage. It is provided, however, that if the public health authorities, or other public agency, shall require a specific method of garbage disposal, nothing herein contained shall prevent the compliance by Owners with obligatory public rules and regulations.

Section 10. Regulations. Reasonable regulations governing the use of the Townhouse Common Area and external appearance of the Townhouse units may be made and amended from time-to-time by the

Board of Directors of the Townhouse Association; provided, however, that all such regulations and amendments thereto shall be approved by a majority vote of the Owners before the same shall become effective. Copies of such regulations and amendments thereto shall be furnished to each Member by the Townhouse Association upon request.

Section 11. Storage of Items. All boats and outsized campers or outsized recreational vehicles shall be stored in a storage area. The storage area shall be designated by the Sardis Cove Homeowners Association Board of Directors. The storage charge payable to Sardis Cove Homeowners Association shall be set by the Board and shall be a minimum of \$25.00 per month for each item stored. The actual fee shall depend upon the particular item being stored.

ARTICLE XI EASEMENTS

Easements for the installation and maintenance of driveway, walkway, parking area, water line, gas line, telephone, electric power line, sanitary sewer and storm drainage facilities and for other utility installations are reserved as shown on the recorded plat. The Townhouse Association may reserve and grant easements for the installation and maintenance of sewerage, utility and drainage facilities over the Properties as provided in Article IV, Section 1 (c) of this instrument. Within any such easements above provided for, no structure, plating or other material shall be placed or permitted to remain which may interfere with the installation of sewerage disposal facilities and utilities, or which may change the direction of flow or drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements. In addition the Townhouse Association shall have the continuing right and easement to maintain all sewer and water lines located on the Lots, including the right to go into townhouse units and disturb the structure and floors thereof in order to maintain those lines located within or under said units.

Every portion of a Lot and each single-family attached townhouse constructed thereon and contributing to the support of an abutting townhouse shall be burdened with an easement of support for the benefit of such abutting townhouse. Further, all attachments to the exterior walls of a townhouse which are a part thereof but which protrude beyond the delineated boundaries of the Lot upon which the dwelling is located, and which were constructed in conformity with the plans and specifications, shall be deemed to be included within said delineated boundaries and there is hereby reserved an easement to permit the construction of and continued existence of any such protruding attachment

ARTICLE XII INSURANCE

Each Owner shall secure and maintain in full force and effect at such Owner's expense, one or more insurance policies insuring Owner's Lot and the improvements thereon for the full replacement value thereof against loss or damage from all hazards and risks normally covered by a standard "Extended Coverage" insurance policy, including fire and lightning, vandalism and malicious mischief.

Each Owner, at Owner's expense, shall secure and maintain in full force and effect comprehensive personal liability insurance for damage to person or property of others occurring on Owner's Lot, any other Lot, or upon the Common Area, in an amount not less than One Hundred Thousand Dollars for each occurrence naming the Townhouse Association as an additional insured. Owner shall provide the Townhouse Association with satisfactory evidence that such insurance as herein required is in full force and effect and the Association will be given thirty (30) days notice prior to the expiration or cancellation of any Owner's insurance coverage. In the event Owner fails or refuses to maintain such insurance coverage as herein required, the Townhouse Association may, but shall not be obligated to, through its agent or representative, secure and maintain such insurance coverage for Owner's benefit, and the cost or expense thereof shall be deemed a special assessment levied by the Townhouse Association against Owner and Owner's Lot in accordance with the other provisions of this Declaration, and Owner covenants and agrees to pay to the Townhouse Association such special assessment upon demand.

This Insurance provision may be modified or amended to substitute one comprehensive insurance policy covering all units provided the approval of a majority of the unit Owners is obtained and approval by 75% of the Owners and holders of first deeds of trust on the Lots is obtained. Such approvals shall be in writing but need not be acknowledged and shall be attached to an amendment to this Declaration which amendment shall be executed only by the Townhouse Association and recorded in the Mecklenburg Public Registry.

ARTICLE XIII FINANCING PROVISIONS

Section 1. Approval of Owners and Holders of First Deeds of Trust. Unless at least seventy-five (75%) percent of the Owners and holders of first deeds of trust on Lots located within the property described on "Schedule A", have given their prior written approval, the Townhouse Association shall not:

(a) By act or omission seek to abandon, partition, sub-divide, encumber, sale or transfer any real estate or improvements thereon which are owned, directly or indirectly, by the Townhouse Association. The granting of easements for utilities or other purposes shall not be deemed a transfer within the meaning of this clause.

(b) Change the method of determining the obligations, assessments, dues or other charges which may be levied against a Lot Owner.

(c) By act or omission change, waive or abandon any plan of regulation, or enforcement thereof pertaining to the architectural design or the exterior appearance of residences located on Lots, the maintenance of party walls or common fences and driveways, or the upkeep of lawns and plantings in the subdivision.

(d) Fail to maintain fire and extended coverage insurance on insurable improvements in the Townhouse Common Area on a current replacement cost basis in an amount not less than one hundred (100%) percent of the insurable value.

(e) Use the proceeds of any hazard insurance policy covering losses to any part of the Townhouse Common Area for other than the repair, replacement or reconstruction of the damaged improvements.

Section 2. Books and Records. Any Owner and holder of a first deed of trust on any Lot will have the right to examine the books and records of the Townhouse Association during any reasonable business hours.

Section 3. Payment of Taxes and Insurance Premiums. The Owners and holders of first deeds of trust on Lots may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge or lien against any of the Townhouse Common Area and may pay overdue premiums on hazard insurance policies or secure new hazard insurance coverage upon the lapse of a policy for property owned by the Townhouse Association and the persons, firms or corporations making such payments shall be owed immediate reimbursement therefore from the Association.

ARTICLE XIV GENERAL PROVISIONS

Section 1. Enforcement. The Townhouse Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Townhouse 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. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. Amendment. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty-five (25) years from the date this Declaration is recorded after which time they shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended during the first twenty-five (25) year period by an instrument signed by the Owners of not less than two-thirds (2/3) of the Lots and by the Declarant, so long as the Declarant still owns any Lots, and thereafter by an instrument signed by the Owners of not less than fifty-one (51%) percent of the Lots. Any amendment must be properly recorded. For the purpose of this section additions to existing property as provided for in Article II, Section 2, hereof shall not be deemed an "Amendment."

Section 4. FHA/VA Approval. In the event the Declarant has arranged for and provided purchasers of Lots with FHA insured mortgage loans, then as long as any Class B lot exists, as provided in Article III 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, Section 2 hereof, and amendment of this Declaration of Covenants, Conditions and Restrictions.

IN WITNESS WHEREOF, the undersigned JOHN CROSLAND COMPANY, Declarant by virtue of the provisions of Article I, Section 6 of the aforesaid Declaration of Covenants, Condition and Restrictions, has caused this instrument to be executed by the signature of its Vice President, attested by its Secretary and its corporate seal to be hereunto affixed, the day and year first above written.

JOHN CROSLAND COMPANY

Attest: By: _____

Asst. Secretary

NORTH CAROLINA

MECKLENBURG COUNTY

This ____ day of _____, 1981, personally came before me _____, who, being by me duly sworn, says that he is the Vice President of John Crosland Company, and that the seal affixed to the writing was signed and sealed by him, in behalf of said Corporation, by its authority duly given. And the said _____, acknowledged the said writing to be the act and deed of said Corporation.

Notary Public

My Commission Expires:
