

"The following version of the governing documents for Uwharrie Point Community Association has been re-typed and re-formatted to provide a cleaner, more legible document. The original, recorded documents are on file at the UPCA Office. In the event of a discrepancy, the recorded documents prevail."

**DECLARATION OF RIGHTS, RESTRICTIONS,
AFFIRMATIVE OBLIGATIONS AND CONDITIONS
APPLICABLE TO ALL PROPERTY IN UWHARRIE POINT**

WHEREAS, DOMINION LANDS, INC., a Virginia corporation (the "Company"), is the owner of certain lands located within a community known as "Uwharrie Point" in Montgomery County, North Carolina.

WHEREAS, the Company wishes to declare certain restrictive covenants affecting certain lands in Uwharrie Point.

NOW, THEREFORE, the Company does hereby declare that the covenants contained herein shall be covenants running with the land and shall apply to the lands described in Exhibit "A" attached hereto (the "Properties"), and such additions thereto as may hereinafter be made pursuant to paragraph (8) of Part VI hereof. The Company reserves in each instance the right to add additional restrictive covenants in respect to lands to be conveyed in the future within the Properties, or to limit therein the application of this Declaration.

DEFINITIONS

"Uwharrie Point" when used herein shall refer to the lands in Montgomery County, North Carolina, which are shown as a part of Uwharrie Point on the Company's Master Plan as revised from time to time.

Whenever used herein, the term "Company" or "the Company" shall refer to Dominion Lands, Inc., a Virginia corporation, its successors and assigns, and any agent or agents appointed by Dominion Lands, Inc., its successors and assigns, to act on its behalf for the purpose of administering or enforcing, in whole or in part, the rights reserved unto the Company in this Declaration.

Whenever used herein, the term "Association" shall refer to Uwharrie Point Community Association, Inc., a North Carolina nonprofit, nonstock corporation, its successors and assigns, and any other community or owners association within Uwharrie Point organized by the Company or by others with the consent of the Company.

The terms "Property" and "Properties" when used herein shall refer to any tract of land or subdivision thereof in Uwharrie Point which has been subjected to the provisions of this Declaration or any Supplemental Declaration as may be referenced in deeds issued by the Company or any third party

with the consent of the Company, including, without limitation, all that tract or parcel of land, situate, lying and being in Montgomery County, North Carolina, which is more particularly described in Exhibit "A" attached hereto and by specific reference made a part hereof.

The terms "Property Owner," "Owner of Property" and "Owner" when used in this Declaration shall mean and refer to all owners of an interest in real property in Uwharrie Point which has been subjected to the provisions of this Declaration, including, but not limited to, owners of property or tracts of land and owners of condominium units, whether such property, tracts or units are used or intended to be used for residential, commercial or recreational purposes.

The term "Master Plan" when used in this Declaration shall mean and refer to the drawing which represents the conceptual plan for the future development of Uwharrie Point. Since the concepts of the future development of Uwharrie Point are subject to continuing revision and change by the Company, present and future references to the "Master Plan" shall be references to the latest revision thereof.

The term "Open Space" when used in this Declaration shall mean and refer to all those parcels and tracts of land within the Properties designated on the Master Plan or on recorded plats as "Open Space" (hereinafter sometimes referred to as "Open Space Areas").

The term "Private Open Space" when used in this Declaration shall mean and refer to all those parcels and tracts of land within the Properties designated on the Master Plan or on recorded plats as "Private Open Space" (hereinafter sometimes referred to as "Private Open Space Areas").

The covenants and restrictions below will be referred to as the General Property Covenants of Uwharrie Point, and will be recorded in the Office of the Register of Deeds of Montgomery County, Troy, North Carolina, and may be incorporated by reference in deeds to real property issued by the Company by reference to the book and page of recording in the land records of said Office of the Register of Deeds.

PART I.
COVENANTS, RESTRICTIONS AND AFFIRMATIVE
OBLIGATIONS APPLICABLE TO ALL
PROPERTIES IN UWHARRIE POINT

The primary purpose of these covenants and restrictions and the foremost consideration in the origin of same has been the creation of a community which is aesthetically pleasing and functionally convenient. The establishment of certain objective standards relating to design, size and location of dwellings and other structures makes it impossible to take full advantage of the individual characteristics of each parcel of Property and of technological advances and environmental values. In order to implement the purposes of these covenants, the Company shall establish and amend from time to time objective standards and guidelines, including, but not limited to, Architectural Standards and Construction Specifications, Uniform Sign Regulations, Uniform Mailbox Regulations, Landscape Guidelines, Dock and Pier Guidelines and Environmental Rules and Regulations as defined hereinafter, which shall be in addition to and more restrictive than these covenants and which shall be binding on all Property Owners within Uwharrie Point.

1. No building, fence, dock, pier or other structure shall be erected, placed or altered nor shall a building permit for such improvement be applied for on any Property In Uwharrie Point until the proposed building plans, specifications, exterior color or finish, plot plan (showing the proposed location of such building or structure, drives and parking areas), the land management plan described in paragraph 1 of Part II and construction schedule shall have been approved in writing by the Company.

In addition, the Company may, at its election, require prior written approval of a landscape plan. The Company further reserves the right to promulgate and amend from time to time architectural standards and construction specifications (hereinafter referred to as the "Architectural Standards and Construction Specifications") for specific neighborhoods and areas or for all Properties within Uwharrie Point, and such Architectural Standards and Construction Specifications shall establish, define and expressly limit those standards and specifications which will be approved in said neighborhoods and areas or within the Properties, including, but not limited to, architectural style, exterior color or finish, landscape design and construction technique. Refusal or approval of plans, location, exterior color or finish or specifications may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company shall seem sufficient. No alteration in the exterior appearance of any building or structure, including exterior color or finish, shall be made without like prior written approval by the Company. One (1) copy of all plans and related data shall be furnished the Company for its records. In the event approval of such plans is neither granted nor denied within thirty (30) days following receipt by the Company of written demand for approval, the provisions of this paragraph shall be thereby waived.

2. In order to assure that buildings and other structures will be located and staggered so that the maximum view, privacy, sunlight and breeze will be available to each building or structure within the confines of each Property, and to assure that structures will be located with regard to the topography of each Property, taking into consideration the location of large trees and other aesthetic and environmental considerations, the Company reserves the right to control absolutely and solely to decide (subject to the provisions of the Montgomery County Zoning and Subdivision Regulations, any applicable city ordinances) the precise site and location of any building or structure on any Property in Uwharrie Point for reasons which may, in the sole and uncontrolled discretion and judgment of the Company, seem sufficient. Such location shall be determined only after reasonable opportunity is afforded the Property Owner to recommend a specific site. The provisions of this paragraph shall in no way be construed as a guarantee that the view, privacy, sunlight or breeze available to a building or structure on a given Property shall not be affected by the location of a building or structure on an adjacent Property.

3. Each Property Owner shall provide space for the parking of automobiles off of public streets prior to the occupancy of any building or structure constructed on said property in accordance with reasonable standards established by the Company.

4. Except as may be required by legal proceedings, no sign shall be erected or maintained on any Property by anyone including, but not limited to, a Property Owner, a tenant, a realtor, a contractor or a subcontractor, until the proposed sign size, color, content, number of signs and location of sign(s) shall have been approved in writing by the Company. Refusal or approval of size, color, content, number or signs or location of sign(s) may be based by the Company upon any ground including purely aesthetic considerations which, in the sole and uncontrolled discretion of the Company, seems sufficient. The Company further reserves the right to promulgate and amend from time to time uniform sign regulations (the "Uniform Sign Regulations") which shall establish standard design criteria for all signs, including, but not limited to, real estate sales signs erected upon any Property in Uwharrie Point.

The Company and its agent shall have the right and easement, whenever there shall have been placed or constructed on any Property in Uwharrie Point any sign which is in violation of these restrictions, to enter immediately upon such Property where such violation exists and summarily remove the same at the expense of the Property Owner.

5. It shall be the responsibility of each Property Owner, tenant, contractor or subcontractor to prevent the development of any unclean, unsightly, unkempt, unhealthy or unsafe conditions of buildings or

grounds on any Property which shall tend to substantially decrease the beauty or safety of Uwharrie Point, the neighborhood as a whole or the specific area. The Company and its agents shall have the right to enter upon any Property for the purpose of correcting such conditions, including, but not limited to, the removal of trash which has collected on the Property, and the cost of such corrective action shall be paid by the Property owner. Such entry shall not be made until thirty (30) days after the Owner of the Property has been notified in writing of the need to take corrective action and unless such Owner fails to perform the corrective action within said thirty (30) days period; provided, however, that should such condition pose a health or safety hazard, such entry shall not be made until the owner has been notified in writing of the need to take immediate corrective action and unless such Owner fails to perform the corrective action immediately. The provisions of this paragraph shall not create any obligation on the part of the Company to take any such corrective action.

6. No mailbox shall be erected or maintained on any Property until the proposed mailbox design, color and location have been approved in writing by the Company. Refusal or approval of design, color or location may be based by the Company upon any ground, including purely aesthetic considerations, which, in the sole and uncontrolled discretion of the Company, seems sufficient. No alteration in the exterior appearance of any mailbox shall be made without like prior written approval by the Company. The Company further reserves the right to establish uniform mailbox regulations (the "Uniform Mailbox Regulations") which shall define standard design criteria for all mailboxes erected upon any Property in Uwharrie Point.

7. Prior to the occupancy of a building or structure on any Property, proper and suitable provisions shall be made for the disposal of sewage by connection with the sewer system presently approved by the State of North Carolina for use in Uwharrie Point, or other means of sewage disposal if other means are approved by the State of North Carolina for use in Uwharrie Point.

8. Prior to the occupancy of a building or structure on any Property, proper and suitable provisions for water shall be made by connection with the water lines of the Handy Sanitary District water system which is the only system presently approved by the State of North Carolina for use in Uwharrie Point, or other water system if other water system is approved by the State of North Carolina for use in Uwharrie Point.

9. The Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable and releasable easement and right on, over and under the Properties to erect, maintain and use electric Community Antenna Television and telephone poles, wires, cables (television or otherwise), conduits, drainage ways, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water, drainage or other public conveniences or utilities on, in or over those portions of such Property as may be reasonably required for utility line purposes; provided, however, that no such utility easement shall be applicable to any portion of such Property as may (a) have been used prior to the installation of such utilities for construction of a building whose plans were approved pursuant to these covenants by the Company or (b) such portion of the Property as may be designated as the site for a building on a plot plan for erection of a building which has been filed with the Company and which has been approved in writing by said Company. These easements and rights expressly include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Company further reserves the right to locate wells, pumping stations, siltation basins and tanks within Uwharrie Point in any Open Space or on any Property designated for such use on the applicable plat of said Property, or to locate same upon any Property with the permission of the Owner of such Property. Such rights may be exercised by any licensee of the Company, but this reservation shall not create any obligation on the part of the Company to provide or maintain any such utility or service.

PART II
ADDITIONAL RESTRICTIONS TO IMPLEMENT
EFFECTIVE ENVIRONMENTAL AND
LAND MANAGEMENT CONTROLS

In order to protect the natural beauty of the vegetation, topography and other natural features of all Properties within Uwharrie Point, the following environmental and land management controls are hereby established:

1. Topographic and vegetation characteristics of Properties within Uwharrie Point shall not be altered by excavation, grading, removal, reduction, addition, clearing, cutting, pruning, seeding, planting, transplanting or any other means without the prior written approval of the Company. In addition, the Company may, at its election, require prior written approval of a landscape plan. Refusal or approval of plans or any alteration of topographic or vegetation characteristic(s) may be based by the Company upon any ground including purely aesthetic considerations which, in the sole and uncontrolled discretion of the Company, seem sufficient. Written approval will be granted for the minimum amount of earth movement and vegetation reduction required in plans and specifications approved pursuant to the provisions of paragraph 1 of Part I of these covenants. Should written notice be served by the Company upon any Property Owner requiring corrective alteration of topographic and vegetation characteristics pursuant to paragraphs 3 and 4 of this Part II, such notice shall be deemed to constitute written approval by the Company for such corrective alteration under the provisions of this paragraph 1.
2. Notwithstanding anything in the foregoing to the contrary, the Company reserves the right to promulgate and amend from time to time landscape guidelines (referred to hereinafter as the "Landscape Guidelines") which shall establish approved standards, methods and procedures for landscape management on specific Properties in Uwharrie Point, and such authorized standards, methods and procedures may be utilized by the Owners of such specified Properties without prior written approval by the Company; provided, however, no trees measuring six (6) inches or more in diameter at a point two (2) feet above ground level may be removed without the prior written approval by the Company. Approval for the removal of trees located within ten (10) feet of the main dwelling or accessory building or within ten (10) feet of the approved site for such building will be granted unless such removal will substantially decrease the beauty of the Property. The provisions of this paragraph 2 shall in no way constitute a waiver of the requirement to receive prior written approval for any alteration of topographic or vegetation characteristics, pursuant to the provisions of paragraph 1 of Part I, other than for those alterations specifically authorized in said Landscape Guidelines.
3. In order to implement effective and adequate erosion control, the Company and its agents shall have the right to enter upon any Property before or after a building or structure has been constructed thereon for the purpose of performing any grading or landscaping work or constructing and maintaining erosion prevention devices; provided, however, that prior to exercising its right to enter upon the Properties for the purpose of performing any grading, landscaping work, constructing or maintaining erosion prevention devices, the Company shall give the Owner of the Property the opportunity to take any corrective action required by giving the owner of the Property written notice indicating what type of corrective action is required and specifying in that notice that immediate corrective action must be taken by the Owner. If the Owner of the Property fails to take the corrective action specified immediately, the Company or its agent may then exercise its right to enter upon the Property in order to take the necessary corrective action. The cost of such erosion prevention measures, when performed by the Company or its agent, shall be kept as low as reasonably possible. The cost of such work, when performed by the Company or its agent on an improved Property or any Property for which a building

permit has been issued by the appropriate governmental authorities, shall be paid by the Owner thereof.

4. In order to implement effective insect, reptile, rodent and woods fire control, the Company and its agents have the right to enter upon any Property for the purpose of mowing, removing, clearing, cutting or pruning underbrush, weeds or other unsightly growth which, in the opinion of the Company, detracts from the overall beauty, setting and safety for Uwharrie Point. The cost of this vegetation control shall be kept as low as reasonably possible and shall be paid by the Owner of the Property. Such entry shall not be made until thirty (30) days after the Owner of the Property has been notified in writing of the need of such work and unless such Owner fails to perform the work within said thirty (30) day period. The provisions in this paragraph shall not create any obligation on the part of the Company to mow, clear, cut or prune any Property.

5. In addition, the Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable and releasable easement and right on, over and under any Property to dispense pesticides and take other actions which, in the opinion of the Company, are necessary or desirable to control insects and vermin and to cut fire breaks and take other actions which, in the opinion of the Company, are necessary or desirable to control fires on any Property or any improvements thereon. The rights reserved unto the company, its successors and assigns, and its agents, in this paragraph 5 and in paragraphs 3 and 4 above shall not be unreasonably employed and shall be used only where necessary to effect the stated intents and purposes of said paragraphs.

PART III ADDITIONAL RESTRICTIONS AFFECTING OPEN SPACE AREAS

1. It is the intent of the Company to maintain and enhance (or to convey subject to open space restrictions to the Association) certain Properties which the Company designates as "Open Space" (hereinafter referred to as "Open Space Areas") or "Private Open Space" (hereinafter referred to as "Private Open Space Areas") on its Master Plan or on plats recorded in the office of the Register of Deeds of Montgomery County, North Carolina, by the Company. It is the further intent and purpose of these restrictions and covenants to protect, maintain and enhance the conservation of natural and scenic resources; to promote the conservation of soils, wet lands, wildlife, game and migratory birds; to enhance the value of abutting and neighboring Properties adjacent to such forests, open areas and open spaces; and to afford and enhance recreation opportunities, preserve historic and archeological sites and implement generally the Uwharrie Point Master Plan for development. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing architectural and design program, and such modifications may change the boundaries of certain Open Space or Private Open Space areas designated as such upon the Master Plan. The Company further reserves the right to transfer, sell, convey, give, donate or lease to the Association or to any other third party any parcel of land designated as Open Space or Private Open Space on the Master Plan.

2. As easement in Open Space Areas is hereby granted to the Owners of the Properties in Uwharrie Point, tenants of such Properties and their guests, which easement shall entitle such Owners, tenants and their guests to enjoy the Open Space Areas subject to the rules and regulations established by the company.

3. Land designated as "Open Space Areas" may be employed in the construction, maintenance and enjoyment of the following facilities:

- (a) Social, recreational and community buildings;
- (b) Public and private profit making clubs, golf courses and other recreational facilities;
- (c) Daycare centers, nursery schools and kindergartens;
- (d) Indoor and outdoor recreational establishments;
- (e) Art school and/or art gallery and/or nature museum;
- (f) Light commercial activities;
- (g) Emergency squad(s) and fire stations;
- (h) Roads as shown on recorded plats of Uwharrie Point.

4. Land designated as "Private Open Space Areas" shall be subject to the easement granted in paragraph 2 of this Part III in every respect except that the enjoyment thereof shall be and is hereby limited to Owners of Property, tenants of such Property and their guests, which Property is immediately contiguous and adjacent to such land and to Owners of noncontiguous Property, tenants of such Property and their guests, which Property is designated on plats of Property in Uwharrie Point as being entitled to the enjoyment thereof. The easement in Private Open Space Areas hereby granted shall not extend to any area not clearly designated as "Private Open Space. All expenses incurred in the protection, maintenance and enhancement of "Private Open Space Areas" shall be paid equally by the Property Owners who are entitled to an easement of enjoyment over such areas.

5. Upon receipt of the written request of seventy-five percent (75%) of the Owners having an easement of enjoyment over a Private Open Space Area, the Company may permit the construction, maintenance and operation of indoor and/or outdoor recreation and community facilities upon such Private Open Space Area. The cost of such construction, maintenance and operation shall be at the sole cost of the Owners entitled to such easement of enjoyment.

6. The Company reserves unto itself, its successors and assigns, and its agent, the right to enter upon any Open Space Area or Private Open Space Area for the purpose of constructing, landscaping, maintaining and operating any (i) indoor and/or outdoor recreational and community facilities, including, but not limited to, marinas, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, gymnasiums, golf courses, ice skating rinks and any showers, locker rooms or other picnic shelters, picnic tables, parks, horseback riding stables, riding arenas, riding trails, walking trails, bike trails, boardwalks, decks, boating facilities and marinas, boat rental facilities, boat storage facilities, trailer storage facilities, fishing facilities, beach facilities, bicycle rental facilities, operating farms and/or animal pastures, wildlife conservancies and feeding stations, nature interpretive areas, amphitheaters, community meeting facilities and all restroom facilities, parking lots, service buildings, concession-type food services associated with all such uses and roads shown on recorded plats of Uwharrie Point; and (ii) places of worship; libraries; fire stations and rescue squads; post offices; day care centers, nursery schools and other schools and instructional centers; nonprofit or charitable community, civic or cultural clubs and institutions; and other similar community facilities. The Company further reserves the right to authorize the construction, landscaping, maintenance or operation of such facilities within the Open Space Areas and Private Open Space Areas by the Association or any other third party. The provisions of this paragraph shall not create any obligation on the part of the Company to construct, landscape, maintain or operate any such facilities.

7. The Company and its agent shall have the right to protect from the erosion the lands described as Open Space Areas or Private Open Space Areas by planting trees, plants and shrubs where and to the extent necessary, or by such mechanical means as construction and maintenance of siltation basins or other means deemed expedient or necessary by the Company. The right is likewise reserved unto the Company and its agent to take steps necessary to provide and insure adequate drainage ways in Open Space Areas and Private Open Space Areas, to cut fire breaks, remove diseased, dead or dangerous trees and carry out other similar activities.

8. The Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable and releasable easement of right to go on, over and under any Open Space Area or Private Open Space Area to erect, maintain and use electric, Community Antenna Television, and telephone poles, wires, cables (television or otherwise), conduits, drainage ways, sewers, water mains and other suitable equipment for the conveyance and use of electricity, telephone equipment, gas, sewer, water drainage or other public conveniences or utilities. These reservations and rights expressly include the right to cut any trees, bushes or shrubbery, rights to make any gradings of the soil or take any other similar action reasonably necessary to provide economical and safe utility installation and to maintain reasonable standards of health, safety and appearance. The Company further reserves unto itself, its successors and assigns, and its agents, the right to locate, construct and maintain wells, pumping stations, siltation basins and tanks within such Open Space Areas and Private Open Space Areas. Such rights shall not create any obligation on the part of the Company to provide or maintain any such utility or service.

9. No television antenna or disc, radio receiver, radio sender or other similar device shall be attached to the exterior portion of any building or structure on any Open Space Area or Private Open Space Area or installed on any Open Space Areas or Private Open Space Areas within Uwharrie Point; provided, however, that the provisions of this paragraph shall not prohibit the Company from installing or approving the installation of equipment necessary for a master antenna system, Community Antenna Television (C.A.T.V.), mobile radio systems or other similar systems on any Open Space Areas or Private Open Space Areas within Uwharrie Point.

10. No dumping of trash, garbage, sewage, sawdust or any unsightly or offensive material shall be placed upon any Open Space Area or Private Open Space Area, except as is temporary and incidental to the bona fide improvement of the area in a manner consistent with its classification as an Open Space Area or Private Open Space Area.

11. The granting of the easement in Open Space Areas and Private Open Space Areas in this Part III in no way grants to the public or to the owners of any land outside the Properties in Uwharrie Point the right to enter any Open Space Area or Private Open Space Area without the prior written permission of the Company.

12. The Company expressly reserves unto itself, its successors and assigns, and its agent, every reasonable use and enjoyment of said Open Space Areas and Private Open Space Areas in a manner not inconsistent with the provisions of this Declaration.

13. The Company reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable and releasable easement of right to go on, over and under any Open Space Area and Private Open Space Areas to construct and maintain a bike trail network. These reservations and rights expressly include the right to cut any tree, bushes or shrubbery, rights to make any gradings of the soil or take any other similar action reasonably necessary to provide an economical and functional internal transportation network and to maintain reasonable standards of safety and appearance. Such rights may be exercised by any licensee or assignee of the Company, but this reservation shall not create any obligation on the part of the Company to provide or maintain any such bike trail network.

14. The Company reserves unto itself, its successors and assigns, the right to convey "Open Space Areas" and "Private Open Space Areas" to the Association. Such conveyance shall be made subject to the provisions of this Part III, all other restrictions and limitations of record and any other restrictions or limitations which the Company, in its sole and uncontrolled discretion, shall elect to impose. As an appurtenance to such conveyances, the Association shall have all of the powers, immunities and privileges reserved unto the Company in this Part III as well as all of the Company's obligations with

respect thereto, including the obligation to maintain and enhance set out in paragraph 1 of this Part III; provided, however, that so long as the Company, its successors and assigns, is the Owner of Property subject to the provisions of this Declaration, the Company and its agent, in addition to and jointly with the Association, shall retain all rights of easement reserved unto it in this Part III and shall, furthermore, retain all rights of entry granted in this Part III for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing or taking any action to prevent a violation of these Covenants, and the retention of said rights of easement and entry by the Company shall in no way create any obligation on the part of the Company to perform any affirmative action. Property conveyed to the Association pursuant to the authority of this paragraph 15 shall become "Common Properties" or "Restricted Common Properties" as prescribed by the "Declaration of Covenants and Restrictions of the Uwharrie Point Community Association and Dominion Lands, Inc., a Virginia corporation," which are to be recorded in the Office of the Register of Deeds of Montgomery County, North Carolina, contemporaneously herewith.

15. It is expressly understood and agreed that the granting of the easements set out in this Part III in no way places a burden of affirmative action on the Company, that the Company is not bound to make any of the improvements noted herein or extend to any Property Owner any service of any kind, except as such may be undertaken at the expense of the Association.

PART IV ADDITIONAL RESTRICTIONS AFFECTING RESIDENTIAL PROPERTIES

1. "Residential Properties" as used in this Part IV shall mean and refer to all those parcels or tracts of land within the Properties defined as "Single Family Lots," "Patio Home Sites" and "Multiple Family Tracts" in paragraphs 2, 3 and 4 of this Part IV.
2. "Single Family Lots" or "Lots" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for subdivision or subdivided into Properties or lots intended for the construction of detached dwelling units including Single Family A (Conventional) , Single Family C (Cluster) and attached Single Family D (Duplex) as defined and controlled by the applicable zoning for Uwharrie Point granted by Montgomery County.
3. "Patio Home Site" or "Sites" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for subdivision or subdivided into Properties or lots intended for construction of detached dwelling units and on which a Patio Wall will be required to be erected, including Single Family B (Patio or Zero Lot Line) as defined and controlled by the applicable zoning for Uwharrie Point granted by Montgomery County.
4. "Multiple Family Tract" or "Tracts" as used herein shall mean and refer to all those parcels or tracts of land within the Properties intended for development of or developed as attached dwelling units including Multiple Family A (Townhouse Lots) and Multiple Family B (Condominiums and Apartments) as defined by the applicable zoning for Uwharrie Point granted by Montgomery County.
5. Plans required under paragraph 1 of Part I of these Covenants will not be approved unless the proposed house, dwelling unit, phase or group of Multiple Family dwelling units or any other structures will have the minimum square footage of enclosed dwelling space. Such minimum requirements for each Lot, Site or Tract will be specified in each sales contract and stipulated in each deed. The term "enclosed dwelling area" as used in these minimum size requirements does not include garages, terraces, decks, open porches, screened porches and the like area.

6. (a) All Residential Properties shall be used for residential purposes, recreational purposes incidental thereto and for customary accessory uses. The use of a portion of a dwelling unit on a Residential Property as an office by the owner or tenant thereof shall be considered a residential use if such use does not create undue customer or client traffic as determined by the Company, in its sole and uncontrolled discretion, to and from the unit or the Property.
 - (b) No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on a Single Family Lot or Patio Home Site other than one (1) detached single family dwelling and one (1) small one-story accessory building which may include a detached private garage, provided the use of such accessory building does not overcrowd the Property, as determined by the Company in its sole and uncontrolled discretion, and provided, further, that such building is not used for any activity normally conducted as a business. Such accessory building may not be constructed prior to the construction of the main building.
 - (c) A guest suite or like facility without a kitchen may be included as part of the main dwelling or accessory building on any Single Family Lot or Patio Home Site, provided, however, each suite may not be rented or leased except as part of the entire premises including the main dwelling, and provided, however, that such suite may not result in over-crowding the Property, as determined by the Company in its sole and uncontrolled discretion.
 - (d) The provisions of this paragraph (6) or any other provision herein shall not prohibit the Company or its agent from using any house, other dwelling units or accessory buildings as models, which use is expressly approved.
7. (a) The exterior of each house, dwelling unit, phase or group of Multiple Family dwelling units and all other structures must be completed (i) within one (1) year after the construction of same shall have commenced on all Single Family Lots and Patio Home Sites, and (ii) within two (2) years after the construction of same shall have commenced on all Multiple Family Tracts, except where such completion is impossible or would result in great hardship to the Owner or builder due to strikes, fires, national emergency or natural calamities. Houses and other dwelling structures may not be temporarily or permanently occupied until the exteriors thereof have been completed. During the continuance of construction, the Owner of a Lot, Site or Tract shall require the contractor to maintain the Property in a reasonably clean and uncluttered condition, pursuant to the provisions of paragraph 5 of Part I of these Covenants.
 - (b) The failure to complete the exterior of any house, dwelling unit, phase or group of Multiple Family dwelling units or any other structure within the time limit set forth in paragraph 7(a) above shall constitute a violation and breach of these Covenants. The Company hereby reserves unto itself, its successors and assigns, and its agent, a perpetual, alienable and releasable easement and right on, over and under all Residential Properties for the purpose of taking any action necessary to effect compliance with paragraph 7(a) above, including, but not limited to, the right to enter upon Property for the purpose of completing the exterior of such house, dwelling unit, phase or group of Multiple Family dwelling units, or any other structure which is in violation of paragraph 7(a). Such entry shall not be made until thirty (30) days after the Owner of the Property has been notified in writing of the violation of these Covenants, and unless such Owner has failed to complete said exterior within said thirty (30) days period. The cost of such corrective action, when performed by the Company or its agents, shall be paid by the Owner of the Property on which the corrective action is performed. The provisions of this paragraph shall not create any obligation on the part of the Company to take any action to effect compliance with paragraph 7(a).

8. (a) Each Residential Property Owner shall provide a screened area to serve as a service yard and an area in which garbage receptacles, fuel tanks or similar storage receptacles, electric and gas meters, air conditioning equipment, clothes lines and other unsightly objects must be placed or stored in order to conceal them from view from the road and adjacent Properties. Pursuant to the provisions of paragraph 1 of Part I, plans for such screened area delineating the size, design, specifications, exterior color or finish and location must be approved by the Company prior to construction. No alteration in the exterior appearance of any screened area shall be made without like prior written approval by the Company. Garbage receptacles and fuel tanks may be located outside of screened area only if located underground, and such underground garbage receptacles and fuel tanks and their location must likewise be approved by the Company prior to construction.

(b) Garbage pickup shall only take place at the garbage receptacle location approved by the Company, unless otherwise required by the appropriate governmental authority.

9. No mobile home, trailer, tent, barn or other similar out building or structure shall be placed on any Residential Property at any time, either temporarily or permanently. Boats, or utility trailers, campers, recreational vehicles, oversized vehicles or utility trailers may be maintained on a Residential Property, but only within an enclosed or screened area such that they are not generally visible from adjacent Properties. Pursuant to the provisions of paragraph 1 of Part I, plans for such enclosed or screened area delineating the size, design, specifications, exterior color or finish and location must be approved by the Company prior to construction. No alteration in the exterior appearance of any enclosed or screened area shall be made without like prior written approval by the Company.

10. No structure of a temporary character shall be placed upon any Residential Property at any time, provided, however, that this prohibition shall not apply to shelters or temporary structures used by the contractor during the construction of the main dwelling unit, or phase or group of Multiple Family dwelling units, it being clearly understood that these latter temporary shelters may not, at any time, be used as residences or permitted to remain on the Property after completion of construction. The design and color of structures temporarily placed on a Residential Property by a contractor shall be subject to reasonable aesthetic control by the Company.

11. No television disc or antenna, radio receiver, radio sender or other similar device shall be attached to or installed on any Residential Property or on the exterior portion of any building or structure on any Residential Property except as follows:

(a) The provisions of this paragraph shall not prohibit the Company from installing or approving the installation of equipment necessary for a master antenna system, Community Antenna Television (C.A.T.V.), mobile radio systems or other similar systems within the Properties; and

(b) Should C.A.T.V. services be unavailable and good television reception not be otherwise available, the Owner or tenant of a dwelling unit or the Owner of a Multiple Family Tract may make written application to the Company for permission to install a television antenna and such permission shall not be unreasonably withheld.

12. The utility and drainage easement reserved by the Company in paragraph nine (9) of Part I of these Covenants shall be located along any two (2) of the boundary lines of each Single Family Lot or Patio Home Site.

13. No Single Family Lot, Patio Home Site or Townhouse Lot (following the subdivision of a Multiple Family Tract into individual lots on which Townhouses are intended to be constructed) shall be subdivided or its boundary lines changed, nor shall application for same be made to Montgomery

County, except with the prior written consent of the Company. However, the Company hereby expressly reserves unto itself, its successors and assigns, and its agent, the right to replat any Single Family Lot(s), Patio Home Site(s) or Townhouse Lot(s), all hereinafter referred to as "Lot(s)," owned by it and shown on the plat of any subdivision within the Properties in order to create a modified building lot or lots; and to take such other steps as are reasonably necessary to make such replatted Lot(s) suitable and fit as a building site including, but not limited to, the relocation of easements, walkways, rights of way, private roads, bike trails, bridges, parks, recreational and community facilities, and other amenities to conform to the new boundaries of said replatted lot(s), provided that no lot originally shown on a recorded plat is reduced to a size more than ten percent (10%) smaller than the smallest lot shown on the first plat of the subdivision section recorded in public records. The provisions of this paragraph shall not prohibit the combining of two (2) or more contiguous lots into one (1) larger lot. Following the combining of two (2) or more lots into one (1) larger lot, only the exterior boundary lines of the resulting larger lot shall be considered in the interpretation of these covenants.

14. In addition to the foregoing, the following restrictions shall apply to all Patio Home Sites:

- (a) Each dwelling unit, or "Patio Home," constructed on a Patio Home Site must be constructed so as to utilize a Patio Wall as designated on the recorded subdivision plat. Said Patio Wall shall be constructed simultaneously with the Patio Home and shall be located so that the exterior of said Patio Wall shall be located two (2) feet inside of and parallel to the designated property line on the recorded subdivision plat. Patio Walls constructed pursuant to the provisions of this paragraph shall contain no openings which provide a view of the adjoining Patio Home Site or decrease the privacy of the adjoining Patio Home Site. Patio Walls shall be of sufficient height and length and shall extend sufficiently beyond the front and back faces of the Patio Home to provide adequate privacy for the adjoining Patio Home, its entrances and its outdoor living areas. Such determination of required Patio Wall height, overall length and length of front and back extensions shall be made by the Company, in its sole and uncontrolled discretion, and such determination may be based on any ground, including purely aesthetic considerations.
- (b) Each Patio Home shall utilize a portion of the Patio Wall as one of its exterior walls, unless an alternative location of the Patio Home is approved pursuant to the provisions of paragraph 14(c) of this Part IV, and shall be constructed so that neither the Patio Wall nor the Patio Home provides any window or view openings looking into or overlooking the adjacent Patio Home Site and provides no access way or entry way into said adjacent Patio Home Site.
- (c) Should an Owner of a Patio Home Site desire to locate his Patio Home on a portion of the site other than contiguous to the Patio Wall, said Owner may apply to the Company for approval of the alternative location. A site plan showing the proposed alternative location shall not relieve the Owner's responsibility to construct a Patio Wall as required by paragraph 14(a) of this Part IV. Approval or disapproval of an application for alternative location of a Patio Home may be based by the Company upon any ground, including purely aesthetic considerations, which in the sole and uncontrolled discretion of the Company, shall seem sufficient.
- (d) The cost of construction, maintenance and repair of a Patio Wall shall be the sole responsibility of the Patio Home Site Owner on whose Patio Home Site the Patio Wall is situated.
- (e) There shall be reserved a two-foot easement on each Patio Home Site between the exterior of the Patio Wall and/or Patio Home and the parallel property boundary line for the use and enjoyment of the adjacent Patio Home Site Owner, only as hereinafter provided. Said two-foot easement area and the exterior of the Patio Wall and/or Patio Home may be used by an adjacent Patio Home Site owner only for the planting and care of shrubbery and other landscaping and shall be

used in a manner which does not interfere with the structural integrity of the Patio Wall and/or Patio Home, and which does not prevent proper construction, maintenance or repair of the Patio Wall and/or Patio Home.

- (f) An eight-foot easement is further reserved along the boundary line of each Patio Home Site, opposite the boundary line along which the Patio Wall is to be constructed, for the construction, maintenance and repair of the Patio Wall and/or Patio Home on the adjoining site. The use of said easement area by an adjoining Patio Home Site Owner shall not exceed a reasonable period of time during construction nor shall it exceed a period of thirty (30) days each year for essential maintenance. Any shrubbery or planting in the eight-foot easement area that is removed or damaged by the adjoining Patio Home Site Owner during the construction, maintenance, or repair of his Patio Wall and/or Patio Home shall be repaired or replaced at the expense of the said adjoining Patio Home Site Owner causing such damages.
- (g) Each Patio Home shall be constructed with appropriate means to insure that no excessive rain water is discharged upon the adjoining Patio Home Site.

15. In addition to the foregoing, the following restrictions shall apply to all Multiple Family Tracts:

- (a) In addition to the minimum square footage requirements specified In paragraph 4 of Part IV, plans required under paragraph 1 of Part I for any Multiple Family Tract will not be approved unless the proposed house, dwelling unit, phase or group of dwelling units, or any other structures will have no more than the maximum number of dwelling units, maximum height above the ground, maximum number of residential dwelling floors, maximum occupancy of individual units and total maximum occupancy or density of all units combined within a given Multiple Family Tract. Such maximum requirements for each Tract, as determined by the Company in its sole discretion, will be specified in each sales contract and stipulated in each deed. No structure or structures shall be erected, altered, placed or permitted to remain on any Multiple Family Tract except as provided for in these covenants and restrictions.
- (b) Owners of Multiple Family Tracts within Uwharrie Point shall, prior to leasing apartment units to tenants for a period of less than six (6) months, obtain the Company's written approval.
- (c) No apartment building, buildings or any portion of an apartment building shall be converted to a condominium or cooperative form of Ownership within the Properties without the prior written consent of the Company. The Company's decision in determining whether to grant consent for such conversion may be based on any ground which in its sole and uncontrolled discretion shall seem sufficient. Should such consent be granted, the resulting condominium or cooperative shall continue to be subject to these Multiple Family Covenants.

16. In addition to the foregoing, the following restrictions shall apply to golf fairway residential areas.

- (a) The landscaping plan for the areas of any lot or block of future lots within fifty (50) feet of the boundary of the lot or block line adjacent to golf fairway property shall be in general conformity with the overall landscaping pattern for the golf course fairway area established by the golf course architect, and all individual lot or block landscaping plans must be approved by Company, its agents, successors and assigns before implementation.
- (b) There is reserved to Company, its agents, successors or assigns, a "Golf Course Maintenance Easement Area" on each lot adjacent to the fairways or greens of Uwharrie Point Golf Course. This reserved easement shall permit the Company, its agents, successors and assigns, at its

election, to go on to any fairway lot at any reasonable hour and maintain or landscape the Golf Course Maintenance Easement Area. Such maintenance and landscaping shall include regular removal of under brush, trees less than six (6) inches in diameter, stumps, trash or debris, planting of grass, watering, application of fertilizer and mowing the Easement Area. This Golf Course Maintenance Easement Area shall be limited to the portion of such lots within thirty (30) feet of the lot line bordering the fairway, or such lesser area as may be shown as a "Golf Course Maintenance Area" on the recorded plat of such lot; provided, however, that the above-described maintenance and landscaping rights shall apply to the entire lot until there has been filed with the Company a landscaping plan for such lot by the owner thereof, or alternatively, a residence constructed on the lot.

- (c) Until such time as a residence is constructed on a lot, Company, its agents, successors or assigns, reserves an easement to permit and authorize registered golf course players and their caddies to enter upon a lot to recover a ball or play a ball, subject to the official rules of the course, without such entering and playing being deemed a trespass. After a residence is constructed, such easement shall be limited to that portion of the lot included in the Golf Course Maintenance Easement Area, and recovery of balls only, not play, shall be permitted in such Easement Area. Registered players or their caddies shall not be entitled to enter on any such lot with a golf cart or other vehicle, nor spend unreasonable time on such lot, or in any way commit a nuisance while on such lot. After construction of a residence on a Golf Fairway lot, "Out of Bounds" markers shall be placed on said lot at the expense of the Company.
 - (d) Owners of golf fairway lots shall be obligated to refrain from any actions which would distract from the playing qualities of the Uwharrie Point Golf Course or the development of an attractive overall landscaping plan for the entire golf course area. Such prohibited actions shall include, but are not limited to, such activities as burning trash on a lot when the smoke would cross onto the fairway, and the maintenance of the unfenced dogs or other pets on the lot under conditions interfering with play due to their loud barking, running on the fairways, picking up balls or other like interference with play.
 - (e) Whenever used in the foregoing special restrictions affecting "Golf Fairway Residential Areas," the term "Lot" shall mean a platted lot, or two (2) or more contiguous platted lots if owned by the same party or parties, and a residence has been constructed on one (1) of the contiguous lots.
17. (a) No private docks, piers, moorings, boat houses, slips or similar structure may be erected on, placed on or connected to any lot, unless specifically authorized in the deed to said lot. In the event of such authorization, the following terms and conditions must be complied with:
- (i) Complete plans and specifications including site, material, color and finish must be submitted to the Company in writing;
 - (ii) Written approval by the Company of such plans and specifications must be secured, the Company reserving the right in its uncontrolled discretion to disapprove such plans and specifications on any grounds, including purely aesthetic reasons.
 - (iii) Any alterations of plans or specifications or of the completed structure must be submitted to the Company in writing, and the Company's approval in writing must be similarly secured prior to construction, the Company reserving the same rights to disapprove alterations as it retains for disapproving the original structures.

- (iv) The Company shall not be responsible for any structural or other defects in plans or specifications submitted to it or in any structure erected according to such plans or specifications.
- (b) All lot owners who construct or cause to be constructed private docks, piers, moorings, boat houses, slips or similar structure pursuant to paragraph 17(a) hereof must maintain said structures in good repair and keep the same clean and orderly in appearance at all times, and further agree to paint or otherwise treat with preservatives all wood or metal located above the high water mark, exclusive of pilings, and to maintain such paint or preservatives in an attractive manner. The Company shall be the judge as to whether such structures are clean, orderly in appearance and properly painted or preserved in accordance with reasonable standards, and where the company notifies the particular lot owner in writing that such structures fail to meet acceptable standards, said lot owner shall thereupon remedy such conditions within thirty (30) days to the satisfaction of the Company, and that failing to so remedy such conditions, the lot owners hereby covenant and agree that the Company may make the necessary repairs, but is not obligated to make such repairs or take such action as will bring such structures up to acceptable standards, all such repairs and actions to be at the expense solely, of the lot owner in question.
- (c) In addition to the provisions of this paragraph 17, all such structures shall be subject to regulations promulgated from time to time by the owner of Badin Lake and its successors.

PART V
ADDITIONS, LIMITATIONS, DURATION AND
VIOLATION OF COVENANTS TOGETHER WITH AFTERWORD

1. (a) All covenants, restrictions and affirmative obligations set forth in this Declaration and any amendments thereto shall run with the land and shall be binding on all parties and persons claiming under them specifically including, but not limited to, the successors and assigns, if any, of the Company for the period of thirty (30) years from the execution date of this Declaration. Upon the expiration of said thirty (30) year period, all said covenants shall be automatically extended for successive periods of ten (10) years. The number of ten (10) year extension periods hereunder shall be unlimited, and this Declaration shall be automatically extended upon the expiration of the initial thirty (30) year period and each ten (10) year extension period for an additional ten (10) year period; provided, however, that there shall be no extension of this Declaration if during the last year of the initial thirty (30) year period, or during the last year of any subsequent ten (10) year extension period, fifty-one percent (51%) or more of the total votes (as determined in subparagraph (1(c)) hereinafter) entitled to be cast by all owners of all Properties subject to the provisions of this Declaration vote in favor of terminating this Declaration at the end of its then current term at a duly called meeting of the Owners of the Properties. The presence at said meeting of owners or ballots entitled to cast sixty percent (60%) of the total vote of all the Owners of all the Properties shall constitute a quorum. In the event that the Owners of the Properties vote to terminate this Declaration, the President and Secretary of the Company, its successors and assigns, shall execute a certificate which shall set forth the Resolution of Termination adopted by the Owners, the date of the meeting of the Owners at which such Resolution was adopted, the date that notice of such meeting was given, the total number of votes of all owners of all the Properties, the total number of votes required to constitute a quorum at said meeting, the total number of votes necessary to adopt a Resolution terminating this Declaration, the total number of votes cast in favor of the Resolution and the total number of votes cast against such Resolution. Such certificate shall be recorded in the Register of Deeds of

Montgomery County, North Carolina, and therein as they relate to the termination of this Declaration.

- (b) A "duly called meeting" shall mean and refer to any open meeting of the Owners of the Properties (or a portion of said owners) called by the Company, its successors and assigns, or its agent for said purpose, subject to the giving of proper notice and the quorum requirements established in subparagraph (1(a)) and in paragraph (2) herein. "Proper Notice" shall be deemed to be given when delivered personally or sent by mail to each such Owner not less than thirty (30) days in advance of said meeting. There shall be sent with such notice a statement of certain motions to be introduced for vote of the Owners and a ballot on which each owner may vote for or against each motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements for said meeting, provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.
- (c) The votes to which each Owner of Property subject to this Declaration shall be entitled shall be determined as follows:
 - (i) The Owner of any Property which is also subject to the provisions of the Declaration of Covenants and Restrictions of the Uwharrie Point Community Association and Dominion Lands, Inc., a Virginia corporation, (referred to hereinafter in this subparagraph (c) as "said covenants") shall be entitled to as many votes as equals the total number of votes to which he is entitled as a Type "A," "B," "C" or "D" Member of the Association as defined and determined in the Association covenants.
 - (ii) The Owner of any Property which is also subject to said covenants and which is classified as an "Exempt Property" pursuant to said covenants shall be entitled to as many votes as equals the total number of votes to which he would be entitled as a Type "B," "C" or "D" Member of the Association had his Property not been exempted from assessment.
 - (iii) The Owner of any Property which is not subject to said covenants shall be entitled to as many votes as equals the total number of votes to which he would be entitled as a Type "A," "B," "C" or "D" Member of the Association if his Property were to be subject to the Association covenants.

2. All proposed Amendments to this Declaration shall be submitted to a vote of the owners of Properties substantially affected by a change in covenants at a duly called meeting (as defined in subparagraph (1 (b)) hereinabove) of said Owners. Unless the contrary shall be determined by a court of equity jurisdiction, "substantially affected" shall mean those Properties shown on (a) the plats showing the Properties to be modified in permitted use by the change and (b) the plats which subdivided the Property immediately abutting the Property shown on plats identified in (a) recorded in the Office of the Register of Deeds of Montgomery County, North Carolina. Any such Amendment shall be deemed approved if two-thirds (2/3) of the votes (as determined in sub-paragraph 1(c) hereinabove) cast at such meeting vote in favor of such Amendment. The presence at said meeting of Owners or ballots entitled to cast sixty percent (60%) of the total vote of all the Owners of Property substantially affected by a change in covenants shall constitute a quorum. If the required quorum is not present at said meeting, the Company may, in its sole uncontrolled discretion, call another meeting or meetings subject to the giving of proper notice, and the required quorum at such subsequent meeting or meetings shall be one-half (1/2) of the required quorum at the preceding meeting. If any proposed Amendment to this Declaration is approved by the Owners as set forth above, the Company shall execute an Amendment, the effective date of the Amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Owners at which such Amendment was adopted), the date of the meeting of the

Owners at which such Amendment was adopted, the date that notice of such meeting was given, the total number of votes of Owners of Properties substantially affected by such Amendment, the total number of votes required to constitute a quorum at a meeting of said Owners, the total number of votes of said Owners present at said meeting, the total number of votes cast for and against such Amendment, the total number of votes necessary to adopt such Amendment, the total number of votes cast in favor of such Amendment and the total number of votes cast against such Amendment. Such Amendment shall be recorded in the Register of Deeds Office of Montgomery County, North Carolina.

3. The Company reserves unto itself, its successors and assigns the right to add additional restrictive covenants in respect to lands within the Properties to be conveyed in the future by the Company to the Association or to any other third party, or to limit therein the application of these covenants. The right to add additional restrictions or to limit the application of these covenants shall be reasonably exercised.

4. In the event of a violation or breach of any of the restrictions contained herein by any Property Owner, tenant of such Owner or agent of such Owner, the Owners of Properties in the neighborhood or in Uwharrie Point, or any of them, jointly or severally, shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event. In addition to the foregoing, the Company and/or the Association shall have the right to proceed at law or in equity to compel a compliance to the terms hereof or to prevent the violation or breach in any event.

In addition to the foregoing, the Company or its agent shall have the right, whenever there shall have been placed or constructed on any Property in Uwharrie Point any building, structure, chemical substance, object, material or condition which is in violation of these restrictions, to enter upon such Property where such violation exists and summarily abate or remove the same at the expense of the Owner, if after thirty (30) days written notice of such violation it shall not have been corrected by the Owner, tenant, or agent of the Owner; provided, however, that whenever stated in these covenants that the Company may serve notice requiring immediate corrective action, and such action is not performed immediately by the Owner, tenant or agent of the Owner, the company or its agent shall have the right to enter immediately and summarily abate or remove such violation at the expense of the Owner. Any such entry and abatement or removal shall not be deemed trespass.

In addition to the foregoing, the Company or its agent shall have the right, whenever permitted by any restriction contained in Part II of this Declaration, to enter immediately (unless otherwise specifically stated in said Part II) any Property in Uwharrie Point to implement environmental controls, to take corrective action, or to take any action necessary to effect compliance with the Environmental Rules and Regulations. Whenever specifically stated in said Part II, the cost of such action, when performed by the Company or its agent shall be paid by the Owner of the Property on which the work is performed. Entrance upon any Property pursuant to the provisions of said Part II shall not be deemed a trespass.

5. Whenever the Company or its agent is permitted by this Declaration to correct, repair, enhance, improve, clean, preserve, clear out, remove or take any action on any Property or on the easement areas adjacent thereto, entering the Property and taking such action shall not be deemed a trespass.

6. The failure to enforce any rights, reservations, restrictions or conditions contained in this Declaration regardless of how long such failure shall continue, shall not constitute a waiver or of a bar to such right to enforce.

7. Whenever the Company or its agent is permitted by this Declaration to correct, repair, enhance, improve, clean, preserve, clear out, remove or take any action on any Property or on the easement areas adjacent thereto, and whenever it is stated in this Declaration that the cost of such action

(hereinafter called the Cost of Corrective Action) shall be paid by the Owner of the Property on which such corrective action is performed, the Cost of Corrective Action, together with such interest thereon at the maximum annual rate permitted by law from the due date and costs of collection therefore including a reasonable attorney fee as hereinafter provided, shall be a charge and continuing lien on the real Property and improvements thereon, against which the Cost of Corrective Action is charged, in the hands of the then Owner, his heirs, devisees, personal representatives, tenants and assigns and, in addition, shall also be the personal obligation of the Owner of such real Property at the time when such Cost of Corrective Action become due and payable. The Cost of Corrective Action shall be billed at the completion of such corrective action, and all bills shall be due and payable thirty (30) days from the date of mailing of same.

If the Cost of Corrective Action is not paid within thirty (30) days after the due date, the Company or its agent may bring an action at law against the Property Owner personally and there shall be added to the amount of such Cost of Corrective Action the costs of preparing the filing of the Complaint in such action and a reasonable attorney's fee, and in the event a judgment is obtained, such judgment shall include interest on the Cost of Corrective Action as above provided and a reasonable attorney's fee together with the costs of the action.

The lien of the Cost of Corrective Action provided for herein shall be subordinate to the lien of any first deed of trust now or hereafter placed upon any Property subject to these covenants. In the event a creditor (other than the Company or the creditor of the Company) acquires title to any Property pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, said creditor shall be subject to any lien of the Cost of Corrective Action placed upon such Property during the time in which the creditor holds title to such Property.

8. (a) The Company reserves unto itself, its successors and assigns, the right to bring within the plan and operation of this Declaration additional property acquired by the Company which is adjacent to or near the "Properties." Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions authorized herein shall be made by recording a Supplementary Declaration of Rights, Restrictions, Affirmative Obligations and Conditions with respect to the additional property which shall extend the operation and effect of the Rights, Restrictions, Affirmative obligations and Conditions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions and/or modifications of the Rights, Restrictions, Affirmative Obligations and Conditions contained in this Declaration as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Exhibit "A" or upon any other additions to the Properties.
- (b) Upon the prior written approval of the Company, the owner of any property who desires to bring such property within the plan and operation of this Declaration and to subject it to the jurisdiction of the Company shall record a Supplemental Declaration of Rights, Restrictions, Affirmative Obligations and Conditions with respect to the additional property which shall extend the operation and effect of the Rights, Restrictions, Affirmative Obligations and Conditions of this Declaration to such additional property. The Supplementary Declaration may contain such complementary additions and/or modifications as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Properties described in Exhibit "A" or upon any other additions to the Properties.

9. The Company reserves unto itself, its successors and assigns, the right to assign in whole or in part to the Association its rights reserved in these covenants to grant approvals (or disapprovals), to establish rules and regulations, to administer and enforce the provisions of this Declaration and all other rights reserved herein by the Company, including, but not limited to, the right to approve (or disapprove) plans, specifications, color, finish, plot plan, land management plan and construction schedules for any or all buildings or structures to be erected in any or all of the Properties. The assignment of such rights shall be subject to any conditions, limitations or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose at the time of assignment. Following the assignment of such rights, the Association shall assume all of the Company's obligations which are incident thereto (if any), and the Company shall have no further obligation of liability with respect thereto. The assignment of such right or rights by the Company to the Association shall be made by written instrument which shall be recorded in the office of the Register of Deeds of Montgomery County, North Carolina.

Notwithstanding anything in the foregoing to the contrary, so long as the Company, its successors and assigns, is the Owner of Property subject to the provisions of this Declaration, the Company shall retain all rights of easement reserved unto it in this Declaration and shall, furthermore, retain all rights of entry granted in this Declaration for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing or taking any action to prevent a violation of these covenants, and the retention of said rights of easement and entry by the Company shall in no way create any obligation on the part of the Company to perform any affirmative action.

10. The Company reserves unto itself, its successors and assigns, the right to appoint the Association its agent for the purpose of administering and enforcing, in whole or in part, the rights reserved unto the Company in this Declaration including, but not limited to, the right to approve (or disapprove) plans, specifications, color, finish, plot plan, land management plan and construction schedules for any or all of the Properties. Such appointment may be temporary or permanent, and shall be subject to any conditions, limitations or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose. Upon any such appointment of the Association as agent by the Company, the Association shall assume any obligations which are incident thereto.

11. Dominion Lands, Inc. has established and published certain covenants and land use restrictions (the "Declaration of Covenants and Restrictions of the Uwharrie Point Community Association, Inc. and Dominion Lands, Inc., a Virginia corporation") affecting certain Properties in Uwharrie Point. Said covenants are to be recorded contemporaneously herewith in the Records in the Office of the Register of Deeds of Montgomery County, North Carolina. Properties described in Exhibit "A" and Owners of Properties described in Exhibit "A" shall also be subject to the provisions of the said covenants established by Dominion Lands, Inc.. Additional Properties brought within the plan and operation of this Declaration pursuant to paragraph (8) hereinabove, and Owners of such additional Properties may become subject to the provisions of the said covenants established by Dominion Lands, Inc., pursuant to the rules and regulations stipulated in Article II of the said covenants established by Uwharrie Point Community Association, Inc. In the event of any conflict between this Declaration and the said covenants established by Uwharrie Point Community Association, Inc., this Declaration shall prevail.

12. Notwithstanding anything contained herein to the contrary, all the provisions of these covenants shall be subject to and conform with the provisions of (i) the Montgomery County Zoning and Subdivision Regulations, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified, (ii) the Master Plan for the development of Uwharrie Point as may from time to time hereafter be amended or modified.

13. Neither the Company, nor its officers, employees or agents shall be liable to any Property Owner or to any other person on account of any claim, liability, damage or expense suffered, incurred by or threatened against any Property Owner or such other person arising out of or in any way relating to the subject matter of any reviews, acceptances, inspections, permissions, consents or required approvals which must be obtained from the Company or from Montgomery County, North Carolina, whether given, granted or withheld.

14. Should any covenants or restrictions herein contained or any article, section, subsection, sentence, clause, phrase or term of this Declaration be declared to be void, invalid, illegal or unenforceable, for any reason, by the adjudication of any court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way effect the other provisions hereof which are hereby to be severable and which shall remain in full force and effect.

This the 25th day of October, 1990 DOMNION LANDS, INC.

By:
Title
Attest:
Secretary

COMMONWEALTH OF VIRGINIA
Richmond CITY

I, Brenda J. Baskfield, a Notary Public of the County and State aforesaid, do hereby certify that D.T. Herrick, Jr./P.A. Wilkerson personally came before me this day and acknowledged that he is Secretary of DOMINION LANDS, INC. and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name and by its President, sealed with its corporate seal and attested by him/herself as its Secretary, all as the act of the corporation.

WITNESS my hand and notarial seal this 25th day of October, 1990.
Notary Public
My Commission Expires: 5/31/94

EXHIBIT A

BEING all of that property acquired by Dominion Lands, Inc. by deeds recorded in the Montgomery County Register of Deeds as follows: Book 243, Page 759; Book 243, Page 773; Book 235, Page 683; Book 236, Page 435; Book 236, Page 439; and Book 233, Page 795, to which deeds reference is hereby made for a more particular description.

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

The foregoing certificate(s) of Brenda J. Baskfield is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the Office of the Register of Deeds of MONTGOMERY County, N C. in Book 246 at Page 633
This the 29th day of October, 1990 at 4:33 o'clock PM

REGISTER OF DEEDS
STATE OF NORTH CAROLINA

MONTGOMERY COUNTY

**SUPPLEMENTARY DECLARATION OF RIGHTS,
RESTRICTIONS, AFFIRMATIVE OBLIGATIONS AND
CONDITIONS APPLICABLE TO ALL PROPERTY IN
UWHARRIE POINT**

Pursuant to Part V, Section 8 of the "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point" (the "Original Declaration of Rights"), the Company hereby subjects to and under the plan of the Original Declaration of Rights the additional real property set forth on Exhibit A attached hereto (the "Additional Property"). The Additional Property is to be subjected as one parcel. The Company hereby extends the operation and effect of the Rights, Restrictions, Affirmative Obligations and Conditions of the Original Declaration of Rights to the Additional Property.

This the 27th day of July, 1994.

LAKE BADIN ASSOCIATES, a
Virginia General Partnership
By: Dominion Lands, Inc., a
Virginia Corporation
By:
Title
Attest:
Secretary

STATE OF VIRGINIA

I, Brenda J. Baskfield, a Notary Public for said County and State, certify that Patti Wilkerson personally came before me this day and acknowledged that he/she is Assistant (Secretary) of Dominion Lands, Inc., a corporation, the general partner of LAKE BADIN ASSOCIATES, and that by authority duly given and as the act of the corporation and the partnership the foregoing instrument was signed in its name by its Vice (President), sealed with its corporate seal, and attested by himself/herself as its Assistant (Secretary).

Witness my hand and official seal, this the 27th day of July, 1994.
Notary Public
My commission expires: May 31, 1998

EXHIBIT A

Being all of that certain tract of land situate, lying and being in Eldorado Township, Montgomery County, State of North Carolina acquired by Lake Badin Associates by North Carolina Warranty Deeds dated January 4, 1993 and recorded in Book 268 Page 764 and Book 268, Page 769, Montgomery County Registry on January 4, 1993.

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

The foregoing certificate(s) of is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the Office of the Register of Deeds of MONTGOMERY County, N.C. in Book 293 at Page 822
This the 5th day of August 1994 at 11:23 o'clock AM

REGISTER OF DEEDS
STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

**AMENDMENT TO DECLARATION OF RIGHTS, RESTRICTIONS,
AFFIRMATIVE OBLIGATIONS AND CONDITIONS
APPLICABLE TO ALL PROPERTY
IN UWHARRIE POINT**

THIS AMENDMENT, made and entered into this the 29th day of April, 1995 by Lake Badin Associates, a Virginia general partnership and Uwharrie Point Community Association, "Declarants".

WITNESSETH:

THAT WHEREAS, Dominion Lands, Inc. made and recorded a certain "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point" as found in Book 246 at Page 633 of the Montgomery County Registry; and

WHEREAS, at a duly called meeting of the owners of all property substantially affected by the hereinafter described amendment, a quorum being present, one hundred percent (100%) of those present casting their vote in favor, the following amendment was offered and passed.

NOW, THEREFORE, the following amendment is added to the "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point" as found in Book 246 at Page 633 of the Montgomery County Registry, said amendment becoming Part IV, Section I, (e):

Notwithstanding anything contained herein to the contrary, as to all the lots designated and shown as 11 through 51 inclusive of Southpoint at Uwharrie Point recorded in Plat Cabinet C-76-D, C-77-A, C-77-C, C-77-D, C-78-A, C-78-B, and C-78-C, there may be erected two (2), but not more than two (2), detached Single Family Dwelling Units, provided that both units must comply with all approvals and restrictions found herein and in any other covenants, restrictions, or regulations applicable to Uwharrie Point.

The above said meeting was held on April 29, 1995 at Uwharrie Point, Montgomery County, North Carolina.

WITNESSETH our hands and seals the day and year first above written.

LAKE BADIN ASSOCIATES
By: Dominion Lands, Inc., General Partner

By:
Title
[Corporate Seal]

Attest:
Secretary

UWHARRIE POINT COMMUNITY
ASSOCIATION

By:
Title
[Corporate Seal]
Attest:
Secretary

STATE OF Virginia City OF Richmond

I, Brenda J. Baskfield, a Notary Public of the County and State aforesaid, certify that Henry C. Riely personally came before me this day and acknowledged that he is Corp. Secretary of DOMINION LANDS, INC., and that it is the General Partner of LAKE BADIN ASSOCIATES, a Virginia General Partnership, and that by authority duly given and as the act of the corporation and partnership, the foregoing instrument was signed in its name by its President, sealed with its corporate seal and attested by him/herself as its Corp. Secretary.

Witness my hand and notarial seal, this the 6th day of September, 1995.
Notary Public
My Commission Expires: May 31, 1998

STATE OF NORTH CAROLINA
COUNTY OF DAVIDSON

I, Kim Morris Notary Public in and for the above County and State, do hereby certify that Scott Bell, personally appeared before me this day and acknowledged that he/she is Secretary of UWHARRIE POINT COMMUNITY ASSOCIATION, a North Carolina corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself/herself as its Secretary.

Witness my hand, and notarial seal, this the 26 day of June, 1995.
Notary Public
My Commission Expires: 07/18/95

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

The foregoing certificate(s) of Brenda J. Baskfield & Kim G. Morris is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the Office of the Register of Deeds of MONTGOMERY County, N.C. in Book 308 at page 731.

This the 12th day of September, 1995 at 3:38 o'clock P M.
Sally M. Morris, Register of Deeds by: Deputy

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

**AMENDMENT TO DECLARATION OF RIGHTS,
RESTRICTIONS, AFFIRMATIVE OBLIGATIONS
AND CONDITIONS APPLICABLE TO ALL
PROPERTY IN UWHARRIE POINT**

THIS AMENDMENT made and entered into this the 10 day of April, 1996, by and between LAKE BADIN ASSOCIATES ("Company") and UWHARRIE POINT COMMUNITY ASSOCIATION, INC., ("Association"),

WITNESSETH:

THAT WHEREAS, the predecessor to Company made and recorded a certain "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to all Property in Uwharrie Point" found in Book 246, Page 633 of Montgomery County Registry;

WHEREAS, pursuant to Part V of such document, the parties hereto wish to amend said documents; and

WHEREAS, the hereinafter described amendment was proposed and voted upon at a duly called meeting of all of the Owners of Properties in Uwharrie Point and such amendment was voted upon and passed by more than two thirds (2/3rds) of the votes at such meeting where a quorum was present.

NOW, THEREFORE, the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions applicable to all Property in Uwharrie Point recorded in Book 246, Page 633 of the Montgomery County Registry is hereby amended as follows:

1. Part III, paragraph 9 is amended by deleting said paragraph in full and in substituting the hereinafter described paragraph in lieu thereof:

"Except as expressly approved in each instance by the Architectural Review Board, no television antenna or disc, radio receiver, radio sender or other similar device shall be attached to the exterior portion of any building or structure on any Open Space Area or Private Open Space Area or installed on any Open Space Areas or Private Open Space Areas within Uwharrie Point; provided, however, that the provisions of this paragraph shall not prohibit the Company from installing or approving the installation of equipment necessary for a master antenna system, Community Antenna Television (C.A.T.V.), mobile radio systems or other similar systems on any Open Space Areas or Private Open Space Areas within Uwharrie Point.

2. Part IV, paragraph 11 is deleted in it entirety and in lieu thereof is the following:

"Except as specifically approved by the Architectural Review Board in each instance, no television disc or antenna, radio receiver, radio send or other similar device shall be attached to or installed on any Residential Property or on the exterior portion of any building or structure on any Residential Property except as follows:

(a) The provisions of this paragraph shall not prohibit the Company from installing or approving the installation of equipment necessary for a master antenna system, Community Antenna Television (C.A.T.V.), mobile radio systems or other similar systems within the Properties; and

(b) Should C.A.T.V. services be unavailable and good television reception not be otherwise available, the Owner or tenant of a dwelling unit or the Owner of a Multiple Family Tract may make written application to the Company for permission to install a television antenna and such permission shall not be unreasonably withheld."

3. The meeting at which such amendment was approved was held on the 5th day of December, 1995, the notice of such meeting was mailed the 3rd day of November, 1995, the total number of votes of Owners of properties (385 lots with 2 votes per lot) substantially affected by the amendment was 770, the total number of votes required to constitute a quorum at a meeting of such Owners was 462, the total number of votes of said Owners present at said meeting was 462, the total number of votes casted for and against such amendment was 462, the total number of votes necessary to adopt such amendment was 308, the total number of votes cast in favor of such amendment was 308, and the total number of the votes cast against such amendment was 4.

WITNESSETH our hands and seals the day and year first above written.

LAKE BADIN ASSOCIATES, a Virginia General Partnership

BY:
DOMINION LANDS, INC., a General Partner

By:
Title
Attest:
Title

UWHARRIE POINT COMMUNITY
ASSOCIATION

By:
Title
Attest:
Title

**DECLARATION OF COVENANTS AND RESTRICTIONS
OF THE UWHARRIE POINT COMMUNITY ASSOCIATION, INC.
AND DOMINION LANDS, INC.,
A VIRGINIA CORPORATION**

THIS DECLARATION, made this 25th day of October, 1990 by UWHARRIE POINT COMMUNITY ASSOCIATION, INC., a North Carolina nonprofit corporation, called "Association," and DOMINION LANDS, INC., a Virginia corporation, hereinafter called "Company."

WITNESSETH:

WHEREAS, the Company is the owner of the real property described in Article II of this Declaration and desires to create thereon a planned development community with a balanced representation of residential, commercial, industrial and recreational uses to be known as "Uwharrie Point;"

WHEREAS, the Company desires to provide for the preservation of value and for the maintenance of common facilities and services and for a vehicle for the administration and enforcement of covenants and restrictions;

WHEREAS, the Company has caused to be incorporated under the laws of the State of North Carolina a nonprofit corporation, Uwharrie Point Community Association, Inc., for the purpose of exercising the functions aforesaid which are hereinafter more fully set forth;

NOW, THEREFORE, the Company declares that the real property described in Article II, and such additions thereto as may hereinafter be made pursuant to Article II hereof, is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to the covenants, restrictions, conditions, easements, charges, assessments ("Assessments"), affirmative obligations and liens (all hereinafter sometimes referred to as "the Covenants"). hereinafter set forth.

**ARTICLE I
DEFINITIONS**

The following words and terms, when used in this Declaration or any supplemental declaration (unless the context shall clearly indicate otherwise), shall have the following meanings:

- (a) "Association" shall mean and refer to Uwharrie Point Community Association, Inc., a North Carolina nonprofit corporation, its successors and assigns.
- (b) "Uwharrie Point" shall mean and refer to the lands in Montgomery County, North Carolina, which are shown as a part of Uwharrie Point on the Company's Master Plan as revised from time to time.
- (c) "Company" shall mean Dominion Lands, Inc., a Virginia corporation, its successors and assigns.
- (d) "Developer" shall mean Dominion Lands, Inc., a Virginia corporation, its successors and assigns.
- (e) "Affiliate" shall mean any corporation more than fifty percent (50%) of the voting stock of which is owned or controlled by the Company or the Developer, and any partnership or joint venture in which the Company or the Developer has more than a fifty percent (50%) equity interest or an interest in fifty percent (50%) or more of the cash flow from such partnership or joint venture.

(f) The "Properties" shall mean and refer to the Existing Property described in Article II hereof, and additions thereto, as are subjected to this Declaration or any Supplementary Declaration under the provisions of Article II hereof.

(g) "Residential Lot" shall mean any subdivided parcel of land located within the Properties for which no building permit has been issued by the appropriate governmental authorities and which parcel is intended for use as a site for a Single Family Detached Dwelling, Single Family "D" Duplex Unit, or Patio Home (or Zero lot line) as shown upon any recorded final subdivision map or any part of the Properties. No parcel shall, however, be classified as a Residential Lot until the first day of the quarter of the year following after all of the following have occurred;

(1) Recording of a Plat in the Office of the Register of Deeds of Montgomery County, North Carolina, showing such Residential Lot;

(2) The Lot has been placed on an "Inventory List" (as defined in Section 3 (c) of Article (v) of lots for sale submitted to the Association by the Company, the Company's Affiliates, the Developer or the Developer's Affiliates) in those cases where the Lot is owned by the Company, the Company's Affiliates, the Developer or the Developer's Affiliates.

(3) The Lot is sufficiently developed to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as a Residential Lot in those cases where the Lot is owned by any third party other than the Company, the Company's Affiliates, the Developer or the Developer's Affiliates.

(h) "Multiple-Family Tract" shall mean any unimproved parcel of land located within the Properties intended for development of Attached Residential Units, including townhouses, condominiums and apartments as defined and controlled by the applicable zoning for Uwharrie Point. For the purposes of this Declaration, a parcel of land shall not be deemed a "Multiple-Family Tract" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property for Multiple-Family use is recorded in the Office of the Register of Deeds of Montgomery County, North Carolina, provided, however, that any property within said parcel of land which also qualifies as an "Exempt Property" as defined in paragraph (n) of this Article I shall not be deemed part of said Multiple-Family Tract for the purposes of calculating Assessments or votes. A Multiple-Family Tract, or portions of said Multiple-Family Tract, shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties as defined in Section 3(d) of Article V.

(i) "Public or Commercial Site" shall mean any unimproved parcel of land within the Properties, intended for use as a site for improvements designed to accommodate commercial, governmental or business enterprises to serve Residents of Uwharrie Point and/or the public, including, but not limited to: business and professional office; facilities for the retail sale of goods and services; banks and other financial institutions; social clubs; restaurants; hotels, motels, inns; theaters; lounges; indoor and outdoor recreational facilities; hospitals and medical clinics; laboratories and other research and development facilities; commercial warehouses; transportation terminals or stations; automobile parking facilities, gasoline stations, industrial plants; and residential dwelling units within multi-use public or commercial buildings or facilities; provided, however, that a "Public or Commercial Site" shall not include property upon which improvements are to be built which also qualifies as a Multiple-Family Tract, nor shall it include any property which also qualifies as "Exempt Property" as defined in paragraph (n) of this Article I. For the purposes of this Declaration, a parcel of land shall not be deemed

a "Public or Commercial Site" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a Public or Commercial Site is recorded in the office of the Register of Deeds of Montgomery County, North Carolina. A Public or Commercial Site, or portions of said Site, shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties as defined in Section 3(e) of Article V.

(j) "Development Unit Parcel" shall mean and refer to any parcel or tract of land within the Properties conveyed by the Company to any third party under Covenants and Restrictions permitting the division of such parcel or tract into smaller land units such as Residential Lots, Multiple-Family Tracts, or Public or Commercial Sites. For the purposes of this Declaration, a parcel of land shall not be deemed a "Development Unit Parcel" until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a development Unit Parcel is recorded in the Office of the Register of Deeds of Montgomery County, North Carolina; provided, however, that a "Development Unit Parcel" shall not include any property which also qualifies as "Exempt Property" as defined in paragraph (n) of this Article I. A Development Unit Parcel, or portions thereof, shall remain classified as such until further subdivided and classifiable as a Residential Lot or Lots, Multiple-Family Tract, or Public or Commercial Site pursuant to Section 3(h) of Article V.

(k) "Unsubdivided Land" shall mean and refer to all land in the Existing Property described in Article II hereof, and additions thereto, as are subjected to this Declaration or any supplemental declaration under the provisions of Article II hereof, which has not been subdivided into and classified as Residential Lots, Multiple-Family Tracts, Public or Commercial Sites, or Development Unit Parcels, through metes and bounds subdivision plats recorded in the Office of the Register of Deeds of Montgomery County, North Carolina; provided, however, that "Unsubdivided Land" shall not include any property which also qualifies as "Exempt Property" in paragraph (n) of this Article I. Unsubdivided Land, or portions thereof, shall remain classified as such until subdivided and classifiable as a Residential Lot or Lots, Multiple-Family Tract, Public or Commercial Site, or Development Unit Parcel pursuant to Section 3 of Article V.

(l) "Family Dwelling Unit" shall mean and refer to any improved property or any property formerly classified a Residential Lot for which a building permit has been issued by the appropriate governmental authorities, which property is located within the Properties and intended for use as a Single Family Dwelling, including without limitation, any Single-Family Detached Dwelling, Single Family "D" Duplex Unit, Patio Home (or Zero lot line) , Condominium Unit, Townhouse Unit, Cooperative Apartment Unit or Apartment Unit located within the Properties.

(m) "Public or Commercial Unit" shall mean and include any improved parcel of land within the Properties which is intended and designed to accommodate public, commercial, governmental or business enterprises to serve Residents and/or the public, including, but not limited to, all those enterprises enumerated in subparagraph (i); provided, however, that a "Public or Commercial Unit" shall not include any property which also qualifies as "Exempt Property" as defined in paragraph (n) of this Article I. A parcel of land shall not be deemed to be improved until the improvements being constructed on said parcel are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties.

(n) "Exempt Property" shall mean and refer to the following classifications of property within the Properties which, for the purposes of this Declaration, shall not be deemed "Multiple-Family Tracts," "Public or Commercial Sites," "Development Unit Parcels," "Unsubdivided Land," or "Public or Commercial Units" and shall be expressly excepted from the definitions thereof:

(1) All land designated on the Master Plan for intended use, or by actual use if applicable, for (i) indoor and outdoor recreational and community facilities owned and operated by the Company, the Company's Affiliates, the Developer, the Developer's Affiliates, the Associations and any other homeowners association (hereinafter referred to as "Homeowners Association") organized by the Company or by others with the consent of the Company within the Properties if such Homeowners Association operates such facilities for the private use of its members or the Members of the Association, including, but not limited to, marinas, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, gymnasiums, golf courses, ice skating rinks, and any showers, locker rooms or other club facilities associated with such uses, putting greens, playgrounds, ball fields, spectator viewing pavilions, gazebos, picnic shelters, picnic tables, parks, horseback riding stables, riding arenas, riding trails, walking trails, bike trails, boardwalks, decks, bicycle rental facilities, operating farms and/or animal pastures, wildlife conservancies and feeding stations, nature interpretive areas, amphitheaters, community meeting facilities, and all rest room facilities, parking lots, service buildings and concession-type food services associated with all such uses; and (ii) places of worship; libraries; fire stations and rescue squads; post offices; day care centers, nursery schools, and other schools and instructional centers; nonprofit or charitable community, civil or cultural clubs and institutions; and other similar community facilities which the Board of Directors, in its sole and uncontrolled discretion, may designate as Exempt Properties;

(2) All lands and any improvements thereon designated in any way as Common Properties or Restricted Common Properties;

(3) All lands and any improvements thereon committed to the Association through express written notification by the Company to the Association of intent to convey to the Association, including, without limitation, Intended Common Properties and Intended Restricted Common Properties;

(4) All lands designated on the Master Plan or on recorded plats as Open Space or Private Open Space (hereinafter referred to, respectively, as "Open Space Areas" and "Private Open Space Areas") as defined in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point, and any improvements thereon which are defined in subparagraph (1) of this paragraph (n);

(5) Property which is used for the maintenance, operation and service of facilities with Common Properties, Restricted Common Properties, Intended Common Properties, and Intended Restricted Common Properties and facilities within Open Space Areas which are defined in subparagraph (1) of this paragraph (n);

(6) Property which is used for the maintenance, operation and service of utilities within the Properties;

(o) "Owner" shall mean and refer to the Owner as shown by the Real Estate Records in the office of the Register of Deeds of Montgomery County, North Carolina, whether it be one (1) or more persons, firms, associations, corporations or other legal entities of fee simple title to any Residential Lot, Family

Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel or Unsubdivided Land situated upon the Properties but, notwithstanding any applicable theory of a deed of trust, shall not mean or refer to the mortgagee or holder of a deed of trust, its successors or assigns, unless and pursuant to foreclosure or a proceeding or deed in lieu of foreclosure; nor shall the term "Owner" mean or refer to any lessee or Tenant of an Owner. In the event that there is recorded in the Office of the Register of Deeds of Montgomery County, North Carolina, a long-term contract of sale covering any Lot or Parcel of land within the Properties, the Owner of such Lot or Parcel of land shall be the Purchaser under said contract and not the fee simple title holder. A long-term contract of sale shall be one where the Purchaser is required to make payments for the Property or a period extending beyond nine (9) months from the date of the contract and where the Purchaser does not receive title to the Property until all such payments are made, although the Purchaser is given the use of said Property.

(p) "Tenant" shall mean and refer to the lessee under a written agreement for the rent and hire of a Family Dwelling Unit or Public or Commercial Unit in Uwharrie Point.

(q) "Resident" shall mean and refer to each owner and Tenant of a Family Dwelling Unit who resides in Uwharrie Point.

(r) "Member" shall mean and refer to all those Owners and Tenants who are Members of the Association as defined in Section 1 of Article III.

(s) "Master Plan" shall mean and refer to the drawing which represents the conceptual plan for the future development of Uwharrie Point. Since the concept of the future development of Uwharrie Point is subject to continuing revision and change by the Company, present and future references to the "Master Plan" shall be references to the latest revision thereof.

(t) "Intended for Use" shall mean the use intended for various parcels within the Properties as shown on the Master Plan of Uwharrie Point prepared by the Company as the same may be revised from time to time by the Company, or the use to which any particular parcel of land is restricted by Covenants expressly set forth or incorporated by reference in deeds by which the Company has conveyed the property.

(u) "Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are deeded to the Association and designated in said deed or lease as "Common Properties." The term "Common Properties" shall also include any personal property acquired or leased by the Association if said property is designated a "Common Property." All Common Properties are to be devoted to and intended for the common use and enjoyment of the Members of the Association, their guests and visiting members of the general public (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association. Common Properties shall not include those tracts of land falling within the definition of "Restricted Common Properties" set forth below. Common properties expressly include the private road system.

(v) "Restricted Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are deeded to the Association and designated in such deed or lease as "Restricted Common Properties." The term "Restricted Common Properties" shall also include any personal property acquired or leased by the Association if said property is designated a "Restricted Common Property." All Restricted Common Properties are to be devoted to, and intended for the common use and enjoyment of, Type "A" Members of the Association, guests accompanying such Members and the Company, so long as the Company is a Type "A" Member of the Association, with all use of Restricted Common Properties to be subject to the fee schedules and operating rules adopted by the Association.

Any lands or personal property which are leased by the Association for use as Restricted Common Properties shall lose their character as Restricted Common Properties upon the expiration of such lease.

(w) "Intended Common Property" shall mean and refer to those tracts of land and any improvements thereon committed to the Association through express written notification by the Company to the Association of intent to convey said property to the Association as a Common Property.

(x) "Intended Restricted Common Property" shall mean and refer to those tracts of land and any improvements thereon committed to the Association through express written notification by the Company to the Association of intent to convey said property to the Association as a Restricted Common Property.

(y) "Neighborhood Area" shall mean and refer to areas in Uwharrie Point designated as neighborhoods on the Master Plan and subdivision plats recorded in the Office of the Register of Deeds of Montgomery County, North Carolina.

(z) "Referendum" shall mean and refer to the power of all, or some specific portion of, the Members to vote by mailed ballots on certain actions by the Board of Directors of the Association more particularly set forth herein. In the event fifty-one percent (51%) of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members provided, however, that if a higher percentage required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance.

ARTICLE II EXISTING PROPERTY AND ADDITIONS

Section 1. Existing Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased, occupied and used subject to these Covenants is described as follows:

All that tract or parcel of land, situate, lying and being in Montgomery County, North Carolina, which is more particularly described in Exhibit "A" attached hereto and by specific reference made a part hereof. All of the real property hereinabove described shall sometimes be referred to herein as the "Existing Property." The Company intends to develop the Existing Property in accordance with a Master Plan prepared in its Planning Department and placed on display in its Reception and Sales Office and other areas. The Company reserves the right to review and modify the Master Plan at its sole option from time to time based upon its continuing research and design program. The Master Plan shall not bind the Company, its successors and assigns to adhere to the Master Plan in the development of the land shown thereon. Subject to its right to modify the Master Plan as stated herein, the Company shall convey to the Association certain properties designated on the Master Plan as properties which may be transferred to the Association as, in the reasonable exercise of its discretion, it so chooses without regard to the relative location of such portions or sections within the overall plan. Once conveyed to the Association, these properties shall become Common Properties or Restricted Common Properties, as the case may be. The Company shall not be required to follow any predetermined sequence or order of improvements and development, and it may bring within the plan of these Covenants additional lands and develop the same before completing the development of the Existing Property. Other than as stated in this paragraph, the Company shall have full power to add to, subtract from or make changes in the Master Plan regardless of the fact that such actions may later affect the relative maximum potential voting strength of the various types of membership of the Association.

Section 2. Additions to Existing Property. Additional lands may become subject to, but not limited to, this Declaration in the following manner;

- (a) Additions. During the period of development, which shall by definition extend from date to January 1, 2005, the Company, its successors and assigns shall have the right, without further consent of the Association, to bring within the plan and operation of this Declaration additional property. Such property may be subjected to this Declaration as one parcel or as several smaller parcels at different times. The additions of such property authorized under this paragraph may increase the cumulative maximum number of Residential Lots and Family Dwelling Units authorized in the Properties and, therefore, may alter the relative maximum potential voting strength of the various types of membership of the Association.

The additions authorized under this and the succeeding subsection shall be made by recording a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of this Declaration to such additional property. The Supplementary Declaration of the Covenants and Restrictions may contain such complimentary additions and/or modifications as may be necessary or convenient, in the sole judgment of the Company, to reflect the different character, if any, of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Section 1, Article II above, or upon any other additions to the Properties.

- (b) Other Additions. Upon approval in writing of the Association pursuant to a simple majority of the vote of those present at a duly called meeting, the owner of any property who desires to add such property to the plan and operation of this Declaration and to subject it to the jurisdiction of the Association, shall record a Supplementary Declaration of Covenants and Restrictions with respect to the additional property which shall extend the operation and effect of the Covenants and Restrictions of this Declaration to such additional property. The additions of such property authorized under this paragraph may increase the cumulative maximum number of Residential Lots and Family Dwelling Units authorized in the Properties, and therefore, may alter the relative maximum potential voting strength of the various types of membership of the Association. The Supplementary Declaration may contain such complementary additions and/or modifications of the Covenants and Restrictions contained in this Declaration as may be necessary or convenient for the inclusion to Uwharrie Point of the added properties and as are not inconsistent with the plan of this Declaration, but such modifications shall have no effect upon the Property described in Section 1, Article II above, or upon any other additions to the Properties.

- (c) Mergers. Upon merger or consolidation of the Association with another association, as provided for in the By-Laws of the Association, its property rights and obligations may, by operation of law, be transferred to another surviving or consolidated association, or in the alternative, the properties, rights and obligations of another association may, by operation of law, be added to the properties of the Association as a surviving corporation pursuant to a merger. The surviving or consolidated association may administer the Existing property, together with the Covenants and Restrictions established upon any other properties, as one plan. No merger or consolidation shall effect any revocation, within the Existing Property, including, without limitation, the maximum limits on Assessments and dues of the Association, or any other matter substantially affecting the interests of Members of the Association.

- (d) Additional lands which become subject to this Declaration under the provisions of this Section II may in the future be referred to as a part of Uwharrie Point. Also, the name "Uwharrie Point" may be used by the Company to refer to other nearby properties not subject to this Declaration.

ARTICLE III MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership The Company shall be a Member of the Association, and a creditor who acquires title to the Properties or any portion thereof pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, shall be a Member of the Association. Every Owner and Tenant, unless otherwise specified, shall be a Member of the Association. Every owner shall be required to submit the name(s) of his Tenant(s) and the duration of their tenancy to the Secretary of the Association. The Association may issue to each Member a membership card which shall expire upon termination of a Tenant's Lease or upon sale by an Owner of his property in Uwharrie Point. Tenants of Public or Commercial Units and Owners or Tenants who are exempt from the payment of Assessments shall not be Members of the Association unless otherwise specified herein.

Section 2. Voting Rights. The Association shall have four (4) types of regular voting membership and one (1) type of special voting membership which provides the Company, its successors and assigns with the power to elect a portion of the Board of Directors:

TYPE "A": Type "A" Members shall be all Owners including the Company, its successors and assigns of Residential Lots and Family Dwelling Units. A Type "A" Member shall be entitled to two (2) votes for each Family Dwelling Unit which he owns.

TYPE "B": Type "B" Members shall be all those Owners including the Company, its successors and assigns of platted Public or Commercial Sites and Multiple-Family Tracts. A Type "B" Member shall be entitled to one (1) vote for each One Hundred Dollars (\$100.00) in Annual Assessments paid to the Association. In computing the number of votes to which a Type "B" Member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest One Hundred Dollars (\$100.00).

TYPE "C": Type "C" Members shall be all those Owners including the Company, its successors and assigns of Public or Commercial Units. A Type "C" Member shall be entitled to one (1) vote for each One Hundred Dollars (\$100.00) in Annual Assessments paid to the Association. In computing the number of votes to which a Type "C" Member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest One Hundred Dollars (\$100.00).

TYPE "D": Type "D" Members shall include all those Owners including the Company, its successors and assigns of Unsubdivided Lands and Development Unit Parcels held and intended for future development by the Company or a third party. A Type "D" Member shall be entitled to one (1) vote for each One Hundred Dollars (\$100.00) of Annual Assessments paid to the Association. In computing the number of votes to which a Type "D" member shall be entitled, the amount of the Assessment paid shall be rounded to the nearest One Hundred Dollars (\$100.00).

TYPE "E": The Type "E" Member shall be the Company its successors and assigns. The Type "E" Member shall be entitled to elect a portion of the Board of Directors as set out in Section 4 of this Article III. Payment of Special Assessments shall not entitle type "A," "B," "C" and "D" Members to additional votes. When any property entitling the Owner to membership as a Type "A," "B," "C" and "D" Member of the Association is owned of record in the name of two (2) or more persons or

entities, whether fiduciaries, joint tenants, tenants in common, tenants in partnership or in any other manner of joint or common ownership, or if two (2) or more persons or entities have the same fiduciary relationship respecting the same property, then unless the instrument or order appointing them or creating the tenancy otherwise directs and it or a copy thereof is filed with the Secretary of the Association, their acts with respect to voting shall have the following effect:

- (1) If only one (1) votes, in person or by proxy, his act shall bind all;
- (2) If more than one (1) votes, in person or by proxy, the act of the majority so voting shall bind all;
- (2) If more than one (1) votes, in person or by proxy, but the vote is evenly split on any particular matter, each fraction shall be entitled to its proportionate share of the vote or votes;
- (4) If the instrument or order filed with the Secretary of the Association shows that any such Tenancy is held in unequal interest, a majority or even split under subparagraphs (2) and (3) immediately above shall be a majority or even split in interest in the property to which the vote(s) is attributable;
- (5) The principles of this paragraph shall apply, insofar as possible, to execution of proxies, waivers, consents or objections, and for the purpose of ascertaining the presence of a quorum.

The voting rights of any Owner may be assigned by said Owner to his lessee; provided, however, that the Owner may not assign to such lessee any vote or votes not attributable to the property actually leased by such lessee. The Type "A," "B," "C" and "D" Members are sometimes hereinafter collectively referred to as the "Members."

Section 3. Governance. The Association shall be governed by a Board of Directors consisting of three (3), five (5), seven (7) or nine (9) Members. The number and term of such Directors is to be determined in accordance with the provisions of the Articles of Incorporation of the Association. Except as may be otherwise provided in the Articles of Incorporation, there shall be two (2) classes of Directors: Class I Directors shall be elected by the Type "A," "B," "C" and "D" Members, and Class II Directors shall be elected by the Type "E" Members.

Section 4. Election of The Board of Directors. (a) Each Member of Type "A," "B," "C" and "D" Membership classes shall be entitled to as many votes as equals the total number of votes he is entitled to based on his Ownership of or Tenancy in one (1) or more of the various classifications of property as computed by the formula set out hereinabove in Section 2 hereof. Each Member may cast the total number of votes to which he is entitled for each vacancy to be filled by a Class I Director. Cumulative voting shall not be allowed. Members, except the Type "E" Membership, are divided into classes for the purpose of computing voting rights and shall not vote as a class.

The Type "A," "B," "C" and "D" Members shall elect the Class I Director(s), and the Type "E" Member shall elect the class II Director(s) according to the following formula:

- (1) The number of Class I Directors shall be determined by (a) dividing (i) the number of Residential Lots and Family Dwelling Units owned by Type "A" Members by (ii) the cumulative maximum number of Residential Lots and Family Dwelling Units authorized by the Zoning Ordinances of the County

- of Montgomery as of May 1, 1988 and (b) then multiplying the resulting quotient by the total number of Directors, and (c) rounding the result to the nearest whole number, e.g., 1.49 = 1 and 1.50 = 2.
- (2) The number of Class II Directors shall be determined by subtracting the number of Class I Directors from the total number of Directors. The Class II Directors shall be elected by the Type "E" Member.
 - (3) For the purposes of this formula, the number of Residential Lots and Family Dwelling Units owned by Type "A" Members and the cumulative maximum number of Residential Lots and Family Dwelling Units authorized in the Properties shall be determined by the Board of directors as of the date on which notice of the meeting of the Members at which the Board of directors is to be elected is mailed.

Section 5. Members to Have Power of Referendum in Certain Instances. Where specifically provided for herein, the Members, or some specific portion thereof, shall have the power to approve or reject certain actions proposed to be taken by the Association by Referendum. In the event fifty-one percent (51%) or more of the votes actually returned to the Association within the specified time shall be in favor of such action, the Referendum shall be deemed to "pass" and the action voted upon will be deemed to have been authorized by the Members; provided, however, that if a higher percentage vote required to "pass" shall be specifically expressed herein, that higher percentage shall control in that instance. The Board of Directors may not undertake any action requiring a Referendum without complying with the provisions herefor. At any time that the Type "A," "B," "C" and "D" members have the ability to elect a majority of the Board of Directors, the Members may require a Referendum on any action of the Board of Directors by presenting to the Secretary of the Board, within thirty (30) days of the taking of such action or ratification by the Board of its intent to take such action, a petition signed by not less than twenty-five (25%) percent of the Members.

Section 6. Quorum Required for Any Action Authorized at Regular or Special Meetings of the Association. The quorum required for any action which is subject to a vote of the members at an open meeting of the Association (as distinguished from the Referendum) shall be as follows:

- (a) The first time a meeting of the Members of the Association is called to vote on (i) an increase in the Maximum Regular Annual Assessment greater than that provided for by subparagraph (o) of Section 3 of Article V hereof, (ii) a Special Assessment as provided for by Section 4 of Article V hereof, (iii) the gift or sale of any parcel of land and improvements thereon designated as a Common Property or Restricted Common Property as provided for by subparagraph (f) of Section 4 of Article IV hereof, (iv) an Amendment to this Declaration as provided for by Section 2 of Article VIII hereof, or (v) the termination of this Declaration as provided by Section 1 of Article VIII hereof, the presence at the meeting of Members or proxies entitled to cast sixty percent (60%) of the total vote of the Membership required for such action shall constitute a quorum.
- (b) The first time a meeting of the Members of the Association is called to vote on any action proposed to be taken by the Association, other than that described in subparagraph (a) above, the presence at the meeting of Members or proxies entitled to cast thirty percent (30%) of the total vote of the Membership required for such action shall constitute a quorum.

If the required quorum is not present at any meeting described in subparagraphs (a) or (b) above, with the exception of any meeting called to vote on the termination of this Declaration described in subparagraph (a)(v) above, another meeting or meetings may be called subject to the giving of proper

notice, and the required quorum at such subsequent meeting or meetings shall be one-half (1/2) of the required quorum at the preceding meeting.

Unless otherwise provided, any reference hereafter to "votes cast at a duly called meeting" shall be construed to be subject to the quorum requirements established by this Article III, Section 6, and any other requirements for such "duly called meeting" which may be established by the By-Laws of the Association. For the purpose of this section, "proper notice" shall be deemed to be given when given each Member not less than thirty (30) days prior to the date of the meeting at which any proposed action is to be considered.

Section 7. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing, provided, however, that Proxies shall not be required for any action which is subject to a Referendum, in which case the votes of all the Members polled shall be made by specifically provided ballots mailed or delivered to the Association.

Section 8. Ballots by Mail. When required by the Board of Directors, there shall be sent with notices of regular or special meetings of the Association, a statement of certain motions to be introduced for vote of the Members and a ballot on which each Member may vote for or against each such motion. Each ballot which is presented at such meeting shall be counted in calculating the quorum requirements set out in Section 6 of this Article III. Provided, however, such ballots shall not be counted in determining whether a quorum is present to vote upon motions not appearing on the ballot.

ARTICLE IV PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easements of Enjoyment in Common Properties. Subject to the provisions of these Covenants, the rules and regulations of the Association, any fees or charges established by the Association, every Type "A," "B," "C," "D" and "E" Member and every guest of such Type "A" shall have an easement of enjoyment in and to the Common Properties, and such easement shall be appurtenant to and shall pass with the title of every Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel, or any Unsubdivided Land.

Employees of the Type "E" Member and its agent, the Developer, shall have access to and enjoyment of the Common Properties subject to rules and regulations and user fees established by the Board of Directors.

A Member's spouse, parent and children who reside with such Member shall have the same easement of enjoyment hereunder as a Member.

In those instances where a Residential Lot or Family Dwelling Unit or other property in Uwharrie Point is owned or occupied as a Tenant by two (2) or more persons (who do not have the relationship of spouse, parent or child, one to the other) or by a corporation, such joint owners and corporations shall annually appoint one (1) person as the "Primary Member." Such Primary Member shall have the same easement of enjoyment in the Common Properties as Members who own or occupy such property singularly. The remaining Joint Members and Tenants and the principal officers of such corporation shall be entitled to an easement of enjoyment in the Common Properties by:

- (1) Paying the same use fees as guest of Members, or

- (2) By paying to the Association annually an amount equal to the Annual Assessment charged against the property in which he or she owns a fractional interest or occupies as a Tenant. The payment of such amount shall not entitle such remaining Joint Members, Tenants or principal officers to additional votes in the Association.

As determined in the sole and uncontrolled discretion of the Board of Directors, certain Owners of Exempt Properties, and certain Tenants and guests, may have access to and enjoyment of the Common Properties subject to rules and regulations and user fees established by the Board of Directors.

Section 2. Members' Easements of Enjoyment in Restricted Common Properties. Subject to the provisions of these covenants, the rules and regulations of the Association, and any fees or charges established by the Association, every Type "A" Member, but not Type "B," "C" or "D" Member, shall have a right and easement of enjoyment in and to the Restricted Common Properties and such easement shall be appurtenant to and shall pass with the title of every Residential Lot and Family Dwelling Unit. By an affirmative vote of seventy-five percent (75%) of the votes cast at a meeting of the Association called for the purpose of voting on such proposal, a "Restricted Common Property" may be changed into an unrestricted "Common Property." Employees of the Company and its agent, the Developer, shall have access to and enjoyment of the Restricted Common Properties so long as the Company is a Type "A" Member, subject to rules, regulations and user fees established by the Board of Directors.

Section 3. Title to Common Properties and Restricted Common Properties.

- (a) The Company covenants for itself, its successors and assigns that it shall convey by deed to the Association, at no cost to the Association and subject to (i) all restrictions and limitations imposed by the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point, including, without limitation, all rights of easement and rights of entry reserved unto the Company, its successors and assigns, in said Declaration, (ii) all other restrictions and limitations of record at the time of conveyance, (iii) any restrictions, limitations conditions, or determinations as to the purposes and uses of the conveyed properties as stipulated in said deed, (iv) any commitments by the Company to construct certain improvements thereon as stipulated in said deed, those Intended Common Properties and Intended Restricted Common Properties described in Section 5 of this Article IV hereof, and any other parcels of land and any improvements thereon now or hereafter designated as Intended Common Properties or Intended Restricted Common Properties; and, upon such conveyance, such parcels of land and any improvements thereon shall become Common Properties or Restricted Common Properties as designated in said deed.
- (b) The Association shall not refuse the designation of any parcel of land or any improvements thereon as an Intended Common Property or Intended Restricted Common Property through the express written notification by the Company to the Association of intent to convey said property to the Association, and, further, the Association shall not refuse to accept any Intended Common Property or Intended Restricted Common Property as a Common Property or Restricted Common Property at such time as the Company, in its sole and uncontrolled discretion, deems it advisable to convey such property to the Association.
- (c) Upon conveyance of any parcel of land and any improvements thereon as a Common Property or Restricted Common Property by the Company or any other third party, the Association shall immediately become responsible for all maintenance and

operation of said property, and for such additional construction of improvements thereon as may be authorized by the Association's Board of Directors subject to the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point. It is the purpose of this provision to provide that the Association shall be responsible for all maintenance and operation of all Common Properties, Restricted Common Properties.

- (d) Notwithstanding anything in the foregoing to the contrary, the Company reserves unto itself, its successors and assigns, and agents, the right to enter upon any Intended Common Property, Intended Restricted Common Property, Common Property or Restricted Common Property for the purpose of constructing indoor and outdoor recreational and community facilities thereon, including, but not limited to, marinas, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, gymnasiums, golf courses, ice skating rinks, and any showers, locker rooms or other club facilities associated with such uses, putting greens, playgrounds, ball fields, spectator viewing pavilions, gazebos, picnic shelters, picnic tables, parks, horseback riding stables, riding arenas, riding trails, walking trails, bike trails, boardwalks, decks, boating facilities, boat rental facilities, boat and trailer storage facilities, bicycle rental facilities, operating farms and/or animal pastures, wildlife conservancies and feeding stations, nature interpretive areas, amphitheaters, community meeting facilities, and all rest room facilities, parking lots, service buildings and concession-type food services associated with all such uses. The provisions of this paragraph shall in no way create any obligation on the part of the Company to construct any such facilities on said properties.
- (e) Natural areas, trail areas, etc. may be designated from time to time as Intended Common Properties or Intended Restricted Common Properties and shall be conveyed in large or small parcels from time to time after the Company has completed the surveying and plotting of all adjacent subdivisions for Single Family Detached, Single Family "D" Duplex, and Patio Home (or Zero Lot Line) housing areas, Multiple-Family Tracts, Public or Commercial Sites or Development Unit Parcels which may abut such natural areas, trail areas, etc. Written notification designating such properties as Intended Common Properties or Intended Restricted Common Properties will not normally show metes and bounds and, in any event, the metes and bounds as shown on the recorded plat and deed to the Association shall govern.

Section 4. Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to the following:

- (a) The right of the Association, in accordance with its By-Laws, to borrow money from the Company or any lender for the purpose of improving and/or maintaining the Common Properties and Restricted Common Properties, and providing services authorized herein and in aid thereof to mortgage said properties provided, however, that any such mortgage is with the prior consent of two-thirds (2/3) of the Members of the Association, which consent may be evidenced by petition or by an affirmative vote of two-thirds (2/3) of the Members voting in person or by proxy at a duly called meeting of the Association; and
- (b) The right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosure; and
- (c) The right of the Association to suspend the rights and easements of enjoyment of any Member or Tenant or guest of any Member for any period during which the payment of any Assessment against property owned by such Member remains delinquent, and for any period not to exceed

sixty (60) days for any infraction of its published rules and regulations, it being understood that any suspension for either nonpayment of any Assessment or a breach of the rules and regulations of the Association shall not constitute a waiver or discharge of the Member's obligation to pay the Assessment, and provided that the Association shall not suspend the right to use any roads belonging to the Association subject to the rules, regulations and fees, if any, established by the Association for such use.

- (c) The right of the Association to charge reasonable admission and other fees for the use of recreational facilities and services on the Common Properties and Restricted Common Properties.
- (e) The right of the Company or the Association by its Board of Directors to dedicate or transfer to any public or private utility, utility or drainage easements on any part of the Common Properties and Restricted Common Properties.
- (f) The right of the Association to give or sell all or any part of the Common Properties and Restricted Common Properties, including leasehold interests, subject to (i) the limitations and restrictions imposed by the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point and (ii) all other restrictions and limitations of record at the time of conveyance, to any public agency, authority, public service district, utility or private concern for such purposes and subject to such conditions as may be agreed to by the Members, provided, however, that no such gift or sale of any parcel of land and improvements thereon, or determination as to the purposes or as to the conditions thereof, shall be effective unless such dedication, transfers and determinations as to purposes and conditions shall be authorized by the affirmative vote of three-fourths (3/4) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6(a), and unless written notice of the meeting and of the proposed agreement and action thereunder is sent to every Member of the Association at least thirty (30) days prior to such meeting. A true copy of such resolution together with a certificate of the results of the vote taken thereon shall be made and acknowledged by the President or Vice President and Secretary or Assistant Secretary of the Association and such certificate shall be annexed to any instrument of dedication or transfer of any parcel of land and improvements thereon affecting the Common Properties or Restricted Common Properties prior to the recording hereof. Such certificates shall be conclusive evidence of authorization by the membership. The gift or sale of any personal property owned by the Association shall be determined by the Board of Directors in its sole and uncontrolled discretion.

Section 5. The Company covenants for itself, its successors and assigns, that, prior to January 1, 2005, it shall convey by deed to the Association, at no cost to the Association, and subject to all the restrictions and limitations of the various Articles of this Declaration and any other restrictions and limitations of record, certain properties designated as Intended Common Properties and Intended Restricted Common Properties as listed below:

- (a) Intended Common Properties. There shall be conveyed to the Association by the Company:
 - (1) All those areas of Open Space or Private Open Space designated as such on the Company's Master Plan or subdivision plats recorded in the Office of the Register of Deeds of Montgomery County, North Carolina.
 - (2) Any other parcel of land and any improvements thereon designated from date until January 1, 2005 as an Intended Common Property through express written notification by the Company to the Association of intent to convey said property to the Association.

- (b) Intended Restricted Common Properties. There shall be conveyed to the Association by the Company any parcel of land and any improvements thereon designated from date until January 1, 2005, as an Intended Restricted Common Property through express written notification by the Company to the Association of intent to convey said property to the Association.

ARTICLE V COVENANTS FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Company covenants, and each Owner of any Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel, or Unsubdivided Land located within the Properties, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to all the terms and provisions of this Declaration and to pay to the Association: (a) Annual Assessments or charges; and (b) Special Assessments or charges for the purposes set forth in this Article, such Assessments to be fixed, established and collected from time to time as hereinafter provided. The Annual and Special Assessments, together with such interest thereon and costs of collection thereof including a reasonable attorney's fee as hereinafter provided, shall be a charge and continuing lien on the real property and improvements thereon against which each such Assessment is made. Each such Assessment, together with such interest thereon and cost of collection thereof including a reasonable attorney's fee as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such real property at the time when the Assessment first became due and payable. In the case of co-ownership of a Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel or any Unsubdivided Land, all of such co-owners shall be jointly and severally liable for the entire amount of the Assessment.

Section 2. Purpose of Assessments. The Annual Assessments levied by the Association shall be used exclusively for the improvement, maintenance, enhancement, enlargement and operation of the Common Properties, Restricted Common Properties, Intended Common Properties and Intended Restricted Common Properties and to provide services which the Association is authorized to provide.

Section 3. Application of Maximum Assessment. The Maximum Regular Annual Assessment, as set forth in the schedule hereinbelow, and as is automatically increased annually pursuant to the provisions of subparagraph (o) below, shall be levied by the Association. If, however, the Board of Directors of the Association, by majority vote, determines that the important and essential functions of the Association may be properly funded by an Assessment less than the Maximum Regular Annual Assessment, it may levy such lesser Assessment; provided, however, so long as the company is engaged in the development of properties which are subject to the terms of this Declaration, the Association may not reduce Assessments below those set out in Section 3 (a) immediately below without the written consent of the Company. The levy of an Assessment less than the Maximum Regular Annual Assessment in one (1) year shall not affect the Board's right to levy an Annual Assessment equal to the Maximum Regular Annual Assessment in subsequent years. If the Board of Directors shall levy less than the Maximum Regular Annual Assessment for any Assessment year, such Annual Assessment shall automatically be ten percent (10%) greater than the Annual Assessment levied for the previous Assessment year; provided, however, that the Board of Directors may, by majority vote, levy a greater or lesser Assessment if it shall determine that the important and essential functions of the Association will be properly funded by such greater or lesser Assessment.

If the Board of Directors shall levy less than the Maximum Regular Annual Assessment for any Assessment year, such Annual Assessment shall automatically be ten percent (10%) greater than the Annual Assessment levied for the previous Assessment year; provided, however, that the Board of Directors may, by majority vote, levy a greater or lesser Assessment if it shall determine that the important and essential functions of the Association will be properly funded by such greater or lesser Assessment.

If the Board of Directors shall levy less than the Maximum Regular Annual Assessment for any Assessment year and, thereafter, during such Assessment year, determine that the important and essential functions of the Association cannot be funded by such lesser Assessment, the Board may, by majority vote, levy a Supplemental Assessment. In no event shall the sum of the initial and Supplemental Assessments for that year exceed the applicable Maximum Regular Annual Assessment.

If the Board of Directors, by majority vote, determines that the important and essential functions of the Association will not be properly funded in any one (1) year, or in any one (1) year and all subsequent years, it may request approval of a specified increase in the Maximum Regular Annual Assessment for either one (1) year only, or for that one (1) year and all subsequent years, by the vote of the Members at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6 (a). Should the Members vote in favor of such proposed increase, it shall be deemed approved and may be levied by the Board. An increase in the Maximum Regular Annual Assessment for one (1) year only pursuant to the provisions hereof shall in no way affect the Maximum Regular Annual Assessment for subsequent years or increases thereof in subsequent years.

- (a) From and after January 1, 1991, the Maximum Regular Annual Assessment shall be the sums calculated in accordance with the following Assessment Schedule, as shall be automatically increased in each instance by an inflation adjuster as set forth in Section 3(a) of this Article, and as may be increased pursuant to the provisions set forth immediately above:

<u>Property Type</u>	<u>Maximum Regular Annual Assessment</u>
Residential Lots	900.00 per Lot
Family Dwelling Units	900.00 per Unit
Public or Commercial Units	.10 per square foot of floor space, but in no event less than 192.00 for each unit
Public or Commercial Sites	192.00 per acre; prorated for part of an acre, but in no event less than 192.00 for each site or Tract
Development Unit Parcels Unsubdivided Land	10.00 per acre

- (b) Property shall not be classified for purposes of these Covenants and these Annual Assessments as a Residential Lot until the first day of the quarter of the year following after all of the following have occurred:

- (1) Recording of a Plat in the Office of the Register of Deeds of Montgomery County, North Carolina, showing such Residential Lot;
 - (2) Approval by the Office of Interstate Land Sales Registration or successor agencies permitting such Residential Lot to be offered for sale in those cases where registration is required by law.
 - (3) The Lot has been placed on an "Inventory List" of lots for sale submitted to the Association by the Company, the Company's Affiliates, the Developer or the Developer's Affiliates in those cases where the Lot is owned by the Company, the Company's Affiliates, the Developer or the Developer's Affiliates.
 - (4) The Lot is sufficiently developed to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as a Residential Lot in those cases where the Lot is owned by any third party other than the Company, the Company's Affiliates, the Developer or the Developer's Affiliates. A Residential Lot shall be deemed to be unimproved and shall not be deemed a Family Dwelling Unit until such time as a building permit has been issued for said property by the appropriate governmental authorities.
- (c) "Inventory List" as used in these Covenants shall mean and refer to a listing of those Residential Lots owned by the Company, the Company's Affiliates, the Developer or the Developer's Affiliates which are available for sale to the purchasers, and which listing is submitted to the Association. The Company reserves for itself, its Affiliates, the Developer and the Developer's Affiliates the right to make additions and deletions from this listing one (1) day prior to the commencement of each quarter.
- (d) Property shall not be classified for the purposes of these Covenants and these Annual Assessments as a Multiple-Family Tract until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property for Multiple-Family use is recorded in the office of the Register of Deeds of Montgomery County, North Carolina; provided, however, that any property within, said parcel of land which also qualifies as an Exempt Property as defined in Section 12 of this Article V shall not be deemed part of said Multiple-Family Tract for the purposes of calculating Assessments or votes. A Multiple-Family Tract, or portions of said Multiple-Family Tract, shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties.

In those cases where the improvements intended on a Multiple-Family Tract include more than one building or structure containing Attached Residential Units, each building or structure shall be deemed to be unimproved until the building or structure is sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties, at which time each and every Attached Residential Unit within said building or structure shall be deemed a Family Dwelling Unit for the purpose of Assessments, and, in addition, the remaining number of acres to be assessed as a Multiple-Family Tract shall be calculated by (a) dividing (i) the number of Family Dwelling Units on the property by (ii) the maximum number of Family Dwelling Units authorized by the Company in the original Multiple-Family Tract, and (b) then multiplying the resulting quotient by the total number of acres in the original Multiple-Family Tract.

At such time as all Attached Residential Units intended for development on a Multiple-Family Tract have been classified as Family Dwelling Units, and the Owner of said Multiple-Family

Tract is able to warrant to the satisfaction of the Board of Directors that (i) no further development of Attached Residential Units shall take place upon said Tract, and (ii) any remaining unimproved acres within said Tract shall not be sold to any other third party for the further development of Attached Residential Units, such owner may apply to the Board of Directors for the release of any remaining unimproved acres within said Tract from the classification of a Multiple-Family Tract, and the Board of Directors may, in its sole and uncontrolled discretion, grant such release.

- (e) Property shall not be classified for the purposes of these Covenants and these Annual Assessments as a Public or Commercial Site until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a Public or Commercial Site is recorded in the Office of the Register of Deeds of Montgomery County, North Carolina; provided, however, that any property within said parcel of land, which also qualifies as an Exempt Property as defined in Section 12 of this Article V, shall not be deemed part of said Public or Commercial Site for the purposes of calculating Assessments or votes. A Public or Commercial Site, or portions of said Site, shall be deemed to be unimproved until the improvements being constructed thereon are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties.

In those cases where the improvements intended on a Public or Commercial Site include more than one building, structure or phase or group of improved units, each building, structure or phase or group of units shall be deemed to be unimproved until the building, structure or phase or group of units is sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of directors, as improved properties, at which time each and every improved unit within said building, structure or phase or group of units shall be deemed a Public or Commercial Unit or a Family Dwelling Unit for the purpose of Assessments, and in addition, the remaining number of acres to be assessed as a Public or Commercial Site shall be calculated by subtracting (i) the number of acres within the Site upon which Public or Commercial Units and Family Dwelling Units have actually been developed from (ii) the total number of acres in the original Public or Commercial Site. At such time as all public or commercial buildings and facilities and all residential dwelling units intended for development on a Public or Commercial Site have been classified as Public or Commercial Units or Family Dwelling Units, and the Owner of said Public or Commercial Site is able to warrant to the satisfaction of the Board of Directors that (i) no further development of Public or Commercial Units or Family Dwelling Units shall take place on said Site, and (ii) any remaining unimproved acres within said Site shall not be sold to any other third party for further development of Public or Commercial Units or Family Dwelling Units, then said owner may apply to the Board of Directors for the release of any remaining acres in said Site from the classification of a Public or Commercial Site, and the Board of Directors may, in its sole and uncontrolled discretion, grant such release.

- (f) Property shall not be classified for purposes of these Covenants and these Annual Assessments as a Family Dwelling Unit until (i) the improvements being constructed on a Multiple-Family Tract or Public or Commercial Site are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties as defined in subparagraphs (d) and (e) hereinabove, or (ii) a building permit has been issued by the appropriate governmental authorities for a property formerly deemed a Residential Lot as defined in subparagraph (b) hereinabove.
- (g) Property shall not be classified for purposes of these Covenants and these Annual Assessments as a Public or Commercial Unit until the improvements being constructed on a Public or

Commercial Site are sufficiently complete to be subject to Assessment, in the sole and uncontrolled discretion of the Board of Directors, as improved properties as defined in subparagraph (e) hereinabove.

- (h) Property shall not be classified for purposes of these Covenants and these Annual Assessments as a Development Unit Parcel until such time as its exact metes and bounds have been surveyed and a plat thereof identifying or designating such property as a Development Unit Parcel is recorded in the Office of the Register of Deeds in Montgomery County, North Carolina; provided, however, that any property within said parcel of land which also qualifies as an Exempt Property, as defined in Section 12 of this Article V, shall not be deemed part of said Development Unit Parcel for the purpose of calculating Assessments or votes. At such time as a Development Unit Parcel, or a portion of said Development Unit Parcel, is further subdivided and classifiable as a Residential Lot or Lots, Multiple-Family Tract or Public or Commercial Site, said property, or such portion of said property, shall then be classified as a Residential Lot or Lots, Multiple-Family Tract or Public or Commercial Site, and in addition, the remaining number of acres to be assessed as a Development Unit Parcel shall be calculated by subtracting (i) the number acres within the property which have been classified as a Residential Lot or Lots, Multiple-Family Tract or Public or Commercial Site from (ii) the total number of acres within the original Development Unit Parcel.
- (i) For purposes of these Covenants and these Annual Assessments, all properties which have not been subdivided into and classified as Residential Lots, Multiple-Family Tracts, Public or Commercial Sites or Development Unit Parcels shall be classified as Unsubdivided Land; provided, however, that Unsubdivided land shall not include any property which also qualifies as Exempt Property as defined in Section 12 of this Article V.
- (j) Assessments shall be billed annually, quarterly, monthly or on such other basis as may be determined by the Board of Directors. The billing schedule shall be the same for all properties of a specified category; however, the Board of Directors, in its discretion, may establish different schedules for the billing of Assessments due from different categories of property. All Assessment bills shall be due and payable ninety (90), thirty (30) or fifteen (15) days from the date of mailing of same as determined by the Board of Directors; provided, however, that if the Board of Directors elects to utilize a Billing Agent, the Billing Agent shall set the date on which Assessment bills shall be due and payable.
- (k) The Board of Directors may authorize a Billing Agent to collect the Assessments provided for herein.
- (l) The Owner of any assessable property which changes from one category to another during an Assessment year shall be billed an additional amount for the remaining full quarters of such year to reflect the category change.
- (m) The Board of Directors shall determine the square footage of floor space to be assessed by the Association for each Public or Commercial Unit. In certain extraordinary circumstances, as in the case of an indoor tennis facility, skating rink, swimming pool, gymnasium, or certain storage areas where an unusually large number of square feet of floor space is required within such facility, the Board of Directors may, in its sole and uncontrolled discretion, exempt from Assessment a portion of the square footage of floor space of such facility.

- (n) Changes during an Assessment year in square footage of floor space to be assessed by the Association for a Public or Commercial Unit shall be reflected in the billing for the remaining full quarters of the Assessment year.
- (o) From and after January 1, 1991, the Maximum Regular Annual Assessment shall be automatically increased each year by an amount of ten (10%) percent per year over the previous year, or the percentage increase between the first and last months of the thirteen (13) month period terminating at the end of the third (3rd) quarter of the previous Assessment year in the Consumer Price index, U.S. City Average, All Items (1967-100) (hereinafter "C. P. I.") issued by the U. S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas", whichever of these two percentage figures is larger. If the C.P.I. is discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.
- (p) Any increase in the Maximum Regular Annual Assessment shall be made in such a manner that the proportionate increase in such Assessment is the same for Owners of Residential Lots, Family Dwelling Units, Multiple-Family Tracts, Public or Commercial Sites, Public or Commercial Units, Development Unit Parcels, or Unsubdivided Land. Any time the actual Assessment levied by the Board of directors of the Association is less than the Maximum Regular Annual Assessment, such decrease shall be proportionate among the Owners of Residential Lots, Family Dwelling Units, Multiple-Family Tracts, Public or Commercial Sites, Public or Commercial Units, Development Unit Parcels, and Unsubdivided Land. The decrease or increase received by each class of owners of the various classes of property may be made disproportionately by the favorable vote of seventy-five (75%) percent of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6 hereof, and by seventy-five percent (75%) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6 hereof, any by seventy-five percent (75%) of the votes cast at said meeting by the Members of the classes whose proportionate share is being raised.

Section 4. Special Assessments for Improvements and Additions. In addition to the Maximum Regular Annual Assessments authorized by Section 3 hereof, the Association may levy Special Assessments for the following purposes:

- (a) Construction, reconstruction, repair or replacement of capital improvements upon the Common Properties, Restricted Common Properties, Intended Common Properties or Intended Restricted Common Properties, including the necessary fixtures and personal property related thereto;
- (b) For additions to the Common Properties or Restricted Common Properties;
- (c) To provide for the necessary facilities and equipment to offer the services authorized herein;
- (d) To repay any loan made to the Association to enable it to perform the duties and functions authorized herein;
- (e) Such Special Assessment, before being charged, must have received the approval of the Members of the Association by the favorable vote of fifty-one percent (51%) of the votes cast at a duly called meeting of the Association, subject to the quorum requirements established by Article III, Section 6(a). The notice of such meeting shall include one (1) statement from those Directors favoring the Special Assessment and one (1) statement from those Directors opposing the Special Assessment, containing the reasons for those Directors' support and opposition for

the Assessment. Neither statement shall exceed five (5) pages in length. This provision shall be interpreted to mean that the Association may make in any one (1) year an Annual Assessment up to the maximum set forth in Section 3 of this Article V, plus an additional Special Assessment. Such Special Assessment in any one (1) year may not exceed a sum equal to the amount of the Maximum Regular Annual Assessment for such year except for emergency or repairs required as a result of storm, fire, natural disaster or other casualty loss. The fact that the Association has made an Annual Assessment for an amount up to the Maximum Regular Annual Assessment shall not affect its right to make a Special Assessment during the year.

The proportion of each Special Assessment to be paid by the Owners of the Various classifications of assessable property shall be equal to the proportion of the Annual Assessments levied for the Assessment year during which such Special Assessments are approved by the Members.

Section 5. Reserve Funds. The Association shall establish reserve funds from its Annual Assessments to be held in reserve in an interest drawing account of investments as a reserve for:

- (a) Major rehabilitation or major repairs;
- (b) For emergency and other repairs required as a result of storm, fire, natural disaster or other casualty loss, and;
- (c) Initial costs of any new service to be performed by the Association.

Section 6. Special Assessments for Neighborhood Areas. On petition of seventy-five percent (75%) of all Owners within a particular neighborhood area, or contiguous Neighborhood Areas as such may be designated on a recorded subdivision plat, the Board of Directors of the Association may levy a Special Assessment applicable only to each Owner within the immediate Neighborhood Area or Areas to undertake special neighborhood improvements, neighborhood rehabilitation or construction, special neighborhood security and neighborhood maintenance. If such Special Assessment be proposed by the Board of Directors of the Association rather than by petition as provided for hereinabove, then such proposal shall be submitted to a Referendum of all Owners within the particular Neighborhood Area or Areas, and such Special Assessment shall be levied upon each such Owner only upon a favorable response to said Referendum, as shall be indicated by not less than seventy-five percent (75%) of the votes entitled to be cast voting in favor of such Special Assessment.

In the event of election by the Members of a Neighborhood Area to be assessed by the Association for special improvements, construction, security or maintenance, the Association shall be authorized to borrow money to fund such special improvements, construction, security or maintenance and to repay any such loan with the receipts from the special Assessment authorized therefore.

Section 7. Change in Maximum Amounts of Annual Assessments Upon Merger or Consolidation. The limitations of Section 3 hereof shall apply to any merger or consolidation in which the Association is authorized to participate under Article II, Section 2, hereof, and under the By-Laws of the Association.

Section 8. Date of Commencement of Annual Assessments, Due Date, Notwithstanding anything in the foregoing to the contrary, the Annual Assessments provided for herein shall commence no earlier than January 1, 1991, but not later than January 1, 1993.

Section 8. Date of Commencement of Annual Assessments, Due Date. Notwithstanding anything in the foregoing to the contrary, the Annual Assessments provided for herein shall commence no earlier than January 1, 1991, but not later than January 1, 1993.

Section 9. Duties of the Board of Directors. The Board of Directors of the Association shall fix the amount of the Annual Assessment against each Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel or Unsubdivided Land, within the Assessment Schedule as provided hereinabove, and shall, at that time, direct the preparation of an index of the Properties and Annual Assessments applicable thereto, and any Special Assessments applicable thereto, which shall be kept in the office of the Association and which shall be open to inspection by any Member. Written notice of Assessment shall thereupon be sent to every Member subject thereto. The Association shall upon demand at any time furnish to any owner liable for said Assessments a certificate in writing signed by an Officer of the Association, setting forth whether said Assessments have been paid. Such certificate shall be conclusive evidence against all but the Owner of payment of any Assessment therein stated to have been paid. If the Board of Directors authorizes a Billing Agent to collect Assessments, the Certificate of the said Billing Agent shall be conclusive evidence against all but the owner of payment of any Assessment therein stated to have been paid.

Section 10. Effect of Nonpayment of Assessment: The Personal Obligation of the Owner; the Lien; Remedies of Association. If the Annual Assessment or any Special Assessment is not paid on or before the past due date specified in Section 3(j) hereof, then such Assessment shall become delinquent and shall (together with interest thereon at the maximum annual rate permitted by law from the due date and cost of collection thereof including a reasonable attorney's fee as hereinafter provided) become a charge and continuing lien on the land and all improvements thereof, against which each such Assessment is made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.

If the Assessment is not paid within thirty (30) days after the past due date, the Association may bring an action at law against the owner personally and there shall be added to the amount of such Assessment the costs of preparing the filing of the Complaint in such action and a reasonable attorney's fee, and in the event a judgment is obtained, such judgment shall include interest on the Assessment as above provided and a reasonable attorney's fee together with the costs of the action.

If the Board of Directors of the Association elects to utilize a Billing Agent to collect Assessments, interest which shall accrue on past due sums will be the maximum interest rate which such agent may lawfully charge.

Section 11. Subordination of the Lien. The Lien of the Assessments provided for herein shall be subordinate to the lien of any first deed of trust now or hereafter placed upon any properties subject to Assessment, and in addition, shall be subordinate to the lien of the Cost of Corrective Action provided for in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point now or hereafter placed upon any properties subject to Assessment. In the event a creditor acquires title to any property subject to Assessment pursuant to foreclosure or any other proceeding or deed in lieu of foreclosure, said creditor shall be subject to Assessments accruing after such acquisition.

Section 12. Exempt Property. The following property, individuals, partnerships or corporations subject to this Declaration shall be exempted from the Assessment, charge and lien created herein:

- (a) All lands designated on the Master Plan for intended use, or by actual use if applicable, for (i) indoor and outdoor recreational and community facilities owned and operated by the company, the Company's Affiliates, the Developer, the Developer's Affiliates, the Association and any other Homeowners Association organized by the Company or by others with the consent of the Company within the Properties if such Homeowners Association operates such facilities for the

private use of its members or the Members of the Association, including, but not limited to, marinas, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, gymnasiums, golf courses, ice skating rinks, and any showers, locker rooms or other club facilities associated with such uses, putting greens, playgrounds, ball fields, spectator viewing pavilions, gazebos, picnic shelters, picnic tables, parks, horseback riding stables, riding arenas, riding trails, walking trails, boardwalks, decks, boating facilities and marinas, boat rental facilities, boat and trailer storage facilities, fishing facilities, fishing facilities and beach facilities, bicycle rental facilities, operating farms and/or animal pastures, wildlife conservancies and feeding stations, nature interpretive areas, amphitheaters, community meeting facilities, and all rest room facilities, parking lots, service buildings, and concession-type food services associated with all such uses; and (ii) places of worship; libraries; fire stations and rescue squads; post offices, day care centers, nursery schools, and other schools and instructional centers; nonprofit or charitable community, civil, or cultural clubs and institutions; and other similar community facilities which the Board of Directors, in its sole and uncontrolled discretion, may designate as Exempt Properties;

- (b) All lands and any improvements thereon designated in any way as Common Properties or Restricted Common Properties;
- (c) All lands and any improvements thereon committed to the Association through express written notification by the Company to the Association of intent to convey to the Association, including, without limitation, Intended Common Properties and Intended Restricted Common Properties;
- (d) All lands designated on the Master Plan or on recorded plats as Open Space ("Open Space Areas") or Private Open Space ("Private Open Space Areas") as defined in the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point and any improvements thereon which are defined in Paragraph (a) of this Section 12;
- (e) Property which is used for the maintenance, operation and service of facilities within Common Properties, Restricted Common Properties, Intended Common Properties, Intended Restricted Common Properties and facilities within Open Space Areas and Private Open Space Areas which are defined in paragraph (a) of this Section 12;
- (f) Property which is used for the maintenance, operation and service of utilities within the Properties;
- (g) The grantee in conveyances made for the purpose of granting utility easements.
- (h) All lands within the waters or the ponds shown on the Master Plan and contributory creeks and streams.

Section 13. Annual Statements. The President, Treasurer or such other Officer as may have custody of the funds of the Association shall annually, within ninety (90) days after the close of the fiscal year of the Association, prepare and execute under oath a general itemized statement showing the actual assets and liabilities of the Association at the close of such fiscal year and a statement of revenues, costs and expenses. It shall be necessary to set out in the statement the name of any creditor of the Association, provided, however, that this requirement shall be construed to apply only to creditors of more than One Thousand and No/100 Dollars (\$1,000.00). Such Officer shall furnish to each Member of the Association, who may make request therefor in writing, a copy of such statement within thirty (30) days after receipt of such request. Such copy may be furnished to the other Member either in person or

by mail. Any holder of a first mortgage on a lot(s) or unit(s) shall be entitled upon written request to a financial statement for the immediately preceding fiscal year.

Section 14. Annual Budget. The Board of Directors shall prepare and make available to all Members, at least sixty (60) days prior to the first day of the following fiscal year, a budget outlining anticipated receipts and expenses for the following fiscal year. The financial books of the Association shall be available for inspection by all Members at all reasonable times.

Section 15. Working Capital Fund. At the time of closing of the sale of each unit or lot, a sum equal to at least two (2) months assessment for each unit shall be collected and transferred to the Association as a contribution to the reserve funds described in section 5 of this Article V. The purpose of said fund is to insure that the Association Board will have adequate cash available to meet unforeseen expenses and to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund shall not be considered advance payment of regular assessments.

ARTICLE VI FUNCTIONS OF ASSOCIATION

Section 1. Ownership and Maintenance of Properties. The Association shall be authorized to own and/or maintain Common Properties, Restricted Common Properties, Intended Common Properties, Intended Restricted Common Properties, equipment, furnishings and improvements devoted to the following uses:

- (a) For roads, roadways, roadway medians and parkways along said roads or roadways, cul-de-sac islands, and neighborhood or other area entrances throughout the Properties;
- (b) For sidewalks, walking paths or trails, bicycle paths and bridle paths through the Properties;
- (c) For transportation facilities throughout the Properties other than privately owned automobiles, e.g., buses, electric vehicles, etc.;
- (d) For security and fire protection services including security stations, guardhouses, police equipment, fire stations and fire fighting equipment, and buildings used in maintenance functions;
- (e) For emergency health care including ambulances, rescue squad facilities, emergency care medical facilities and the equipment necessary to operate such facilities;
- (f) For providing any of the services which the Association is authorized to offer under Section 2 of this Article VI;
- (g) For purposes set out in deeds by which Common Properties and Restricted Common Properties are conveyed to the Association, provided that such purposes shall be approved by the Members of the Association as set out in Section 4 of this Article VI;
- (h) For indoor and outdoor recreational and community facilities, including, but not limited to, marinas, tennis courts, platform tennis courts, handball courts, squash courts, basketball courts, swimming pools, gymnasiums, golf courses, ice skating rinks, and any showers, locker rooms, or other club facilities associated with such uses, putting greens, playgrounds, ball fields,

spectator viewing pavilions, gazebos, picnic shelters, picnic tables, parks, horseback riding stables, riding arenas, riding trails, walking trails, bike trails, boardwalks, decks, bicycle rental facilities, operating farms and/or animal pastures, wildlife conservancies and feeding stations, nature interpretive areas, amphitheaters, community meeting facilities, and all rest room facilities, parking lots, service buildings, and concession-type food services associated with all such uses; and

- (i) For water and sewage facilities and any other utilities, if not adequately provided by a private utility, County or City.

Section 2. Services. The Association shall be authorized (unless prohibited by local, state or federal laws or regulations) but not required, except as specified in Section 3 of this Article VI, to provide the following services:

- (a) Cleaning and maintenance of all roads, roadways, roadway medians, parkways, cul-de-sac islands, neighborhood and other area entrances, lakes, parks, sidewalks, walking trails, bike trails, Common Properties, Restricted Common Properties, Intended Common Properties, Intended Restricted Common Properties, Open Space Areas, and Private Open Space Areas within the Properties, and also all public properties which are located within or in a reasonable proximity to the Properties such that their deterioration would affect the appearance of the Properties as a whole;
- (b) Landscaping and beautification of roads, roadways, roadway medians, parkways, cul-de-sac islands, neighborhood and other area entrances, lakes, parks, sidewalks, walking paths, bike trails, Common Properties, Restricted Common Properties, Intended Common Properties, Intended Restricted Common Properties, Open Space Areas and Private Open Space Areas;
- (c) Transportation facilities other than privately owned automobiles, e.g., buses, electric vehicles, ferry boats, etc.;
- (d) Lighting of roads, sidewalks, walking paths, bike trails, parking lots, and any recreational and community facilities located within the properties;
- (e) Police protection and security, including, but not limited to the employment of police and security guards, maintenance of electronic and other security devices and control centers for the protection of persons and property within the Existing Property, and assistance in the apprehension and prosecution of persons who violate the laws or regulations of the State of North Carolina, the County of Montgomery, or the United States of America within the Properties;
- (f) Fire protection and prevention;
- (g) Garbage and trash collection and disposal;
- (h) Insect and pest control to the extent that it is necessary or desirable in the judgment of the Board of Directors of the Association to supplement the service provided by the state and local governments;
- (i) The services necessary or desirable in the judgment of the Board of Directors of the Association to carry out the Association's obligations and business under the terms of this document;

- (j) To take any and all actions necessary to enforce all Covenants and Restrictions affecting the Properties and to perform any of the functions or services delegated to the Association in any Covenants or Restrictions applicable to the Properties;
- (k) To set up and operate an Architectural Review Board for all Common Properties or Restricted Common Properties, and in the event that the Association is designated by the Company as the agent or the assign of the Company for such purposes, to extend the operation of the Architectural Review Board to all properties within Uwharrie Point;
- (l) To provide day care and child care services;
- (m) To conduct instructional, recreational, sports, crafts, social and cultural programs of interest to Members, their families and guests;
- (n) To provide legal and scientific resources for the improvement of air and water quality within the Properties;
- (o) To provide safety equipment for storm emergencies;
- (p) To support the operation of transportation services between key points of the Properties and the airports, other public transportation terminals and public centers serving the area surrounding the Properties;
- (q) To construct improvements on Common Properties, Restricted Common Properties, Intended Common Properties or Intended Restricted Common Properties for use for any of the purposes authorized in this Article, or as may be required to provide any of the services authorized in this Article;
- (r) To provide administrative services, including, but not limited to, legal, accounting and financial; and communication services, including, but not limited to, community newsletters and newspapers to inform Members of activities, notices of meetings, referendums, and other issues and events of community interest;
- (s) To provide liability and hazard insurance covering improvements and activities on the Common Properties and Restricted Common Properties;
- (t) To provide water, sewage, and any necessary utility services not provided by a public body, private utility or the Company;
- (u) To provide, conduct or maintain water pollution and shoreline erosion abatement measures including, without limitation, maintenance and repair of shore revetments and groins;
- (v) To construct mailboxes, signs and other standard features for use throughout the Properties;
- (w) To provide any or all of the above listed services to another association of Owners of real property under a Contract, the terms of which must be approved by the Board of Directors;
- (x) Improvement of fishing available to members in Uwharrie Point.

- (y) To maintain water search and rescue boats for the protection and safety of those in waters located on or adjacent to the properties, and to provide boating marinas, moorings, cradles, other boat storage facilities and boat rental services to members, their families and guests.

Section 3. Minimum List of Functions and Services. The "Minimum List of Functions and Services" shall establish and defined the minimum level of functions and services which the Association must furnish to its Members. So long as the Company is engaged in the development of Properties which are subject to the terms of this Declaration, the Association shall not reduce the level of functions and services it furnishes to its Members below such minimum level without the prior written consent of the Company. The "Minimum List of Functions and Services" is as follows:

- (a) The Association shall provide or procure the administrative services necessary to carry out the Association's obligations and business under the terms of this Declaration, the Articles of Incorporation of the Association, and the By-Laws of the Association, including, but not limited to, legal, accounting, financial and communications services.
- (b) The Association shall administer and enforce the covenants and restrictions established in this Declaration, including, but not limited to, the following:
 - (1) The Association shall set Assessments, levy cash Assessments, notify the Members of such Assessments and collect such Assessments;
 - (2) The Association shall prepare accurate indexes of Members, Property Classifications, Votes, Assessments, the Cumulative Maximum Number of Residential Lots and Family Dwelling Units Authorized in the Properties and the Maximum Regular Annual Assessment;
 - (3) The Association shall operate an Architectural Review Board;
 - (4) The Association shall maintain and operate all Common Properties and Restricted Common Properties;
 - (5) The Association shall hold Annual Meetings, Special Meetings and Referendums as required, hold elections for the Board of Directors as required and give Members "proper notice" as required;
 - (6) The Association shall prepare Annual Statements and Annual Budgets and shall make the financial books of the Association available for inspection by Members at all reasonable times.
- (c) Should the Company appoint the Association its agent for the administration and enforcement of any of the provisions of the General Property Covenants or any other covenants and restrictions of record, the Association shall assume such responsibility and any obligations which are incident thereto.
- (d) Should the Company assign to the Association any of the rights reserved unto it in the General Property Covenants or any other covenants and restrictions of record, the Association shall assume the responsibility of administering and enforcing said rights and shall assume any obligations which are incident thereto.
- (e) The Association shall provide appropriate liability and hazard insurance coverage for improvements and activities on all Common Properties and Restricted Common Properties.

- (f) The Association shall provide appropriate Director's and Officers' Legal Liability insurance and indemnify persons pursuant to the provisions of the Articles of incorporation of the Association.
- (g) The Association shall keep a complete record of all its acts and corporate affairs.
- (h) The Association shall provide regular and thorough cleanup of all roads, roadways, roadway medians, parkways, cul-de-sac islands, neighborhood and other entrances, and bike trails throughout the Properties, including, but not limited to, mowing grass on all roadsides, cul-de-sac islands, entrances, and bike trails; sweeping all roads and bike trails; landscape maintenance on all roadsides, cul-de-sac islands, entrances, and bike trails; pickup and disposal of trash on all roads, roadsides, cul-de-sac islands, entrances, and bike trails. Such cleanup as is possible shall begin within an individual residential neighborhood as soon as construction of dwellings has commenced within said neighborhood.
- (i) The Association shall provide general maintenance of all directional signs, bike trail signs, and neighborhood and other area signs, including, but not limited to, painting, repair work and replacement as needed.
- (j) The Association shall repave all bike trails as needed.
- (k) The Association shall operate and maintain all streetlights along all public roads and within all Common Properties and Restricted Common Properties.
- (l) The Association shall provide regular and thorough maintenance and cleanup of all Common Properties, Restricted Common Properties, Intended Common Properties and Intended Restricted Common Properties, including, but not limited to, mowing of grass, fertilization as needed, landscape maintenance as needed, pickup and disposal of trash, washing down of picnic tables and benches as needed, painting, repairs to and replacement of all improvements as needed.
- (m) Insurance coverage on the Property shall be governed by the following provisions:
 - (1) Ownership of Policies. All insurance policies upon the Common Property shall be purchased by the Association for the benefit of all the Association and the Owners, and their security interest may appear and provisions shall be made for the issuance of certificates of mortgagee endorsements to the mortgagees of Owners.
 - (2) Coverage. All buildings and improvements upon the land and all personal property included in the Common Areas and facilities shall be insured in an amount equal to one hundred percent (100%) insurable replacement value as determined annually by the Association with the assistance of the insurance company providing coverage. Such coverage shall provide protection against:
 - (i) Loss or damage by fire and other hazards covered by standard extended coverage endorsement, and
 - (ii) Such other risks as from time to time shall be customarily covered with respect to buildings on the land.
 - (iii) Such policies shall contain clauses providing for waiver of subrogation.

- (3) Liability. Public liability insurance shall be secured by the Association with limits of liability of no less than One Million Dollars (\$1,000,000.00) per occurrence and shall include an endorsement to cover liability of the Owners as a group to a single Owner. There shall also be obtained such other insurance coverage as the Association shall determine from time to time to be desirable and necessary.
- (4) Premiums. Premiums for insurance policies purchased by the Association shall be paid by Association and charged to the Owners as an assessment according to the provisions of Article V above; provided that premiums on account of hazard insurance coverage for individual Lots shall be apportioned to the individual Owners according to the amounts of the coverage required.
- (5) Proceeds. All insurance policies purchased by the Association shall be for the benefit of the Association and the owners and their mortgagees as their interest may appear, and shall provide that all proceeds thereof shall be payable to the Association as insurance trustees under this Declaration. The sole duty of the Association as insurance trustees 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 By-Laws and for the benefit of the Owners and their mortgagees in the following shares:
- (i) Proceeds on account of damage to Common Areas and facilities held for the Association.
- (6) Proceeds of insurance policies received by the Association as insurance trustee shall be placed in the Association's treasury for the following:
- (i) Expense of the Trust. All expenses of the insurance trustees shall be first paid or provisions made therefor.
 - (ii) Reconstruction or Repair. The remaining proceeds shall be paid to defray the cost of repairs. Any proceeds remaining after defraying such cost shall be retained by the Association.
- (7) All persons responsible for or authorized to expend funds or otherwise deal in the assets of the Association or those held in trust, shall first be bonded by a fidelity insurer to indemnify the Association for any loss or default in the performance of their duties in an amount equal to six (6) months' assessments plus reserves accumulated.

Section 4. Obligation of the Association. The Association shall not be obligated to carry out or offer any of the functions and services specified by the provisions of this Article except as specified in Section 3 of this Article VI. The functions and services to be carried out or offered by the Association at any particular time shall be determined by the Board of Directors of the Association taking into consideration the funds available to the Association and the needs of the members of the Association. The functions and services which the Association is authorized to carry out or to provide may be added or reduced at any time upon the affirmative vote of fifty-one percent (51%) of the votes cast by the Type "A," Type "B," and Type "C" Members at a duly called meeting of the Association; provided, however, that for the deletion of service to Type "D" Members, such Members shall also be entitled to vote.

Section 5. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority to mortgage the property of the Association and to pledge the revenues of the Association as

security for loans made to the Association which loans shall be used by the Association in performing its authorized functions and services; provided that any such mortgage is with the prior consent of two-thirds (2/3) of the Members of the Association, which consent may be evidenced by petition or by an affirmative vote of two-thirds (2/3) of the Association. The Company may, but shall not be required, to make loans to the Association, subject to approval by the Company of the use to which such loan proceeds will be put and the terms pursuant to which such loans will be repaid. Notwithstanding anything in this Declaration to the contrary, the Association shall not be allowed to reduce the level of the Annual Assessment below the limit of the Maximum Regular Annual Assessment at any time there are outstanding any amounts due the Company as repayment of any loans made by the Company to the Association without the express written consent of the Company.

Section 6. Maintenance of Property Not Owned by the Association. The Association shall be authorized to render services of a governmental nature not furnished by the local government in the case of maintenance of property not owned by it.

ARTICLE VII ARCHITECTURAL CONTROL AND THE GENERAL PROPERTY COVENANTS

Section 1. Architectural Review of Common Properties and Restricted Common Properties. No building, wall, fence, swimming pool or other structure shall be commenced, erected or maintained upon the Common Properties or Restricted Common Properties, nor shall any landscaping be done, nor shall any exterior addition to any existing structure or change or alteration therein be made until the plans and specifications therefore showing the structure, kind, shape, height, materials, colors and location of the same shall have been submitted to and approved in writing as to the harmony and compatibility of its external design and location with the surrounding structures and topography by the Architectural Review Board of the Association and by the Company pursuant to the provisions of the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point. The Architectural Review Board shall be composed of at least three (3) but not more than eleven (11) Members, all of whom shall be appointed by the Board of Directors of the Association. At least one (1) Member of the Association other than the Company shall be a Member of the Architectural Review Board at all times.

Section 2. The General Property Covenants. Pursuant to the provisions of the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point (the "General Property Covenants"), the Company reserves unto itself, its successors and assigns the right to appoint the Association its agent for the purpose of administering and enforcing, in whole or in part, the rights reserved unto the Company in said General Property Covenants, including, but not limited to, the right to approve (or disapprove) plans, specifications, color, finish, plot plan, land management plan and construction schedules for any or all buildings or structures to be erected within any or all of the properties subject to said General Property Covenants. Such appointments may be temporary or permanent, and shall be subject to any conditions, limitations or restrictions which the Company, in its sole and uncontrolled discretion, may elect to impose. Upon any such appointment of the Association as agent by the Company, the Association shall assume any obligations which are incident thereto.

In addition to the foregoing, the Company reserves unto itself, its successors and assigns the right to assign in whole or in part to the Association its rights reserved in the General Property Covenants to grant approvals (or disapprovals), to establish rules and regulations, to administer and enforce the provisions of said General Property Covenants and any or all other rights reserved therein by the Company. The assignment of such rights shall be subject to any conditions, limitations or restrictions

which the Company, in its sole and uncontrolled discretion, may elect to impose at the time of assignment. Following the assignment of such rights, the Association shall assume all of the Company's obligations which are incident thereto (if any), and the Company shall have no further obligation or liability with respect thereto. The assignment of such right or rights by the Company to the Association shall be made by written instrument which shall be recorded in the office of the Register of Deeds of Montgomery County, North Carolina.

Notwithstanding anything in the foregoing to the contrary, so long as the Company, its successors and assigns is the owner of property subject to the provisions of the General Property Covenants, the Company, in addition to and jointly with the Association, shall retain all rights of easement reserved unto it in said General Property Covenants, and shall, furthermore, retain all rights of entry granted unto it in said General Property Covenants for the purposes of correcting, repairing, enhancing, improving, cleaning, preserving, clearing out, removing or taking any action to prevent a violation of said General Property Covenants, and the retention of said rights of easement and entry by the company shall in no way create any obligation on the part of the Company to perform any affirmative action.

ARTICLE VIII GENERAL PROVISIONS

Section 1. Duration. The Covenants and Restrictions of this Declaration and any Amendments thereto shall run with and bind the land, and shall inure to the benefit of and be enforceable by the Association, the Company or the Owner of any land subject to this Declaration, their respective legal representatives, heirs, successors and assigns for a period of thirty (30) years from the date this Declaration is recorded. Upon the expiration of said thirty (30) year period, this Declaration shall be automatically extended for successive periods of ten (10) years. The number of ten (10) year extension periods hereunder shall be unlimited, and this Declaration shall be automatically extended upon the expiration of the initial thirty (30) year period, and each ten (10) year extension period for an additional ten (10) year period; provided, there shall be no extension of this Declaration if, during the last year of the initial thirty (30) year period, or during the last year of any subsequent ten (10) year extension period, at a duly called meeting of the Association, fifty one percent (51%) or more of the total vote entitled to be cast by all the Members of the Association shall vote in favor of terminating this Declaration at the end of its then current term. The presence at the meeting of Members or proxies entitled to cast sixty percent (60%) of the total vote of the Membership shall constitute a quorum. It shall be required that written notice of any meeting at which such a proposal to terminate this Declaration is to be considered, setting forth the fact that such a proposal will be considered, shall be given each member at least thirty (30) days in advance of said meeting. In the event that the Members of the Association vote to terminate this Declaration, the President and Secretary of the Association shall execute a certificate which shall set forth the Resolution of Termination adopted by the Association, the date of the meeting of the Association at which such Resolution was adopted, the date that Notice of such Meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes present at said meeting, the total number of votes necessary to adopt a Resolution terminating this Declaration, the total number of votes cast in favor of such Resolution and the total number of votes cast against such Resolution. Said certificate shall be recorded in the Office of the Register of Deeds, Montgomery County, North Carolina, and may be relied upon for the correctness of the facts contained therein as they relate to the termination of this Declaration.

Section 2. Amendments. All proposed Amendments to this Declaration shall be submitted to a vote of the Members at a duly called meeting of the Association subject to the quorum requirements established by Article III, Section 6 (a), and any such proposed amendment shall be deemed approved

if two-thirds (2/3) of the votes cast at such meeting vote in favor of such proposed amendment. Notice shall be given each Member at least thirty (30) days prior to the date of the meeting at which such proposed amendment is to be considered. If any proposed amendment to this Declaration is approved by the members as set forth above, the President and Secretary of the Association shall execute an Addendum to this Declaration which shall set forth the Amendment, the effective date of the Amendment (which in no event shall be less than sixty (60) days after the date of the meeting of the Association at which such Amendment was adopted), the date of the meeting of the Association at which such Amendment was adopted, the date that notice of such meeting was given, the total number of votes of Members of the Association, the total number of votes required to constitute a quorum at a meeting of the Association, the total number of votes present at said meeting, the total number of votes cast for and against the Amendment, the number of votes necessary to adopt the Amendment, the total number of votes cast in favor of such Amendment and the total number of votes cast against the Amendment. Such Addendum shall be recorded in the office of the Register of Deeds, Montgomery County, North Carolina.

So long as the company, as the Type "E" Member, is entitled to elect a majority of the Members of the Board of Directors of the Association, no Amendment of this Declaration shall be made without the consent of the Company; and until the end of the period of development no Amendment of this Declaration shall be made without the consent of the Company which would have the affect of creating a disproportionate increase in the Maximum Regular Annual Assessment, the actual assessment levied or any Special Assessment of any Class of Owners.

Section 3. Notices. Any notice required to be sent to any Member under the provisions of this Declaration shall be deemed to have been properly sent and notice thereby given when delivered personally or sent by mail with the proper postage affixed to the address appearing on the Association's Membership list. Notice to one (1) or two (2) or more co-owners or co-tenants of a Residential Lot, Family Dwelling Unit, Multiple-Family Tract, Public or Commercial Site, Public or Commercial Unit, Development Unit Parcel or Unsubdivided Land shall constitute notice to all co-owners. It shall be the obligation of every member to immediately notify the Secretary of the Association in writing of any change of address. Any person who becomes a Member following the first day in the calendar month in which said notice is delivered or mailed shall be deemed to have been given notice if notice was given to his predecessor in title.

Section 4. Enforcement. Enforcement of these Covenants and Restrictions shall be by any proceeding at law or in equity against any person or persons violating or attempting to violate or circumvent any Covenant or Restriction, either to restrain violation or to recover damages, and against the land and to enforce any lien created by these Covenants; and failure by the Association or any Member or the Company to enforce any Covenant or Restriction herein contained for any period of time shall in no event be deemed a waiver or estoppel of the right to enforce same thereafter.

Section 5. Severability. Should any Covenant or Restriction herein contained, or any Article, Section, Subsection, sentence, clause, phrase or item of this Declaration be declared to be void, invalid, illegal or unenforceable for any reason by the adjudication of any Court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, such judgment shall in no way effect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 6. Interpretation. The Board of Directors of the Association shall have the right to determine all questions arising in connection with this Declaration of Covenants and Restrictions and to construe and interpret its provisions and its determination, construction or interpretation shall be final and binding. In all cases, the provisions of this Declaration of Covenants and Restrictions shall be given that

interpretation or construction that will best tend toward the consummation of the general plan of improvements.

Section 7. Authorized Action. All actions which the Association is allowed to take under this instrument shall be authorized actions of the Association if approved by the Board of Directors of the Association in the manner provided for in the By-Laws of the Association, unless the terms of this instrument provide otherwise.

Section 8. Other Agreements. Notwithstanding anything contained herein to the contrary, all the provisions of these Covenants shall be subject to and conform with the provisions of:

- (a) The Zoning Ordinances of the County of Montgomery, North Carolina, and the rules and regulations promulgated thereunder, as may from time to time hereafter be amended or modified;
- (b) The Master Plan for the development of Uwharrie Point as may from time to time hereinafter be amended or modified;
- (c) The Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point (the "General Property Covenants"), which covenants are to be recorded contemporaneously herewith in the Office of the Register of Deeds of the Montgomery County, North Carolina. In the event of any conflict between this Declaration and said General Property Covenants, said General Property Covenants shall prevail. None of the provisions of this Section (b) are or shall in any way be construed to be or to constitute a conveyance, transfer, disposition, waiver or relinquishment of any right, title and interest of the Company or the Association, as their respective rights, titles and interests may appear, in and to or under any of the above referenced instruments or documents to or for the benefit of any other person, firm or corporation.

Section 9. Limited Liability. In connection with all reviews, acceptances, inspections, permissions, consents or required approvals by or from the Company and/or the Association contemplated under this Declaration, the Company and/or the Association shall not be liable to an Owner or to any other person on account of any claim, liability, damage or expense suffered or incurred by or threatened against an Owner or such other person and arising out of or in any way relating to the subject matter of any such reviews, acceptances, inspections, permissions, consents or required approvals, whether given, granted or withheld.

Section 10. Termination of Association. In the event that this Declaration be declared to be void, invalid, illegal or unenforceable in its entirety, or in such a significant manner that the Association is not able to function substantially as contemplated by the terms hereof, for any reason, by the adjudication of any Court or other tribunal having jurisdiction over the parties hereto and the subject matter hereof, and such adjudication occurs within ten (10) years of the date of recording this Declaration, all Common Properties and Restrained Common Properties belonging to the Association at the time of such adjudication shall revert to the Company, and the Company shall own and operate said Common Properties and Restricted Common Properties as Trustee for the use and benefit of Owners within the Properties as set forth below. If said adjudication shall occur on a date more than ten (10) years after the date of recording of this Declaration, or if the Members of the Association should vote not to renew and extend this Declaration as provided for in Article VIII, Section 1, all Common Properties and Restricted Common Properties owned by the Association at such time shall be transferred to a Trustee appointed by the Superior Court of Montgomery County, North Carolina, which Trustee shall own and

operate said Common Properties and Restricted Common Properties for the use and benefit of Owners within the Properties as set forth below:

- (a) Each Lot or Parcel of land located within the Properties shall be subject to an Annual Assessment which shall be paid by the Owner of each such Lot or Parcel to the company or Trustee, whichever becomes the successor in title to the Association. The amount of such Annual Assessment and its due date shall be determined solely by the Company or the Trustee, as the case may be, but the amount of such Annual Assessment on any particular Lot or Parcel shall not exceed the amount actually assessed against that Lot or Parcel in the last year that assessments were levied by the Association, subject to the adjustments set forth in subparagraph (b) immediately below;
- (b) The Maximum Regular Annual Assessment which may be charged by the Company or Trustee hereunder on any particular Lot or Parcel may be automatically increased each year by an amount of ten percent (10%) or the percentage increase between the first and last months of the thirteen (13) month period terminating at the end of the third (3rd) quarter of the previous assessment year in the Consumer Price Index, U.S. City Average, All Items (1967-100) (hereinafter "C.P.I.") issued by the U.S. Bureau of Labor Statistics in its monthly report entitled "The Consumer Price Index, U.S. City Average and Selected Areas," whichever of these two (2) percentage figures is larger. The actual amount of such increase in the Maximum Regular Annual Assessment on such Lot or Parcel for the previous year multiplied by the larger of the two (2) percentage factors set forth above. If the C.P.I. is discontinued, then there shall be used the most similar index published by the United States Government that may be procured indicating changes in the cost of living.
- (c) Any past due Annual Assessment together with interest thereon at the maximum annual rate allowed by law from the due date and all costs of collection including reasonable attorney's fees shall be a personal obligation of the Owner at the time the Annual Assessment became past due, and it shall also constitute and become a charge and continuing lien on the Lot or Parcel of land and all improvements thereon, against which the Assessment has been made, in the hands of the then Owner, his heirs, devisees, personal representatives and assigns.
- (d) The Company, or the Trustee as the case may be, shall be required to use the funds collected as Annual Assessments for the operation, maintenance, repair and upkeep of the Common Properties and Restricted Common Properties. The Company or Trustee may charge as part of the cost of such functions the reasonable value of its services in carrying out the duties herein provided. Neither the Company nor the Trustee shall have the obligations to provide for operation, maintenance, repair, and upkeep of the Common Properties or Restricted Common Properties once the funds provided by the Annual Assessment have been exhausted.
- (e) The Company shall have the right to convey title to the Common Properties and Restricted Common Properties, and to assign its rights and duties hereunder, provided that the transferee accepts such properties subject to the limitations and uses imposed hereby and affirmatively acknowledges its acceptance of the duties imposed hereby.
- (f) The Trustee shall have the power to dispose of the Common Properties and Restricted Common Properties free and clear of the limitations imposed hereby; provided, however, that such disposition shall first be approved in writing by fifty-one percent (51%) of the Owners of property within the Properties or in the alternative shall be found to be in the best interests of the Owners of property within the Properties by the Superior Court of Montgomery County, North Carolina. The proceeds of such a sale shall first be used for the payment of any debts or obligations

constituting a lien on the Common Properties or Restricted Common Properties, then for the payment of any obligations incurred by the Trustee in the operation, maintenance, repair and upkeep of such Properties, then for the payment of any obligations distributed among the Owners of property within the Properties, exclusive of the Trustees, in a proportion equal to the portion that the Maximum Regular Annual Assessment on property owned by a particular Owner bears to the total Maximum Regular Annual Assessments for all property located within the Properties.

Section 11. Management and Contract Rights of Association. The Company may enter into a contract with a management company or manager for the purposes of providing all elements of the operation, care, supervision, maintenance and management of all or any part of the properties. However, no such contract shall be binding upon the Association except through express adoption or ratification of the terms and conditions of such contract. Any contract or lease entered into by the company or by the Association while the company is in control thereof shall contain a provision allowing the Association to terminate such contract without justification or penalty after transfer of management by the company to the Association.

Section 12. Rights of Noteholders. Any institutional holder of a first mortgage on a Unit or Lot will, upon request, be entitled to (a) inspect the books and records of the Association during normal business hours, (b) receive an annual audited financial statement of the Association within ninety (90) days following the end of its fiscal year, (c) receive written notice of all meetings of the Association and the right to designate a representation to attend all such meetings, (d) receive written notice of any condemnation or casualty loss that affects either a material portion of the project or the unit securing its mortgage, (e) receive written notice of any sixty (60) day delinquency in the payment of assessments or charges owned by the owner of any unit on which it holds the mortgagee, (f) receive written notice of a lapse, cancellation, or material modification of any insurance policy of fidelity bond maintained by the Owners' Association, (g) receive written notice of any proposed action that requires the content of a specified percentage of mortgage holders, and (h) be furnished with a copy of the master insurance policy.

IN WITNESS WHEREOF, the Association and the Company have caused this instrument to be executed and their seals attached by their duly authorized officers.

This the 25th day of October, 1990.

THE UWHARRIE POINT COMMUNITY
ASSOCIATION, INC., a North Carolina
Corporation

By:
Title
Attest:
Title

DOMINION LANDS, INC., a Virginia
Corporation

By:
Title
Attest:
Title

NORTH CAROLINA
COUNTY OF Durham

I, Patricia A. Pierce, a Notary Public of the County and State aforesaid, do hereby certify that Robert O. Belo personally came before me this day and acknowledged that he is Asst. Secretary of UWHARRIE POINT COMMUNITY ASSOCIATION, INC., a North Carolina Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal and attested by him/herself as its Asst. Secretary all as the act of the corporation.

Witness my hand and notarial seal, this 25 day of October, 1990.
Notary Public
My Commission Expires: 12-11-90

COMMONWEALTH OF VIRGINIA
CITY OF RICHMOND

I, Brenda J. Baskfield, a Notary Public of the County and State aforesaid, do hereby certify that P.A. Wilkerson personally came before me this day and acknowledged that he is _____ Secretary of DOMINION LANDS, INC., a Virginia Corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President sealed with its corporate seal and attested by him/herself as its _____ Secretary all as the act of the corporation.

Witness my hand and notarial seal, this 25th day of October, 1990.

Notary Public
My Commission Expires: 5-31-94

EXHIBIT A

BEING all of that property acquired by Dominion Lands, Inc. by deeds recorded in the Montgomery County Register of Deeds as follows: Book 243, Page 759; Book 243, Page 773; Book 235, Page 683; Book 236, Page 435; Book 236, Page 439; and Book 233, Page 795, to which deeds reference is hereby made for a more particular description.

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

The foregoing certificate(s) of Patricia A. Pierce, Brenda J. Baskfield is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the Office of the Register of Deeds of MONTGOMERY County, N.C. in Book 246 at Page 660.

This the 29 day of October, 1990 at 4:33 o'clock PM

Register of Deeds

STATE OF NORTH CAROLINA
MONTGOMERY COUNTY

**SUPPLEMENTARY DECLARATION OF
COVENANTS AND RESTRICTIONS OF THE UWHARRIE
POINT COMMUNITY ASSOCIATION, INC.
AND DOMINION LANDS, INC.**

Pursuant to Article II, Section 2(a) of the "Declaration of Covenants and Restrictions of the Uwharrie Point Community Association, Inc. and Dominion Lands, Inc." (the "Original Declaration of Covenants"), the Company hereby subjects to and under the plan of the Original Declaration of Covenants the additional real property set forth on Exhibit A attached hereto (the "Additional Property"). The Additional Property is to be subjected as one parcel. The Company hereby extends the operation and effect of the Covenants and Restrictions of the Original Declaration of Covenants to the Additional Property.

This the 27th day of July, 1994.

LAKE BADIN ASSOCIATES,
a Virginia General Partnership

By Dominion Lands, Inc.
a Virginia corporation

By:
Title:
Attest:
Title
(corporate seal)

STATE OF VIRGINIA
CITY OF RICHMOND

I, Brenda J. Baskfield, a Notary Public for said County and State, certify that Patti Wilkerson personally came before me this day and acknowledged that he/she is Assistant (Secretary) of Dominion Lands, Inc., a corporation, the general partner of LAKE BADIN ASSOCIATES, and that by authority duly given and as the act of the corporation and the partnership the foregoing instrument was signed in its name by its Vice (President), sealed with its corporate seal, and attested by himself/herself as its Assistant (Secretary).

Witness my hand and official seal, this the 27th day of July, 1994.

Notary Public
My commission expires:
May 31, 1998

EXHIBIT A

Being all of that certain tract of land situate, lying and being in Eldorado Township, Montgomery County, State of North Carolina acquired by Lake Badin Associates by North Carolina Warranty Deeds dated January 4, 1993 and recorded in Book 268 Page 764 and Book 268, Page 769, Montgomery County Registry on January 4, 1993.

STATE OF NORTH CAROLINA
Department of The Secretary of State

To all whom these presents shall come, Greetings:
I, Janice H. Faulkner, Secretary of State of the State of North Carolina,
do hereby certify the following and hereto attached to be a true copy of

ARTICLES OF MERGER
OF
MILLINGPORT UWHARRIE POINT HOMEOWNERS
ASSOCIATION, INC.
INTO
UWHARRIE POINT COMMUNITY ASSOCIATION, INC.

the original of which was filed in this office on the 3rd day of July, 1996.

IN WITNESS WHEREOF, I have hereunto
set my
hand and affixed my official seal at the City
of
Raleigh, this 3rd day of July, 1996.

Janice H.
Faulkner
Secretary of State

**STATE OF NORTH CAROLINA
DEPARTMENT OF THE SECRETARY OF STATE**

ARTICLES OF MERGER - NONPROFIT CORPORATION

Pursuant to §55A-11-04 of the General Statutes of North Carolina, the undersigned corporation as the surviving corporation in a merger hereby submits the following Articles of Merger.

1. The name of the corporation is **Uwharrie Point Community Association, Inc.**, a non-profit corporation organized under the laws of North Carolina; the name of the merged corporation is **Millington at Uwharrie Point Homeowners Association, Inc.**, a non-profit corporation organized under the laws of North Carolina.
2. Attached is a copy of the Plan of Merger that was duly approved for each of the corporations participating in the merger in the manner prescribed by law.
3. With respect to the surviving corporation (check either a, b and/or c as applicable):
 - a. ___ Member approval was not required for the merger, and the plan of merger was approved by a sufficient vote of the board of directors.
 - b. XX Member approval was required for the merger and the plan of merger was approved by the members as required by Chapter 55A of the North Carolina General Statutes.
 - c. ___ Approval of the plan of merger by some person or persons other than the members or the board was required pursuant to N.C.G.S. §55A-11-03(a)(3), and such approval was obtained.
4. With respect to the merged corporation (check either a, b and/or c as applicable):
 - a. ___ Member approval was not required for the merger, and the plan of merger was approved by a sufficient vote of the board of directors.
 - b. XX Member approval was required for the merger, and the plan of merger was approved by the members as required by Chapter 55A of the North Carolina General Statutes.
 - c. ___ Approval of the plan of merger by some person or persons other than the members or the board was required pursuant to N.C.G.S. §55A-11-03(a)(3), and such approval was obtained.

These articles will be effective upon filing.

This the 27 day of June, 1996.

UWHARRIE POINT COMMUNITY ASSOCIATION, INC.

By:

Title

Attest:

Title

**AGREEMENT AND PLAN OF MERGER
BETWEEN
MILLINGPORT AT UWHARRIE POINT HOMEOWNERS ASSOCIATION, INC.
AND
UWHARRIE POINT COMMUNITY ASSOCIATION, INC.**

This **AGREEMENT AND PLAN OF MERGER** made and entered into this 25 day of June, 1996 (hereinafter referred to as the "Agreement") by and between **MILLINGPORT AT UWHARRIE POINT HOMEOWNERS ASSOCIATION, INC.**, a North Carolina nonprofit corporation (hereinafter sometimes referred to as "Millingport") and **UWHARRIE POINT COMMUNITY ASSOCIATION, INC.**, a North Carolina nonprofit corporation (hereinafter sometimes referred to as "Uwharrie Point") (said corporations being hereinafter sometimes collectively referred to as "Constituent Corporations").

RECITALS

WHEREAS, Millingport is a nonprofit corporation duly organized and validly existing under the laws of the State of North Carolina; and

WHEREAS, Uwharrie Point is a nonprofit corporation duly organized and validly existing under the laws of the State of North Carolina; and

WHEREAS, Millingport is subject to and bound by certain conditions as more specifically described in a declaration of record in Montgomery County, North Carolina entitled "Declaration of Covenants Conditions and Restrictions for Cottage Lots at Uwharrie Point - Millingport Neighborhood" (hereinafter referred to as "Millingport Declaration"); and

WHEREAS, Uwharrie Point is subject to and bound by certain conditions as more specifically described in declarations of record in Montgomery County, North Carolina entitled "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point" (hereinafter referred to as "Uwharrie Point Restrictions") and "Declaration of Covenants and Restrictions of the Uwharrie Point Community Association, Inc. and Dominion Lands, Inc., a Virginia Corporation" (hereinafter referred to as "Uwharrie Point Covenants"); and

WHEREAS, the Boards of Directors of the Constituent Corporations deem it advisable and for the benefit of each of said corporations and their respective members that Millingport merge itself into Uwharrie Point;

NOW, THEREFORE, in consideration of the premises and the mutual agreements, promises and covenants hereinafter contained, it is hereby agreed by and between the parties hereto subject to the approval and adoption of this agreement by the respective members of each of the Constituent Corporations, and subject to the conditions hereinafter set forth, that Millingport be merged into Uwharrie Point (hereinafter sometimes referred to as the "Surviving Corporation"), the corporate existence of which shall be continued under the same name, and thereafter the individual existence of Millingport shall cease. The terms and conditions of the merger hereby agreed upon and the motive carrying the same into effect in the manner of converting the members of Millingport and Uwharrie Point into members of the Surviving Corporation are and shall be as follows:

AGREEMENT

1. Action on Plan

The acts and things required to be done by the North Carolina Nonprofit Corporation Act (the "Act") in order to make this agreement effective, including the submission of this agreement to the members of both of the Constituent Corporations and the filing of the Articles of Merger and Certificate of Merger in the manner provided for in the Act, shall be attended to and done by the proper officers of the Constituent Corporations as soon as practicable.

2. Articles of Incorporation

The Articles of Incorporation of Uwharrie Point (the "Articles") (as heretofore amended) shall on the effective date of the merger (the "effective date") be deemed the Articles of Incorporation of the Surviving Corporation. From and after the effective date, and until further amended as provided by law, said Articles shall be, and may be separately certified as, the Articles of Incorporation of the Surviving Corporation; and in addition to the powers conferred on it by the statute, the Surviving Corporation shall have the powers set forth therein and shall be governed by the provisions thereof.

3. Bylaws

Upon the effective date, until altered, amended, or repealed as therein provided, the Bylaws of Uwharrie Point as in effect on the effective date shall be the Bylaws of the Surviving Corporation.

4. Declarations of Record

Upon the effective date, the Uwharrie Point Restrictions and the Uwharrie Point Covenants, as heretofore described and as modified by any conditions or requirements in this Agreement, shall govern, bind, and control the operation of the Surviving Corporation; provided, in addition, that the Millingport Declaration shall also govern, bind, and control the operation of the Surviving Corporation with respect to all such properties which were subject to the Millingport Declaration as a part of Millingport.

5. Directors

Upon the effective date, the Board of Directors of Uwharrie Point shall become the Board of Directors of the Surviving Corporation. Said Directors shall hold office until the next annual meeting of the members of the Surviving Corporation and until their respective successors are elected in accordance with the Bylaws of the Surviving Corporation. If on the effective date any vacancy shall exist on the Board of Directors of the Surviving Corporation, the vacancy shall be filled in the manner specified in the Bylaws of the Surviving Corporation.

6. Members

Upon the effective date:

- (a) Each member of Uwharrie Point prior to the effective date shall continue unchanged as a member of the Surviving Corporation within the same "Type" and with the same rights, privileges, and obligations as defined in the Articles of Incorporation and Bylaws for the Surviving Corporation, Uwharrie Point Restrictions, and Uwharrie Point Covenants (as hereby modified).

- (b) Each member of Millingport prior to the effective date and their respective successors, heirs, and assigns (hereinafter sometimes referred to as the "Former Millingport Members") shall become a "Type A" member of the Surviving Corporation with the same rights, privileges, and obligations as defined in the Articles of Incorporation and Bylaws for the Surviving Corporation, Uwharrie Point Restrictions, Uwharrie Point Covenants and Millingport Declaration (as hereby

modified); and said Former Millingport Members shall cease to have rights, privileges, and obligations as members of Millingport.

(c) Former Millingport Members shall have the same obligations to pay Annual Assessments as other "Type A" members as provided in the Articles of Incorporation and Bylaws for the Surviving Corporation, Uwharrie Point Restrictions, and Uwharrie Point Covenants (as hereby modified); provided, in addition, that said Former Millingport Members shall also pay such extra Annual Assessment as provided in Section 5(b) of the Millingport Declaration to be determined on the same terms and conditions as provided in Section 5(b) of the Millingport Declaration.

(d) Former Millingport Members shall be entitled to receive a certificate evidencing their membership in the Surviving Corporation as the Board of Directors of the Surviving Corporation may from time to time deem appropriate and necessary.

7. Property

Upon the effective date, the Constituent Corporations shall merge into the Surviving Corporation and the separate existence of every corporation except the Surviving Corporation shall cease, and in accordance with the terms of this Agreement, the title to all real estate and other property owned by the Constituent Corporations shall be vested in the Surviving Corporation; and, more particularly, all properties owned by Millingport and described as "Limited Common Areas" in the Millingport Declaration shall be vested in the Surviving Corporation and shall become "Restricted Common Properties" as described in the Uwharrie Covenants and shall be cared for and maintained by the Surviving Corporation in accordance with the Uwharrie Point Restrictions, the Uwharrie Point Covenants and the Millingport Declaration.

8. Architectural Committee

Upon the effective date, the Architectural Review Board of Uwharrie Point, as described in the Uwharrie Point Covenants, shall continue with the same function and duties for the benefit of the Surviving Corporation, and it shall assume all obligations and responsibilities of the Millingport Committee as described in the Millingport Declaration; provided, however, that, with respect to all properties formerly under Millingport, said Architectural Review Board shall be required to enforce those building, maintenance, and use restrictions found in the Uwharrie Restrictions, the Uwharrie Covenants, and the Millingport Declaration.

9. Insurance

Upon the effective date, the Surviving Corporation shall continue to carry various types of insurance as required by the Uwharrie Covenants and shall assume all of Millingport's obligations and responsibilities in this regard as a part of its existing obligations.

10. Special Maintenance

Upon the effective date, the Surviving Corporation shall assume Millingport's obligations to maintain and care for private yards and grounds owned by Former Millingport Members under the same conditions as provided in the Millingport Declaration. The Surviving Corporation shall provide the same or similar maintenance of private yards and grounds owned by Former Millingport Members as has been provided by Millingport and as required or allowed by the Millingport Declaration.

11. Liabilities

The Surviving Corporation shall have all of the liabilities of each the Constituent Corporations; and any proceeding pending against either of the Constituent Corporations may be continued as if the merger did not occur, or the Surviving Corporation may be substituted in the proceeding for the corporation which has ceased to exist.

12. Assignments

If at any time the Surviving Corporation shall consider or be advised that any further assignments or assurances in law or anything is necessary or desirable to vest in said corporation, according to the terms hereof, the title to any property or rights of Millingport, including without limitation certain insurance policies, bank accounts, or other assets, the proper officers and directors of Millingport shall and will execute and make all such proper assignments and assurances and do all things necessary or proper to vest title in such property or rights in the Surviving Corporation and otherwise to carry out the purposes of this agreement.

13. Conditions

Anything herein to the contrary notwithstanding, this Agreement may be terminated and abandoned at any time prior to the filing of the Articles of Merger either:

- (a) by mutual written consent of the Boards of Directors of both Constituent Corporations; or
- (b) by the Board of Directors of either of the Constituent Corporations if this Agreement is not duly approved by the members of both Constituent Corporations.

14. Miscellaneous

- (a) If the merger contemplated hereby becomes effective, all expenses incurred hereunder shall be born by the Surviving Corporation. If, for any reason the merger shall not become effective or shall be abandoned, each of the Constituent Corporations shall bear its own expenses, separately incurred in connection herewith, with no liability to the other party hereto, and each shall pay one-half of the expenses incurred by them jointly.
- (b) All notices, waivers, consents or requests required or permitted hereunder shall be in writing and shall be deemed to have been duly given on the date of delivery or when deposited in the United States mail.
- (c) At any time before or after approval and adoption by the respective members of the Constituent Corporations, this Agreement may be modified in matter of form or supplemented by additional agreements, articles or certificates, as may be mutually determined by the Boards of Directors of the Constituent Corporations to be necessary, desirable, or expedient to clarify the intention of the parties hereto or to affect or facilitate the filing, recording, or official approval of this Agreement and the consummation of the merger herein contemplated, in accordance with the purpose and intent of this Agreement.

IN WITNESS WHEREOF, Millingport at Uwharrie Point Homeowners Association, Inc. and Uwharrie Point Community Association, Inc. have each caused this Agreement to be executed on their respective behalf by their respective duly authorized officers on the date first above written.

UWHARRIE POINT COMMUNITY ASSOCIATION, INC.

By:

Title

Attest:

Title

MILLINGPORT AT UWHARRIE POINT HOMEOWNERS ASSOCIATION, INC.

By:

Title

**STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY**

**AMENDMENT TO (1) DECLARATION OF RIGHTS, RESTRICTIONS, AFFIRMATIVE OBLIGATIONS
AND
CONDITIONS APPLICABLE TO ALL PROPERTY IN UWHARRIE POINT AND (2) DECLARATION
OF
COVENANTS AND RESTRICTIONS OF THE UWHARRIE POINT COMMUNITY ASSOCIATION, INC.
AND
DOMINION LANDS, INC., A VIRGINIA CORPORATION**

THIS AMENDMENT, made and entered into this the 30 day of September, 1997, by and between LAKE BADIN ASSOCIATES ("Company") and UWHARRIE POINT COMMUNITY ASSOCIATION, INC. ("Association").

WITNESSETH:

THAT WHEREAS, the predecessor to Company made and recorded a certain "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point" found in Book 246 at Page 633 of the Montgomery County Registry and the predecessor to the Company and the Association made and recorded a certain "Declaration of Covenants and Restrictions of the Uwharrie Point Community Association, Inc. and Dominion Lands, Inc., a Virginia corporation recorded in Book 246 at Page 660 of the Montgomery County Registry; and

WHEREAS, pursuant to the terms of each document, the parties hereto wish to amend said documents; and

WHEREAS, the hereinafter described amendment was proposed and voted upon at a duly called meeting of all of the Owners of Properties in Uwharrie Point and such amendment was voted upon and passed by more than 2/3rds of the votes at such meeting where a quorum was present.

NOW, THEREFORE, the Declaration of Rights, Restrictions, Affirmative Obligations and Conditions applicable to all property in Uwharrie Point recorded in Book 246 at Page 633 of the Montgomery County Registry and the Declaration of Covenants and Restrictions of the Uwharrie Point Community Association, Inc. and Dominion Lands, Inc., a Virginia corporation recorded in Book 246 at Page 660 of the Montgomery County Registry are hereby amended as follows:

I. Exhibit A to both documents is amended by excepting from Exhibit A of both said documents all the property herein described on Schedule A hereto, which schedule is fully incorporated herein. The purpose of this amendment is to remove the property described on Schedule A hereto from the effect and operation of the above said documents.

2. The meeting at which such amendments were approved was held on the 13th day of September, 1997, the notice of such meeting was mailed on the 13th day of August, 1997, the total number of votes of Owners of Properties was 866, the total number of votes required to constitute a quorum at a meeting of such Owners was 520, the total number of votes of said Owners present at such meeting was 536, the total number of votes cast for such amendment was 484, and the total number of votes cast against such amendment was 28, the total number of votes necessary to adopt such amendment was 357.

WITNESSETH our hands and seals the day and year first above written.

LAKE BADIN ASSOCIATES, A VIRGINIA
GENERAL PARTNERSHIP BY: OLD NORTH
STATE MANAGEMENT COMPANY, ITS
ATTORNEY-IN-FACT AND AGENT, A VIRGINIA
CORPORATION

By:
Title
Attest:
Title

UWHARRIE POINT COMMUNITY
ASSOCIATION, INC.

By:
Title
Attest:
Title

STATE OF NORTH CAROLINA
COUNTY OF Davidson

I, Kim G. Morris Notary Public in and for the above County and State, do hereby certify that Marilyn Bragg personally came before me this day and acknowledged that he/she is Secretary of OLD NORTH STATE MANAGEMENT CO., a Virginia Corporation, Attorney-in-fact for LAKE BADIN ASSOCIATES, a Virginia General Partnership, and that by authority duly given and as the act of the corporation the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by Marilyn Bragg as its Secretary and that their authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged and recorded in the Office of the Register of Deeds of Montgomery County, North Carolina in Book 325 at Page 286.

WITNESS my hand and official seal, this the 13 day of October, 1997.
Notary Public
My commission expires: 07/18/2000

STATE OF NORTH CAROLINA
COUNTY OF Davidson

I, Kim G. Morris Notary Public in and for the above County and State, do hereby certify that Scott Bell personally came before me this day and acknowledged that he/she is Secretary of UWHARRIE POINT COMMUNITY ASSOCIATION, a North Carolina corporation, and that, by authority duly given and as the act of the corporation the foregoing instrument was signed in its name by its President, sealed with its corporate seal, and attested by himself/herself as its Secretary.

WITNESS my hand and official seal, this the 13 day of October, 1997.
Notary Public
My commission expires: 07/18/2000

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

The foregoing certificate(s) of Kim G. Morris is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the Office of the Register of Deeds MONTGOMERY County, N. C. in Book 346 at page 684

This the 18th day of December, 1997 at 4:29 o'clock PM
Sally M. Morris, Register of Deeds by: _____, Deputy

LEGAL DESCRIPTION FOR 55.368 ACRE TRACT

Beginning at an existing iron pipe on the 545 contour of Badin Lake (Yadkin Inc. Datum) in the southern line of Lake Badin Associates said iron pipe being located North 68 degrees 05 minutes 15 seconds for a distance of 15.00 feet from the northwest corner of Lot 119 of Heron Bay Subdivision Phase 6 as recorded in Plat Cabinet "C". Slide 107-B In the Montgomery County Registry of Deeds; thence with the meandering 545 contour line the following courses and distances:

Thence South 40 degrees 22 minutes 20 seconds West for a distance of 52.00 feet to a new iron pipe;
Thence South 34 degrees 11 minutes 54 seconds West for a distance of 65.06 feet to an existing iron pipe;
Thence South 28 degrees 31 minutes 40 seconds West for a distance of 50.57 feet to a new iron pipe;
Thence South 21 degrees 06 minutes 34 seconds West for a distance of 122.20 feet to a new iron pipe;
Thence South 26 degrees 25 minutes 51 seconds West for a distance of 75.38 feet to a new iron pipe;
Thence South 39 degrees 18 minutes 35 seconds West for a distance of 129.17 feet to an existing iron pipe;
Thence South 58 degrees 40 minutes 55 seconds West for a distance of 77.86 feet to an existing iron pipe;
Thence North 22 degrees 41 minutes 05 seconds East for a distance of 104.10 feet to an existing iron pipe;
Thence North 07 degrees 17 minutes 58 seconds East for a distance of 80.16 feet to a new iron pipe;
Thence North 07 degrees 12 minutes 36 seconds East for a distance of 53.10 feet to a new iron pipe;
Thence North 24 degrees 40 minutes 30 seconds East for a distance of 10.93 feet to a new iron pipe;
Thence North 03 degrees 29 minutes 49 seconds East for a distance of 71.45 feet to a new iron pipe;
Thence North 10 degrees 34 minutes 05 seconds East for a distance of 57.10 feet to a new iron pipe;
Thence North 24 degrees 03 minutes 56 seconds East for a distance of 56.40 feet to a new iron pipe;
Thence North 08 degrees 04 minutes 23 seconds East for a distance of 68.30 feet to a new iron pipe;
Thence South 30 degrees 36 minutes 33 seconds West for a distance of 41.35 feet to a new iron pipe;
Thence South 27 degrees 12 minutes 04 seconds East for a distance of 54.65 feet to a new iron pipe;
Thence South 03 degrees 03 minutes 36 seconds West for a distance of 45.61 feet to a new iron pipe;
Thence South 04 degrees 20 minutes 14 seconds West for a distance of 53.35 feet to a new iron pipe;
Thence South 08 degrees 20 minutes 03 seconds East for a distance of 41.61 feet to a new iron pipe;
Thence South 18 degrees 15 minutes 24 seconds West for a distance of 121.26 feet to a new iron pipe;
Thence South 52 degrees 07 minutes 49 seconds West for a distance of 70.99 feet to a new iron pipe;
Thence South 59 degrees 02 minutes 12 seconds West for a distance of 105.89 feet to a new iron pipe;
Thence South 82 degrees 28 minutes 19 seconds West for a distance of 23.26 feet to a new iron pipe;
Thence South 06 degrees 19 minutes 05 seconds West for a distance of 28.75 feet to a new iron pipe;

Thence South 21 degrees 18 minutes 41 seconds West for a distance of 91.80 feet to a new iron pipe;
Thence South 39 degrees 45 minutes 44 seconds West for a distance of 27.91 feet to a new iron pipe;
Thence South 19 degrees 41 minutes 42 seconds East for a distance of 21.34 feet to a new iron pipe;
Thence South 08 degrees 48 minutes 08 seconds West for a distance of 11.61 feet to a new iron pipe;
Thence South 52 degrees 03 minutes 03 seconds West for a distance of 91.48 feet to a new iron pipe;
Thence South 75 degrees 33 minutes 19 seconds West for a distance of 13.26 feet to a new iron pipe;
Thence South 64 degrees 33 minutes 37 seconds East for a distance of 29.49 feet to a new iron pipe;
Thence South 16 degrees 38 minutes 12 seconds East for a distance of 38.04 feet to a new iron pipe;
Thence South 12 degrees 47 minutes 24 seconds West for a distance of 19.77 feet to a new iron pipe;
Thence South 56 degrees 21 minutes 50 seconds West for a distance of 13.07 feet to a new iron pipe;
Thence South 60 degrees 10 minutes 02 seconds East for a distance of 23.27 feet to a new iron pipe;
Thence South 02 degrees 13 minutes 45 seconds East for a distance of 84.27 feet to a new iron pipe;
Thence South 39 degrees 45 minutes 34 seconds West for a distance of 32.76 feet to a new iron pipe;
Thence South 20 degrees 53 minutes 44 seconds East for a distance of 10.51 feet to a new iron pipe;
Thence South 04 degrees 18 minutes 09 seconds West for a distance of 31.71 feet to a new iron pipe;
Thence South 21 degrees 00 minutes 52 seconds West for a distance of 33.19 feet to a new iron pipe;
Thence South 41 degrees 34 minutes 27 seconds West for a distance of 115.02 feet to a new iron pipe;
Thence South 77 degrees 19 minutes 16 seconds West for a distance of 100.49 feet to a new iron pipe;
Thence South 35 degrees 29 minutes 42 seconds West for a distance of 27.21 feet to a new iron pipe;
Thence South 73 degrees 02 minutes 48 seconds West for a distance of 30.83 feet to a new iron pipe;
Thence North 79 degrees 08 minutes 55 seconds West for a distance of 37.17 feet to a new iron pipe;
Thence North 37 degrees 01 minutes 10 seconds West for a distance of 26.58 feet to a new iron pipe;
Thence South 35 degrees 04 minutes 28 seconds West for a distance of 14.80 feet to a new iron pipe;
Thence North 74 degrees 24 minutes 22 seconds West for a distance of 39.86 feet to a new iron pipe;
Thence South 42 degrees 03 minutes 09 seconds East for a distance of 25.14 feet to a new iron pipe;
Thence South 40 degrees 55 minutes 05 seconds East for a distance of 64.79 feet to a new iron pipe;
Thence South 22 degrees 36 minutes 43 seconds East for a distance of 48.55 feet to a new iron pipe;
Thence South 01 degrees 33 minutes 29 seconds East for a distance of 45.98 feet to a new iron pipe;
Thence South 20 degrees 21 minutes 07 seconds West for a distance of 54.67 feet to a new iron pipe;
Thence South 40 degrees 46 minutes 46 seconds West for a distance of 60.28 feet to a new iron pipe;
Thence South 63 degrees 01 minutes 55 seconds West for a distance of 23.75 feet to a new iron pipe;
Thence South 29 degrees 29 minutes 35 seconds East for a distance of 12.55 feet to a new iron pipe;
Thence South 02 degrees 01 minutes 25 seconds East for a distance of 13.10 feet to a new iron pipe;
Thence South 47 degrees 04 minutes 24 seconds West for a distance of 21.75 feet to a new iron pipe;
Thence South 08 degrees 13 minutes 43 seconds East for a distance of 24.36 feet to a new iron pipe;
Thence South 19 degrees 04 minutes 07 seconds West for a distance of 83.64 feet to a new iron pipe;
Thence South 38 degrees 10 minutes 00 seconds West for a distance of 19.90 feet to a new iron pipe;
Thence South 15 degrees 52 minutes 49 seconds West for a distance of 33.46 feet to a new iron pipe;
Thence South 31 degrees 18 minutes 12 seconds West for a distance of 36.58 feet to a new iron pipe;
Thence South 08 degrees 47 minutes 12 seconds West for a distance of 33.04 feet to a new iron pipe;
Thence South 53 degrees 38 minutes 54 seconds West for a distance of 13.66 feet to a new iron pipe;
Thence South 02 degrees 58 minutes 37 seconds East for a distance of 13.27 feet to a new iron pipe;
Thence South 26 degrees 11 minutes 24 seconds West for a distance of 45.74 feet to a new iron pipe;
Thence North 87 degrees 48 minutes 06 seconds West for a distance of 34.47 feet to a new iron pipe;
Thence South 09 degrees 22 minutes 05 seconds East for a distance of 11.85 feet to a new iron pipe;
Thence South 04 degrees 06 minutes 54 seconds West for a distance of 32.42 feet to a new iron pipe;
Thence South 68 degrees 01 minutes 07 seconds West for a distance of 27.09 feet to a new iron pipe;
Thence South 20 degrees 12 minutes 53 seconds East for a distance of 21.91 feet to a new iron pipe;
Thence South 10 degrees 44 minutes 48 seconds West for a distance of 19.19 feet to a new iron pipe;
Thence South 46 degrees 02 minutes 06 seconds West for a distance of 30.37 feet to a new iron pipe;
Thence South 69 degrees 35 minutes 03 seconds West for a distance of 27.77 feet to a new iron pipe;

Thence North 70 degrees 10 minutes 56 seconds West for a distance of 23.93 feet to a new iron pipe;
Thence South 06 degrees 40 minutes 25 seconds West for a distance of 27.62 feet to a new iron pipe;
Thence South 83 degrees 21 minutes 29 seconds West for a distance of 29.62 feet to a new iron pipe;
Thence South 57 degrees 17 minutes 10 seconds West for a distance of 28.48 feet to a new iron pipe;
Thence South 58 degrees 21 minutes 48 seconds West for a distance of 31.49 feet to a new iron pipe;
Thence North 85 degrees 58 minutes 47 seconds West for a distance of 36.48 feet to a new iron pipe;
Thence North 50 degrees 44 minutes 12 seconds West for a distance of 33.55 feet to a new iron pipe;
Thence North 00 degrees 19 minutes 34 seconds West for a distance of 19.28 feet to a new iron pipe;
Thence North 88 degrees 10 minutes 56 seconds West for a distance of 7.10 feet to a new iron pipe;
Thence North 66 degrees 55 minutes 22 seconds West for a distance of 9.88 feet to a new iron pipe;
Thence South 32 degrees 47 minutes 39 seconds West for a distance of 23.24 feet to a new iron pipe;
Thence South 63 degrees 10 minutes 40 seconds West for a distance of 15.60 feet to a new iron pipe;
Thence North 72 degrees 03 minutes 02 seconds West for a distance of 14.76 feet to a new iron pipe;
Thence North 50 degrees 43 minutes 50 seconds West for a distance of 27.90 feet to a new iron pipe;
Thence South 14 degrees 54 minutes 47 seconds West for a distance of 14.30 feet to a new iron pipe;
Thence South 71 degrees 26 minutes 04 seconds West for a distance of 15.73 feet to a new iron pipe;
Thence South 76 degrees 07 minutes 31 seconds West for a distance of 15.69 feet to a new iron pipe;
Thence North 73 degrees 35 minutes 12 seconds West for a distance of 26.78 feet to a new iron pipe;
Thence North 49 degrees 35 minutes 48 seconds West for a distance of 88.94 feet to a new iron pipe;
Thence North 45 degrees 48 minutes 39 seconds West for a distance of 83.70 feet to a new iron pipe;
Thence North 43 degrees 37 minutes 14 seconds West for a distance of 56.00 feet to a new iron pipe;
Thence North 24 degrees 06 minutes 10 seconds West for a distance of 54.30 feet to a new iron pipe;
Thence North 35 degrees 04 minutes 14 seconds West for a distance of 58.00 feet to a new iron pipe;
Thence North 13 degrees 17 minutes 44 seconds West for a distance of 104.87 feet to a new iron pipe;
Thence North 04 degrees 34 minutes 10 seconds West for a distance of 22.83 feet to a new iron pipe;
Thence North 56 degrees 58 minutes 14 seconds East for a distance of 6.00 feet to a new iron pipe;
Thence North 65 degrees 49 minutes 21 seconds West for a distance of 18.34 feet to a new iron pipe;
Thence North 08 degrees 58 minutes 02 seconds West for a distance of 19.66 feet to a new iron pipe;
Thence North 61 degrees 41 minutes 11 seconds West for a distance of 8.47 feet to a new iron pipe;
Thence North 47 degrees 13 minutes 08 seconds West for a distance of 20.81 feet to a new iron pipe;
Thence South 87 degrees 17 minutes 34 seconds West for a distance of 15.47 feet to a new iron pipe;
Thence North 40 degrees 56 minutes 29 seconds West for a distance of 33.60 feet to a new iron pipe;
Thence North 30 degrees 30 minutes 04 seconds East for a distance of 26.31 feet to a new iron pipe;
Thence North 26 degrees 45 minutes 43 seconds West for a distance of 37.44 feet to a new iron pipe;
Thence North 80 degrees 11 minutes 18 seconds West for a distance of 6.18 feet to a new iron pipe;
Thence North 18 degrees 50 minutes 30 seconds West for a distance of 19.53 feet to a new iron pipe;
Thence North 47 degrees 01 minutes 10 seconds West for a distance of 22.96 feet to a new iron pipe;
Thence North 34 degrees 53 minutes 12 seconds West for a distance of 17.20 feet to a new iron pipe;
Thence North 24 degrees 11 minutes 53 seconds West for a distance of 22.57 feet to a new iron pipe;
Thence North 56 degrees 59 minutes 36 seconds West for a distance of 63.47 feet to a new iron pipe;
Thence South 57 degrees 48 minutes 57 seconds West for a distance of 18.67 feet to a new iron pipe;
Thence North 10 degrees 40 minutes 56 seconds West for a distance of 19.83 feet to a new iron pipe;
Thence North 51 degrees 46 minutes 27 seconds West for a distance of 23.78 feet to a new iron pipe;
Thence North 63 degrees 01 minutes 38 seconds West for a distance of 31.77 feet to a new iron pipe;
Thence North 83 degrees 25 minutes 21 seconds West for a distance of 16.59 feet to a new iron pipe;
Thence North 40 degrees 44 minutes 15 seconds West for a distance of 17.86 feet to a new iron pipe;
Thence North 07 degrees 53 minutes 45 seconds West for a distance of 15.14 feet to a new iron pipe;
Thence North 51 degrees 10 minutes 06 seconds East for a distance of 16.32 feet to a new iron pipe;
Thence North 24 degrees 33 minutes 29 seconds West for a distance of 34.95 feet to a new iron pipe;
Thence North 70 degrees 39 minutes 51 seconds West for a distance of 46.59 feet to a new iron pipe;
Thence North 41 degrees 08 minutes 04 seconds West for a distance of 26.84 feet to a new iron pipe;

Thence North 18 degrees 58 minutes 29 seconds West for a distance of 40.66 feet to a new iron pipe;
Thence North 31 degrees 51 minutes 37 seconds West for a distance of 29.04 feet to a new iron pipe;
Thence North 11 degrees 15 minutes 36 seconds West for a distance of 45.51 feet to a new iron pipe;
Thence North 33 degrees 39 minutes 33 seconds West for a distance of 82.01 feet to a new iron pipe;
Thence North 09 degrees 39 minutes 55 seconds West for a distance of 33.85 feet to a new iron pipe;
Thence North 44 degrees 18 minutes 32 seconds West for a distance of 17.18 feet to a new iron pipe;
Thence North 15 degrees 55 minutes 05 seconds West for a distance of 18.92 feet to a new iron pipe;
Thence North 18 degrees 27 minutes 46 seconds West for a distance of 14.57 feet to a new iron pipe;
Thence North 04 degrees 36 minutes 55 seconds East for a distance of 6.55 feet to a new iron pipe;
Thence North 56 degrees 12 minutes 25 seconds West for a distance of 4.83 feet to a new iron pipe;
Thence North 16 degrees 41 minutes 45 seconds West for a distance of 25.18 feet to a new iron pipe;
Thence North 20 degrees 19 minutes 07 seconds West for a distance of 54.28 feet to a new iron pipe;
Thence North 08 degrees 52 minutes 33 seconds East for a distance of 12.67 feet to a new iron pipe;
Thence North 10 degrees 03 minutes 15 seconds West for a distance of 14.85 feet to a new iron pipe;
Thence North 00 degrees 56 minutes 27 seconds East for a distance of 14.93 feet to a new iron pipe;
Thence North 25 degrees 23 minutes 50 seconds West for a distance of 13.97 feet to a new iron pipe;
Thence North 15 degrees 49 minutes 32 seconds East for a distance of 29.80 feet to a new iron pipe;
Thence North 04 degrees 31 minutes 12 seconds East for a distance of 17.86 feet to a new iron pipe;
Thence North 45 degrees 33 minutes 11 seconds East for a distance of 46.77 feet to a new iron pipe;
Thence North 58 degrees 15 minutes 39 seconds West for a distance of 34.27 feet to a new iron pipe;
Thence North 33 degrees 07 minutes 55 seconds West for a distance of 8.86 feet to a new iron pipe;
Thence North 82 degrees 21 minutes 03 seconds West for a distance of 16.90 feet to a new iron pipe;
Thence North 02 degrees 45 minutes 07 seconds West for a distance of 12.40 feet to a new iron pipe;
Thence North 39 degrees 31 minutes 10 seconds West for a distance of 13.44 feet to a new iron pipe;
Thence North 73 degrees 18 minutes 07 seconds West for a distance of 11.10 feet to a new iron pipe;
Thence North 19 degrees 36 minutes 30 seconds West for a distance of 21.14 feet to a new iron pipe;
Thence North 49 degrees 58 minutes 06 seconds West for a distance of 44.51 feet to a new iron pipe;
Thence North 20 degrees 14 minutes 10 seconds West for a distance of 101.42 feet to a new iron pipe;
Thence North 24 degrees 04 minutes 34 seconds East for a distance of 16.81 feet to a new iron pipe;
Thence North 26 degrees 22 minutes 32 seconds West for a distance of 52.73 feet to a new iron pipe;
Thence South 80 degrees 51 minutes 30 seconds West for a distance of 21.74 feet to a new iron pipe;
Thence North 11 degrees 02 minutes 17 seconds West for a distance of 74.72 feet to a new iron pipe;
Thence North 34 degrees 11 minutes 35 seconds East for a distance of 121.86 feet to a new iron pipe;
Thence North 56 degrees 16 minutes 55 seconds East for a distance of 54.17 feet to a new iron pipe;
Thence North 05 degrees 10 minutes 21 seconds West for a distance of 29.29 feet to a new iron pipe;
Thence North 61 degrees 56 minutes 56 seconds East for a distance of 29.67 feet to a new iron pipe;
Thence North 84 degrees 28 minutes 39 seconds East for a distance of 61.10 feet to a new iron pipe;
Thence North 81 degrees 21 minutes 15 seconds East for a distance of 31.13 feet to a new iron pipe;
Thence North 23 degrees 31 minutes 43 seconds West for a distance of 41.33 feet to a new iron pipe;
Thence North 00 degrees 45 minutes 16 seconds East for a distance of 31.01 feet to an existing iron pipe;
Thence North 26 degrees 42 minutes 39 seconds East for a distance of 12.30 feet to a new iron pipe;
Thence North 63 degrees 38 minutes 34 seconds East for a distance of 81.86 feet to a new iron pipe;
Thence North 25 degrees 33 minutes 22 seconds West for a distance of 22.53 feet to a new iron pipe;
Thence leaving the 545 contour and following the southern line of Badin Shores Resort Owners, Inc.
South 85 degrees 50 minutes 50 seconds East for a distance of 310.37 feet to a new iron pipe; thence South
61 degrees 42 minutes 19 seconds East for a distance of 150.67 feet to an existing iron pipe; thence South
88 degrees 40 minutes 30 seconds East for a distance of 1110.39 feet to an existing iron stake;
the

Southeast corner of Badin Shores Resort Owners, Inc. and the southwest corner of Lake Badin Associates;
thence with southern line of Lake Badin Associates South 87 degrees 38 minutes 04 seconds East for a
distance of 412.81 feet to a granite monument: thence South 57 degrees 50 minutes 17 seconds East for a
distance of 67.51 feet to the point of beginning containing 55.368 acres more or less...

LEGAL DESCRIPTION FOR 34.243 ACRE TRACT

Beginning at a granite monument, said monument being located North 77 degrees 41 minutes 49 seconds
West a distance of 18.34 feet from the northeast corner of Lot 119 of Heron Bay Subdivision Phase 6
as
recorded in Plat Cabinet "C", Slide 107-B in the Montgomery County Registry of Deeds; thence North
68
degrees 05 minutes 15 seconds West for a distance of 440.01 feet to a granite monument; thence
North 87
degrees 38 minutes 04 seconds West for a distance of 412.81 feet to an existing iron stake, the
southeast
corner of Badin Shores Resort Owners, Inc.; thence with the line of Badin Shores Resort Owners, Inc.
North 00
degrees 26 minutes 01 seconds East for a distance of 1625.30 feet to an existing iron pipe, thence
South 77
degrees 05 minutes 42 seconds East for a distance of 1080.80 feet to an iron stake in a painted rock
pile,
corner with Gilbert Futrell; thence with the line of Gilbert Futrell South 08 degrees 54 minutes 03
seconds West
for a distance of 1584.20 feet to the point of beginning, containing 34.243 acres more or less.

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

**SUPPLEMENTARY DECLARATION
FOR WATERTON**

THIS SUPPLEMENTARY DECLARATION, for Waterton, made and entered into this the 26 day of October, 1998 by and between LAKE BADIN ASSOCIATES ("Company"), and LARRY ALEXANDER BUILDING COMPANY ("Alexander"), and the UWHARRIE POINT COMMUNITY ASSOCIATION ("UPCA"), collectively referred to hereinafter as the "Supplementary Declarants".

WITNESSETH:

THAT WHEREAS, the predecessor to Company made and recorded a certain "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to all Property in Uwharrie Point" recorded in Book 246 at Page 633 of the Montgomery–County Registry, and the predecessor to the Company, along with the Uwharrie Point Community Association, made and recorded a certain "Declaration of Covenants and Restrictions of the Uwharrie Point Community Association, Inc. and Dominion Lands, Inc., a Virginia Corporation," recorded in Book 246 at Page 660 of the Montgomery County Registry, collectively the "Declarations." The terms used herein are as defined in the Declarations; and

WHEREAS, a portion of the property subject to the Declarations is known as Waterton at Uwharrie Point and is shown on plats recorded in Plat Cabinet C at Slides 134B and C of the Montgomery County Registry hereinafter referred to as "Waterton"; and

WHEREAS, Supplementary Declarants are the sole owners of Waterton; and

WHEREAS, Supplementary Declarants wish to supplement the Declarations to address certain issues regarding Waterton as follows.

NOW, THEREFORE, the Supplementary Declarants hereby supplement the Declarations to apply only in Waterton as shown and to any other properties owned by Supplementary Declarants collectively or individually which might be added to Waterton by recording a further declaration to have this Supplementary Declaration extended thereto. The Supplementary Declarants do hereby make and declare the following covenants that will apply only to Waterton, said Supplementary Declaration to bear the same force and integrity as the Declarations. In the event of a conflict between this Supplementary Declaration and the Declarations, the Declarations shall prevail.

Section 1. Maintenance of Family Dwelling Units

1. UPCA shall be responsible for the routine maintenance of the yards, courtyards, and landscaping surrounding the Family Dwelling Units constructed at Waterton. Regarding lawns, said maintenance may include, but not be limited to, mowing, trimming and edging, fertilizing, aeration, overseeding, liming for pH adjustment, and weed control. As to other landscaping surrounding the Family Dwelling Units, said maintenance may include, but not be limited to, fertilizing and pruning shrubs, mulching plant beds, treatment for insects and other diseases, fertilizing trees, removal of leaves, providing routine maintenance of the irrigation and landscape lighting systems, and litter pickup.

2. UPCA shall contract for and make arrangements for household garbage pickup.

3. After the Builder warranty on each Family Dwelling Unit has expired, UPCA shall assume responsibility to replace the roofs of the Family Dwelling Units in Waterton, repaint the siding, and repaint and repair exterior gates, gazebos, porches, railings, fences and trim.
4. Any obligation, maintenance, repairs, and/or replacement related to the Family Dwelling Unit not specifically required hereunder shall be the sole responsibility of the owner of each Family Dwelling Unit.
5. UPCA's responsibilities hereunder shall not include repairing any damage to a Family Dwelling Unit or its landscaping caused by parties other than UPCA, UPCA's agents, or storms or other such acts of nature. UPCA shall not be required to maintain any additions to the landscaping, courtyard or other structural items that are not illustrated on the Family Dwelling Unit's approved landscape and architectural plans.
6. The necessity, frequency, and timeliness of the above enumerated maintenance services (Section 1, paragraphs 1 - 3) shall be in the sole discretion of the UPCA Board of Directors. The obligations hereunder may be modified or expanded in the sole discretion of the UPCA Board of Directors. The UPCA Board of Directors may, in its discretion, appoint a committee of owners in Waterton to advise UPCA on the activities described herein. Such advisory committee shall serve at the discretion of the UPCA Board of Directors. A "WATERTON MAINTENANCE SCHEDULE" will be updated and modified from time to time and indicate the then current schedule for maintenance activities in Waterton.

Section 2. Waterton Assessment.

1. UPCA shall annually prepare a separate budget for Waterton covering the estimated expenses of providing the services described hereinabove (as modified from time to time by the UPCA Board of Directors) for the coming year. The expenses shall be allocated equally among all the family Dwelling Units in Waterton and levied irrespective of the benefit as to any particular Family Dwelling Unit. This assessment shall be the Waterton Assessment.
2. A Family Dwelling Unit that has received a Certificate of Compliance from Montgomery County within Waterton shall be obligated to pay the Waterton Assessment. The Waterton Assessment shall be collected under Article V of the "Declaration of Covenants and Restrictions of the Uwharrie Point Community Association, Inc. and Dominion Lands, Inc., a Virginia Corporation". Provided that if Company, Alexander or another homebuilder is the Owner of a Residential Lot or Family Dwelling Unit in Waterton, they will be assessed only the portion of the Waterton Assessment attributable to landscape maintenance. During such time, such Residential Lot or Family Dwelling Unit shall not be entitled to any of the maintenance described herein, other than landscape maintenance described in Section 1, paragraph 1 of this document.
3. Each Owner in Waterton upon acceptance of a Deed to a Residential Lot or Family Dwelling Unit within Waterton shall be deemed to have consented to the Waterton Assessment and to pay such assessment.
4. Except as stated above in Section 2, paragraph 2, the Waterton Assessment shall begin to be payable upon the issuance of a Certificate of Compliance for any Family Dwelling Unit in Waterton by the Montgomery County Department of Inspections.
5. A portion of the Waterton Assessment shall include creating a reserve to replace the roof of each Family Dwelling Unit in Waterton as well as to repaint the siding, of each Family Dwelling Unit as described above. The amount of such reserves shall be determined by the UPCA Board of Directors in

its sole discretion. Additionally, UPCA may identify the need for other reserves and may include such other reserves in the annual budget.

6. The initial amount of the monthly Waterton Assessment shall be as determined by the UPCA Board of Directors. Notwithstanding anything contained in the Declarations to the contrary, UPCA may increase or decrease the amount of the Waterton Assessment or levy special assessments to cover the costs of providing the maintenance or replacements described herein or necessitated hereunder.

Section 3. Easements.

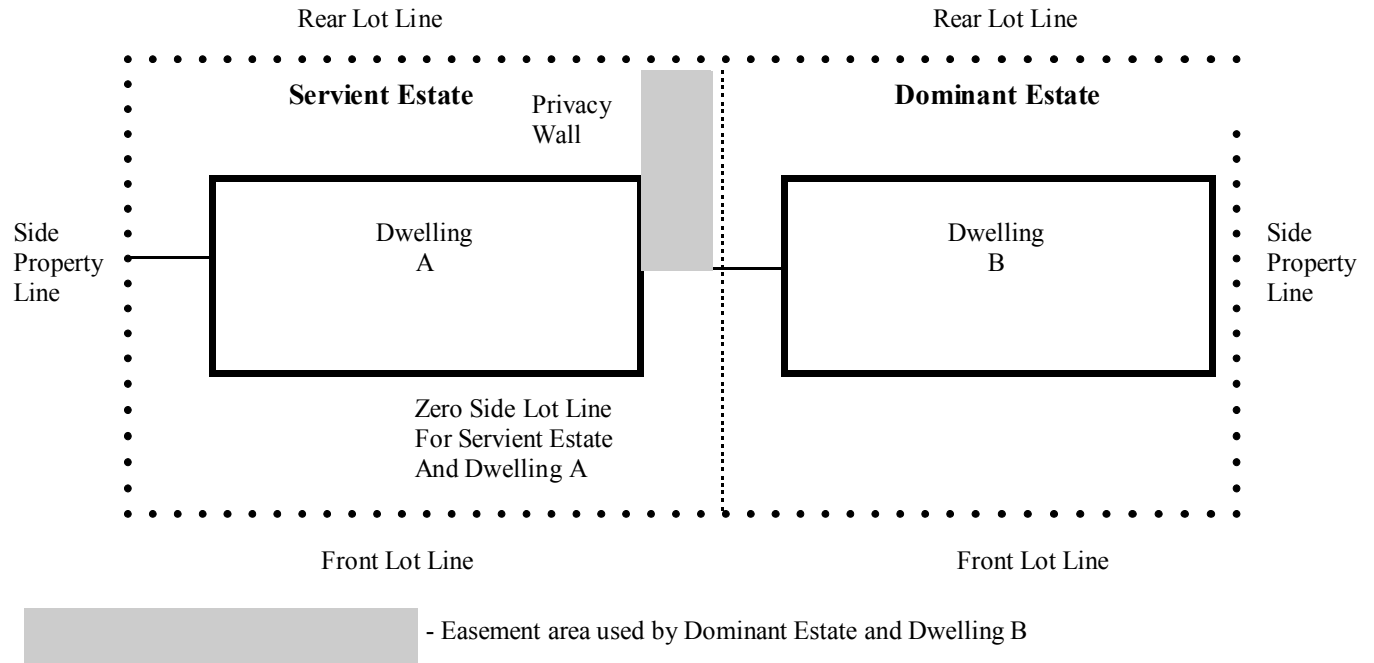
1. Each Owner -in Waterton is deemed to have granted a perpetual no-n-exclusive access easement to UPCA, its employees, agents, contractors and representatives for the purpose of providing the maintenance and repair activities described herein. Said easement shall run with the land.

Section 4. Additional Covenants and Easements Applicable to Single Family Detached Lots L- 20 and Lots 21 - 26 Inclusive as Shown-on Plats of Waterton at Uwharrie Point in Cabinet C-134-B and C-134-C Respectively, "Zero Lot Line Lot."

1. Side-Yard Use Easements.

A. Definitions. For purposes of this Section, capitalized terms not previously defined in the Declarations shall have the meanings set forth below.

- (a) "Zero Side Lot Line" is the side lot line of each Family Dwelling Unit on a Zero Lot Line Lot, (hereinafter the "Unit" or "Units") closest to which the dwelling on such Unit has been or is hereafter constructed. The "Zero Side" of the dwelling on each Unit is the side closest to the Zero Side Lot Line.
- (b) "Common Boundary" is the side lot line forming the common boundary line between any two adjoining Units.
- (c) "Dominant Estate" shall mean, as between two adjoining Units, the Unit for which the Common Boundary is not the Zero Side Lot Line. (In the illustration below, the Dominant Estate is the Unit on the right).



- (d) "Servient Estate" shall mean, as between two adjoining Units, the Unit for which the Common Boundary is the Zero Side Lot Line. (In the illustration above, the, Servient Estate is the Unit on the left.)
- (e) "Easement Area" shall mean that area on the Servient Estate which lies between the Common Boundary and a line formed by a privacy wall and/or the adjoining structure of the Zero Side of the dwelling on the Servient Estate.
- (f) "Privacy Wall" shall mean any wall or fence built as a part of the original construction of the Units and placed on the dividing line between the Units and acting as a commonly shared wall or fence. Each Owner shall own that portion of the wall or fence which stands on his/her own Family Dwelling Unit, with a cross easement of support in the other portion. If a wall or fence separating two (2) units, and extensions of such wall or fence, shall lie entirely within the boundaries of one Family Dwelling Unit, such wall or fence, together with its extensions, shall also be a Privacy Wall and the Owner of the adjacent Unit shall have a perpetual easement to benefit from the Privacy Wall as if same were subject to the foregoing sentence.

B. Use of Easement Area. A perpetual non-exclusive easement on, over and across the Easement Area of the adjoining Servient Estate is hereby granted to each Dominant Estate for ingress, egress, use and enjoyment of the Easement Area by the Owner and occupants of the Dominant Estate and their guests, for construction, encroachment, maintenance and use of a Privacy Wall to serve the Dominant Estate, and for installation and maintenance of landscaping within such Easement Area, subject to the architectural controls set forth herein and in the Declarations.

Nothing shall be done or permitted within any Easement Area which would constitute a threat or hazard to the health and safety of the individuals occupying the Servient Estate dwelling, nor shall anything be done or permitted within the Easement Area which defaces the dwelling on the Servient Estate or which

adversely affects the integrity, structure or strength of the dwelling on the Servient Estate. The uses permitted within each Easement Area by virtue of this Section shall be subject to any utility, access and drainage easements, as well as any minor encroachments from roof overhangs and the like, attributable to the dwelling on the Servient Estate and pertaining to all or any portion of the Easement Area. In addition, the permitted uses of the Easement Area are subject to any easements granted elsewhere in the Declarations, as it may be amended from time to time.

C. Rights of Entry. The following rights of entry onto the Easement Area shall exist:

- (a) The Owner of each Servient Estate and UPCA (and the authorized agents, representatives, contractors, etc., of such Owner or UPCA) shall have a reasonable and temporary right of entry, access, ingress and regress, including, without limitation, access through the gate, if any, in any Privacy Wall upon the Easement Area and that portion of the Dominant Estate reasonably necessary to perform and complete, in a prompt, efficient and good and workmanlike manner, any construction or other work (whether original, remodeling or repair) to the dwelling and other structures located on the Servient Estate, which has been theretofore approved by the Company or UPCA or provided for under this Supplementary Declaration; provided, unless otherwise warranted by then-existing circumstances or otherwise-agreed by the Owner of the Dominant Estate, such entry shall occur during daylight hours only and shall be limited to a reasonable number of days in each calendar year.
- (b) Provided that in (a) above the Owner of the Dominant Estate shall be indemnified and held harmless from any and all claims, damages, and liabilities, including but not limited to reasonable attorney fees, that might accrue from or be attributable to the uses described in (a) above. The Company, or upon its delegation, UPCA are specifically authorized to promulgate ad hoc rules and guidelines pertaining to any particular construction or repair work likely to require the exercise of the right of entry described above so that the respective best interests of the adjoining Owners are, to the extent reasonably possible, harmonized and preserved.

D. Maintenance of Easement Area- Damage and Destruction

- (a) Notwithstanding anything to the contrary set forth in the Declarations, but subject to the provisions of Section 1 herein, the Owners of the Dominant Estate shall be responsible for maintaining the landscaping, Privacy Wall and any other improvements within the Easement Area (except overhangs and other portions of the dwelling on the Servient Estate) in a neat and attractive condition in accordance with the community-wide standard.
- (b) Notwithstanding anything to the contrary set forth in the Declarations, the Owner of each Dominant Estate shall have an insurable interest in and shall be responsible for maintaining a property insurance policy on the Privacy Wall and any other insurable improvements located within the Easement Area and benefiting the Dominant Estate (excluding overhangs and other portions of the dwelling on the Servient Estate), and shall be entitled to all insurance proceeds paid under such policy on account of any insured loss. In the event that a Privacy Wall is damaged or destroyed by fire or other casualty, the Owner of the Dominant Estate shall proceed promptly to repair or restore the Privacy Wall in the manner consistent with its original construction, unless otherwise approved by UPCA.

Section 5. Insurance and Other Matters.

1. UPCA shall procure and maintain any and all liability, worker's compensation, and other insurance reasonably necessary to cover any and all liabilities associated with its duties hereunder. The cost of premiums and deductibles for said insurance shall be a part of the UPCA Assessment.

2. UPCA enters into this Supplementary Declaration for the purpose of acknowledging its duties and responsibilities hereunder.

3. All areas designated on the Waterton plats as Open Space or Common Property shall be deeded to and maintained by UPCA in conformity with the standards and procedures for all other such property at Uwharrie Point.

4. Repair of damage to the exterior of any Family Dwelling Unit must be completed within twelve months of the date of the damage. All remedies available under Part IV, paragraph 7 of the "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to All Property in Uwharrie Point" shall be available in the event of a failure to complete such repairs within twelve months. There shall be implied a temporary construction access easement on properties adjoining any Family Dwelling Unit that has damage that necessitates entry onto said adjoining property to accomplish repairs. The use of such easement shall be in a manner so as not to disturb the encumbered property and any damage to the encumbered property caused by such use shall be repaired by the user.

5. Parking shall be in garages, driveways and in areas of streets or alleys designated for that purpose by UPCA.

6. In addition to the matters described herein, UPCA may adopt, amend, modify and enforce reasonable rules and regulations to deal with issues that may arise that are specific to Waterton.

7. Each Owner of a Family Dwelling Unit in Waterton shall procure and keep in force at all times fire and other hazard property insurance with companies acceptable to UPCA, evidencing UPCA as an additional insured under said policies. In the event of a lapse or termination of such policies, UPCA may purchase such insurance and charge the cost of such purchase to the Owner allowing the lapse or termination. All the structures and other improvements located upon the Family Dwelling Unit shall be so insured at their full replacement cost.

WITNESSETH the hands and seals of the Supplementary Declarants the day and year stated above.

LAKE BADIN ASSOCIATES, A VIRGINIA
GENERAL PARTNERSHIP BY: OLD NORTH
STATE MANAGEMENT COMPANY, INC., ITS
ATTORNEY-IN-FACT AND AGENT, A
VIRGINIA CORPORATION

By:
Title
Attest:
Title

LARRY ALEXANDER BUILDING COMPANY
By:
Title
Attest:
Title

UWHARRIE POINT COMMUNITY
ASSOCIATION, INC.
By:
Title

Attest:
Title

STATE OF NORTH CAROLINA
COUNTY OF: DAVIDSON

I, Kim G. Morris, Notary Public of the County and State aforesaid, certify that Scott Bell, personally came before me this day and acknowledged that he/she is _____ Secretary of OLD NORTH STATE MANAGEMENT CO., INC., a Virginia Corporation, Attorney-in-fact for LAKE BADIN ASSOCIATES, a Virginia General Partnership, and that by authority duly given and as the act of the corporation the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal, and attested by Scott Bell as its _____ Secretary and that their authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged and recorded in the Office of the Register of Deeds of Montgomery County, North Carolina in Book 336 at Page 277.

WITNESS my hand and notarial seal this the 26 day of October, 1998.

Kim G. Morris
Notary Public
My commission expires: 07-18-2000

STATE OF NORTH CAROLINA
COUNTY OF DAVIDSON

I, Ellen S. Carroll, a Notary Public of the County and State aforesaid, does hereby certify that Peggy H. Alexander personally appeared before me this day and acknowledged that he/she is Peggy H. Alexander Secretary of LARRY ALEXANDER COMPANY, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal and attested to by himself/herself as its _____ Secretary.

WITNESS my hand and notarial seal this the 21 day of October, 1998.

Ellen S. Carroll
Notary Public
My commission expires: 08-17-2000

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

I, Kim G. Morris, Notary Public in and for the above County and State, do hereby certify that Scott Bell, personally appeared before me this day and acknowledged that he/she is _____ Secretary of UWHARRIE POINT COMMUNITY ASSOCIATION, a North Carolina corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by _____ President, sealed with its corporate seal, and attested by himself/herself as its _____ Secretary.

WITNESS my hand and notarial seal this the 26 day of October, 1998.

Kim G. Morris
Notary Public
My commission expires: 07-18-2000

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

**AMENDMENT TO THE
SUPPLEMENTARY DECLARATION
FOR WATERTON**

THIS AMENDMENT TO THE SUPPLEMENTARY DECLARATION, for Waterton, made and entered into this the 13 day of May, 1999 by and between LAKE BADIN ASSOCIATES ("Company"), and LARRY ALEXANDER BUILDING COMPANY ("Alexander"), UWHARRIE POINT COMMUNITY ASSOCIATION ("UPCA"), and DOMINION CAPITAL, INC. ("DOMINION") collectively referred to hereinafter as the "Supplementary Declarants".

WITNESSETH:

THAT WHEREAS, the predecessor to Company made and recorded the following: (i) "Declaration of Rights, Restrictions, Affirmative Obligations and Conditions Applicable to all Property in Uwharrie Point recorded in Book 246 at Page 633 of the Montgomery County Registry, (ii) the predecessor to the Company, along with the Uwharrie Point Community Association, made and recorded a certain "Declaration of Covenants and Restrictions of the Uwharrie Point Community Association, Inc. and Dominion Lands, Inc., a Virginia Corporation," recorded in Book 246 at Page 660 of the Montgomery County Registry, and (iii) Company, Alexander and UPCA made and recorded the "Supplementary Declaration for Waterton" recorded in Book 3 65 at Page 341 of the Montgomery County Registry (the "Waterton Declaration") ("collectively the "Declarations"). The terms used herein are as defined in the Declarations; and

WHEREAS, a portion of the property subject to the Declarations is known as Waterton at Uwharrie Point and is shown on plats recorded in Plat Cabinet C at Slides 134B and C of the Montgomery County Registry hereinafter referred to as "Waterton"; and

WHEREAS, Supplementary Declarants are the sole owners of Waterton; and

WHEREAS, Supplementary Declarants wish to amend the Waterton Declaration as follows.

NOW, THEREFORE, the Supplementary Declarants hereby supplement the Declarations to apply only in Waterton as shown and to any other properties owned by Supplementary Declarants collectively or individually which might be added to Waterton by recording a further declaration to have this Amendment to the Supplementary Declaration extended thereto. The Supplementary Declarants do hereby make and declare the following covenants which will apply only to Waterton, said Amendment to the Supplementary Declaration to bear the same force and integrity as the Declarations. In the event of a conflict between this Amendment to this Supplementary Declaration and the Declarations, the Declarations shall prevail.

1. Paragraph 3 of Section 1. Maintenance of Family Dwelling Units shall be deleted in its entirety and the following substituted in its place:

"3. UPCA shall repair and replace the roofs of the Family Dwelling Units which are Townhouses in Waterton, after the builder warranty has expired. Additionally, UPCA will repaint the siding on the Family Dwelling Units which are Townhouses, as well as repaint and repair exterior gates, gazebos, porches, railings, fences and trim.

UPCA's obligation~ as set forth in this paragraph do not apply to Family Dwelling Units which are Single-Family Detached Dwellings."

2. Paragraph 5 of Section 2. Waterton Assessment shall be deleted in its entirety and the following inserted in its place:

"5. A portion of the Waterton Assessment shall include creating a reserve to replace and repair the roofs of the Family Dwelling Units which are Townhouses in Waterton, as well as to repaint, or repair, the siding of each as described above. The amount of such reserves shall be determined by UPCA in its sole discretion. Additionally, UPCA may identify the need for other reserves and may include such other reserves in the annual budget. UPCA's obligations as set forth in this paragraph do not apply to Family Dwelling Units which are Single-Family Detached Dwellings."

3. Other than as amended as set forth herein, the Declarations shall remain in full force and effect.

WITNESSETH the hands and seals of the Supplementary Declarants the day and year stated above.
LAKE BADIN ASSOCIATES, A VIRGINIA
GENERAL PARTNERSHIP BY: OLD NORTH
STATE MANAGEMENT COMPANY, INC., ITS
ATTORNEY-IN-FACT AND AGENT, A VIRGINIA
CORPORATION

By:
Title
Attest:
Title

LARRY ALEXANDER BUILDING COMPANY

By:
Title
Attest:
Title

UWHARRIE POINT COMMUNITY ASSOCIATION, INC.

By:
Title
Attest:
Title

DOMINION CAPITAL, INC.
STATE OF NORTH CAROLINA
COUNTY OF DAVIDSON

I, Kim G. Morris, Notary Public of the County and State aforesaid, certify that Scott Bell, personally came before me this day and acknowledged that he/she is _____ Secretary of OLD NORTH STATE MANAGEMENT CO., INC., a Virginia Corporation, Attorney-in-fact for LAKE BALDWIN ASSOCIATES, a Virginia General Partnership, and that by authority duly given and as the act of the corporation the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal, and attested by Scott Bell as its _____ Secretary and that their authority to

execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged and recorded in the Office of the Register of Deeds of Montgomery County, North Carolina in Book 336 at page 277.

WITNESS my hand and notarial seal this 11 day of May, 1999.

Kim G. Morris

Notary Public

My commission expires: 07-18-00

STATE OF NORTH CAROLINA

COUNTY OF MONTGOMERY

I, Ellen S. Carroll, a Notary Public of the County and State aforesaid, does hereby certify that Peggy H. Alexander personally appeared before me this day and acknowledged that he/she is _____ Secretary of LARRY ALEXANDER COMPANY, a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ President, sealed with its corporate seal and attested to by him/herself as its _____ Secretary.

WITNESS my hand and notarial seal this the 11 day of May, 1999.

Ellen S. Carroll

Notary Public

My commission expires: 08-17-2000

STATE OF NORTH CAROLINA

COUNTY OF DAVIDSON

I, Kim G. Morris, Notary Public in and for the above County and State, do hereby certify that Scott Bell, personally appeared before me this day and acknowledged that he/she is _____ Secretary of UWHARRIE POINT COMMUNITY ASSOCIATION, a North Carolina corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by _____ President, sealed with its corporate seal, and attested by himself/herself as its _____ Secretary.

WITNESS my hand and notarial seal this the 13 day of May, 1999.

Kim G. Morris

Notary Public

My commission expires: 07-18-2000

STATE OF VIRGINIA

COUNTY OF RICHMOND

I, Brenda J. Baskfield, Notary Public in and for the above City and State, do hereby certify that Henry C. Riely, personally appeared before me this day and acknowledged that he/she is _____ Secretary of DOMINION CAPITAL, INC., a Virginia corporation, and that, by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal, and attested by himself/herself as its Secretary.

WITNESS my hand and notarial seal this the 4 day of May, 1999.
Brenda J. Baskfield
Notary Public
My commission expires: 05-31-2003

STATE OF NORTH CAROLINA
COUNTY OF MONTGOMERY

The foregoing certificate(s) Kim G. Morris, Ellen S. Carroll & Brenda J. Baskfield is (are) certified to be correct. This instrument was presented for registration this day and hour and duly recorded in the Office of the Register of Deeds of MONTGOMERY County. N. C. in Book 375 at Page 770
This the 17 day of May, 1999, at 3:40 o'clock PM
Sally M. Morris, Register of Deeds by: Dianne M. Vuncannon, Deputy