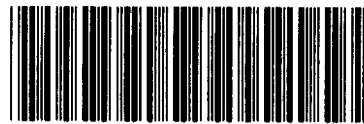


FOR REGISTRATION REGISTER OF DEEDS
Judy D. Martin
Moore County, NC
September 15, 2015 01:33:42 PM
Book 4545 Page 450-474
FEE: \$66.00
INSTRUMENT # 2015012460

HM

later



INSTRUMENT # 2015012460

Brief Description for Index: Second Amended and Restated Unified Restrictive Covenants of McLendon Hills

ADDITIONAL INDEXING INSTRUCTIONS
Please index this instrument, in the grantee and grantor indices, under the names of the record owners of the real property affected thereby and set forth on Exhibit A attached hereto.

**SECOND AMENDED AND RESTATED
UNIFIED RESTRICTIVE COVENANTS OF McLENDON HILLS**

WHEREAS Equestrian Lakes, LLC, a North Carolina limited liability company, ("Developer") recorded (a) Restrictive Covenants of McLendon Hills Subdivision [Phase 1] in Book 1309, Page 437, Moore County Registry, (b) Amended Restrictive Covenants of McLendon Hills Subdivision [Phase 1] in Book 1434, Page 108, Moore County Registry, (c) Restrictive Covenants of McLendon Hills Subdivision/Phase 2 in Book 1613, Page 91, Moore County Registry, (d) Restrictive Covenants of McLendon Hills Subdivision/Phase 08-A, as amended, in Book 1662, Page 358, Moore County Registry, (e) Restrictive Covenants of McLendon Hills Subdivision/Phase 08-B in Book 2295, Page 332, Moore County Registry, (f) Restrictive Covenants of McLendon Hills Subdivision/Phase 03-A in Book 2583, Page 391, Moore County Registry, (g) Restrictive Covenants of McLendon Hills Subdivision/Phase 08-C in Book 2665, Page 519, Moore County Registry, (h) Restrictive Covenants of McLendon Hills Subdivision/Phase 03-B in Book 2724, Page 19, Moore County Registry, (i) Restrictive Covenants of McLendon Hills Subdivision/Phase 04 in Book 2942, Page 374, Moore County Registry, (j) Restrictive Covenants of McLendon Hills Subdivision/Phase 5 in Book 3357, Page 514, Moore County Registry, (k) Restrictive Covenants of McLendon Hills Subdivision/Phase 6A in Book 3357, Page 541, Moore County Registry, (l) Restrictive Covenants of McLendon Hills Subdivision/6B in Book 4432, Page 71, Moore County Registry, (m) Restrictive Covenants of McLendon Hills Subdivision/7A in Book 4432, Page 74, Moore County Registry, and (n) Restrictive Covenants of McLendon Hills Subdivision/7C in Book 4460, Page 172, Moore County Registry, (collectively, the "Declarations").

WHEREAS McLendon Hills Property Owners' Association was incorporated under the North Carolina Nonprofit Corporation Act on September 19, 2008.

WHEREAS the Declarations provide for a general plan and uniform scheme of development and improvement for the real property subject to the Declarations (the "McLendon Hills Subdivision") and are intended to provide for the extension thereof to all Lots (as herein defined) hereafter incorporated into the McLendon Hills Community by Developer (collectively, the "McLendon Hills Community").

WHEREAS, in order to address the minor inconsistencies amongst the Declarations and to provide for the application of a single declaration of Restrictive Covenants to the McLendon Hills Community, Developer and Owners duly adopted the Unified Restrictive Covenants of McLendon Hills recorded in Book 3855, Page 22, Moore County Registry.

WHEREAS, pursuant to Section 7 of Article X of the Declaration, Developer and Owners duly amended and restated the Unified Restrictive Covenants of McLendon Hills pursuant to Amended and Restated Unified Restrictive Covenants of McLendon Hills recorded in Book 3899, Page 408, Moore County Registry.

WHEREAS, pursuant to Section 7 of Article X of the Declaration, the Owners (as hereinafter defined) voted on or about September 1, 2015 to amend the Declaration as hereinafter set forth, and the results thereof are set forth on Exhibit B.

NOW, THEREFORE, the Declarations are hereby amended and restated as hereinafter set forth.

SECOND AMENDED AND RESTATED
UNIFIED RESTRICTIVE COVENANTS OF McLENDON HILLS

KNOW ALL MEN BY THESE PRESENTS that (a) these Second Amended and Restated Unified Restrictive Covenants of McLendon Hills (these "Restrictive Covenants") are applicable to the McLendon Hills Subdivision and such additions thereto as may be hereafter made pursuant to the provisions of these Restrictive Covenants and (b) the McLendon Hills Subdivision and such additions thereto as may be hereafter made pursuant to the provisions of these Restrictive Covenants is and shall be owned, held, transferred, sold, conveyed, mortgaged, hypothecated or encumbered, leased, improved, used, and occupied subject to the covenants, conditions, restrictions, easements, charges and liens set forth in these Restrictive Covenants, each and all of which (i) shall run with the real property and be binding on all persons or entities owning any right, title or interest therein or any part thereof (whether legal, equitable or beneficial) their respective heirs, personal representatives, successors and assigns, (ii) shall inure to the benefit and be binding upon each Owner thereof, and (iii) are established and agreed upon for the purpose of enhancing and protecting the value, desirability and attractiveness of the McLendon Hills Subdivision and of each of the Lots.

Statement of Purposes

POA desires to ensure the attractiveness of the McLendon Hills Subdivision and to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of the Development (as herein defined) within all phases of McLendon Hills Subdivision, to regulate and supervise all improvements to be built within the McLendon Hills Subdivision, and to provide for the maintenance and upkeep of all Common Areas in all phases of McLendon Hills Subdivision.

To this end, the real property described herein, together with such additions as may hereafter be made thereto, shall be subject to the covenants, conditions, restrictions, easements, charges and liens herein set forth, each and all of which is and are for the benefit of said property and each Owner.

The powers of owning, maintaining and administering the Common Areas in all phases of McLendon Hills Subdivision, administering and enforcing the covenants and restrictions contained herein, regulating and supervising all improvements to be built within the McLendon Hills Subdivision, and collecting and disbursing the assessments and charges hereinafter created in order to efficiently preserve, protect and enhance the values and amenities in the McLendon Hills Subdivision, all to ensure the Owners

enjoyment of the specific rights, privileges and easements in the Common Areas, and to provide for the maintenance and upkeep of the Common Areas, has been delegated to McLendon Hills Property Owners' Association, which shall be the sole such organization or association for all phases of the McLendon Hills Subdivision, and the Owner of any Lot in any phase will belong to the POA upon the acceptance of his deed.

ARTICLE I DEFINITIONS

Section 1. "Accessory Structure" shall mean and refer to garage, pool, pool house, servants' quarters, barn, shed, workshop, freestanding decking, greenhouse, gazebo, dock, guest facility or structures other than a Dwelling.

Section 2. "ARB" shall mean and refer to the Architectural Review Board, a committee of POA Members appointed by the BOD to ensure proposed construction, remodeling and landscaping projects are aesthetically acceptable and in compliance with the Second Amended and Restated Unified Restrictive Covenants of McLendon Hills.

Section 3. "BOD" shall mean and refer to the Board of Directors of the POA.

Section 4. "Common Area" shall mean and refer to all real property (including the improvements thereon) (a) owned or leased by the POA or (b) labeled as "Common Area" on the Maps of all of the phases of McLendon Hills Subdivision including, but not limited to, lakes, access areas, dams, foot paths, bridle paths and all roads and streets shown thereon whether labeled "Common Area" or not.

Section 5. "Contiguous Lots" shall mean and refer to any two Lots with a common boundary line as duly recorded in the Moore County Registry or appearing on the Maps.

Section 6. "Developer" shall mean and refer to (a) Equestrian Lakes, LLC, a North Carolina limited liability company, and (b) any assignee pursuant to a single assignment, grant, transfer or other alienation that includes all, but not less than all, of its rights and obligations under these Restrictive Covenants and is set forth in a written instrument, effective upon recordation in Moore County Registry of Deeds, that constitutes a complete assignment of all, but not less than all, of its rights and obligations under these Restrictive Covenants.

Section 7. "Development" shall mean and refer to the McLendon Hills Subdivision constituting all properties that are now or may hereafter be made subject to these Restrictive Covenants and brought within the jurisdiction of the POA.

Section 8. "Dwelling" shall mean and refer to the structure used or to be used as the primary residence on a Lot.

Section 9. "Equine" shall mean and refer to any member of the equus genus of animals including and without limitation horse, donkey, ass or mule.

Section 10. "Family" shall mean and refer to a group whose members are related through blood, marriage, legal adoption or mutual commitment to a shared life.

Section 11. "Front Road" shall be the road facing the Dwelling front as indicated on building plans approved by the ARB or shall be the road designated as the Front Road by the ARB if the Dwelling front does not face a road.

Section 12. "Lot" shall mean and refer to the smallest buildable plot or parcel of land (with the exception of the Common Areas) with delineated boundary lines described in the deeds of conveyance duly recorded in the Moore County Registry or appearing on the Maps.

Section 13. "Maps" shall mean and refer to the maps of the Development as recorded in the Moore County Registry.

Section 14. "Member" shall mean and refer to a person, persons or legal entity with ownership in a Lot, but shall not include any person or entity having an interest merely as security for the performance of an obligation.

Section 15. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, according to the Moore County Registry, of a fee simple title to any Lot, but shall not include any person or entity having an interest merely as security for the performance of an obligation.

Section 16. "POA" shall mean and refer to McLendon Hills Property Owners' Association and its successors and assigns.

Section 17. "Wetland Area" shall mean and refer to an area designated on Maps as a wetland regulated under the laws of the State of North Carolina or the United States of America.

ARTICLE II

WETLANDS, MITIGATION AND CONSERVATION AREA

Section 1. Wetland Areas. A portion of certain parcels within the McLendon Hills Subdivision is located within the boundaries of a Wetland Area. The Wetland Areas shall remain in their natural and open condition in perpetuity and any activities which would directly and significantly damage the nature of any Wetland Area are prohibited. Dredging, ditching and filling of any Wetland Area shall be deemed activities which significantly damage their nature and shall be prohibited. Notwithstanding the foregoing, the installation and maintenance of driveways, utility lines, road crossings and pedestrian and equestrian trails are permitted within the Wetland Area in accordance with all applicable federal and state regulatory requirements. Normal or customary residential activities, including, but not limited to, the planting and maintenance of grass, shrubs and gardens, shall not be prohibited on areas adjacent to the Wetland Area, in accordance with all applicable federal and state regulatory requirements.

Section 2. Enforcement of the Wetland Area Covenants. The covenants set forth in this Article II are in consideration for, and required as a condition of, Section 401 Water Quality Certification, No. 3209, dated April 6, 1999 issued by the North Carolina Division of Water Quality, Department of Environment and Natural Resources, for activities impacting wetlands in the McLendon Hills Subdivision, including mitigation therefor, and are intended to ensure in perpetuity preservation of the Wetland Areas and continued compliance with all applicable federal and state regulatory requirements. Therefore, this Article II is for the benefit of and may be enforced by the State of North Carolina and the United States of America. The State of North Carolina and the United States of America may, after reasonable notice to the Owner of the parcel within the McLendon Hills Subdivision that includes the relevant portion of a Wetland Area, conduct a visual inspection of the Wetland Area at reasonable times to determine compliance with these

Restrictive Covenants. In the event a violation of these Restrictive Covenants is found to exist, the State of North Carolina and the United States of America may institute suit to enjoin, by ex parte, temporary or permanent injunction, such violation and require restoration of the applicable Wetland Area to the condition in which it existed immediately prior to the violation. No failure on the part of the State of North Carolina or the United States of America to enforce any covenant contained in this Article II shall discharge or invalidate such covenant or their respective rights to enforce the same in the event of a subsequent breach. The covenants set forth in this Article II run with the land and shall be binding upon the Developer and any future Owner of a parcel which includes any portion of the Wetland Area.

Section 3. Phase I Mitigation/Conservation Area. That certain ±10.2 acre parcel designated as "Mitigation/Conservation Area" on the Map recorded in Plat Cabinet 6, Slide 698, Moore County Registry, shall be maintained in perpetuity in its natural condition, as modified by work performed pursuant to that certain mitigation plan as approved by the State of North Carolina and the United States of America. Said Mitigation/Conservation Area may not be sold or otherwise conveyed at any time without first advising the U.S. Army Corps of Engineers, Wilmington District, in writing, and transferring permit number 19954573, together with the conditions, to such third party, and then only in a manner acceptable to the Corps of Engineers as confirmed in writing. This covenant is intended to ensure continued compliance with the mitigation condition of authorizations issued by the State of North Carolina and the United States of America and therefore may be enforced by the State of North Carolina and the United States of America. This covenant is to run with the land and shall be binding on all parties and all persons claiming under them.

ARTICLE III RESERVATION OF RIGHTS

Section 1. Reservation of Rights. Except as otherwise provided in these Restrictive Covenants, Developer expressly reserves unto itself, and its successors and assigns, the right to develop commercially, or to otherwise exclude property, by statement contained in a deed or by statement recorded in the Moore County Registry, from the operation of these Restrictive Covenants, in whole or in part, and the right to grant or convey to the Owner of such property the nonexclusive right to use the Common Areas of the Development. Notwithstanding any other provision of these Restrictive Covenants, however all rights of Developer arising from or relating to these Restrictive Covenants shall automatically cease and terminate upon the sale or transfer by Developer of all of the Lots.

ARTICLE IV USE RESTRICTIONS

Section 1. Residential Use. All Lots shall be used only for residential purposes and common recreational purposes auxiliary thereto. Only one Family may reside on a Lot at any one time; excepting that live-in caregivers of the residing Family shall be allowed. No Lot or structure shall be used at any time, or in any way, for any business or business pursuit or for any activity normally conducted as business that would either pose a hazard, nuisance or inconvenience to Owners or residents or otherwise jeopardize the quality of community life, nor may any Owner permit any other person to conduct any commercial, manufacturing or mercantile activity or any business on any Lot or Common Area. Only detached single Family Dwellings and approved Accessory Structures are permitted on residential Lots. No Accessory Structure may be constructed prior to the commencing of construction of the Dwelling. No construction of any Dwelling or Accessory Structure shall be commenced unless construction plans are first approved in writing by the ARB, as provided in Article V. If any improvement on any Lot is destroyed in whole or in part any replacement thereof shall be not less than the enclosed heated square footage of the

damaged or destroyed structure or less than the enclosed heated square footage listed in this sections which ever may be the lesser.

The ground floor of each Dwelling or Accessory Structure shall be the floor that is at or near ground level on the front elevation of the building plans approved by the ARB. Dwellings and Accessory Structures shall have no more than one story above the ground floor. Improvement of the Lots is also subject to the general construction criteria and minimum sizes for principal Dwellings listed in this section.

(a) All single floor Dwellings for which a building permit was issued by Moore County on or after October 1, 2015 shall have a heated and enclosed ground floor area suitable for year round use of at least 2,000 square feet not including basements, porches, garages and stoops.

(b) All multi-level Dwellings for which a building permit was issued by Moore County on or after October 1, 2015 shall have a heated and enclosed floor area suitable for year round use of at least 2,400 square feet, including hillside walkout style below ground floor living space and bonus rooms, but excluding porches, garages, stoops and totally below ground basements. The ground floor of the Dwelling, as defined herein, shall contain a minimum 1,500 square feet.

(c) All Dwellings on any Lot type are required to have an enclosed garage (attached or unattached to the residence) for a minimum of two cars. Dwelling garage entrances shall not face the Front Road. Upon request of the Owner, the ARB may grant a variance to the garage entrance location due to circumstances outside the control of the Owner such as natural topography or Lot configuration. All garages shall be constructed in substantial architectural conformity with the construction of the Dwelling.

(d) No Accessory Structure on any Lot type may be located closer to the Front Road than the Dwelling. Upon request of the Owner, the ARB may grant a variance for Equine facilities.

(e) Accessory Structures must architecturally match the Dwelling and must be maintained by the Lot Owner so as to preserve the appearance and structural integrity of the structure. Accessory structures used for Equine housing may be constructed of metal or other material suitable for Equine housing, and shall be finished, as closely as possible, in the same color as the Dwelling structure.

(f) No above-ground swimming pools are permitted,

(g) No Dwelling or Accessory structure on any Lot type shall be located;

(i) within fifty (50) feet of the utility easement or bridle trail which runs along the Front Road,

(ii) within twenty-five (25) feet of a utility easement which runs along an adjacent road to the Lot that is not the Front Road,

(iii) within fifteen (15) feet of the lot line adjacent to the Front Road.

(iv) within thirty (30) feet of the lot line opposite the Front Road for Lots not having an easement or lake shoreline running along said lot line,

(v) within ten (10) feet of an easement or bridle trail adjacent to the Front Road,

(vi) within twenty-five (25) feet of an easement or bridle trail which runs along the lot line opposite the Front Road,

(vii) within fifty (50) feet of the ordinary high water mark of the lot line opposite the Front Road, or within twenty-five (25) feet of the ordinary high water mark of a lot line adjacent to the Front Road, except that Lots with lake shoreline shall be allowed a dock, decking, gazebo or other structure within fifty (50) feet of the ordinary high water mark with approval of the ARB.

In order to assure that Dwellings will be located with regard to the topography of each Lot, the ARB reserves unto itself the right to absolutely and solely decide the precise site and location of any structure upon any Lot. Such location shall be determined only after reasonable opportunity is afforded the Owner to recommend a specific site. The ARB's right to control the precise site and location of any structure shall specifically include the right to waive the above-stated setback or sideline requirements without obtaining the permission of any other Owner, excepting any setback or sideline required by a governmental agency. Waiver of setback or sideline requirements shall be granted only due to circumstances outside the control of the Owner such as natural topography or Lot configuration.

Section 2. Nuisances. No noxious or offensive activity shall be carried out, allowed, or permitted on any Lot or on any part of the Development, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. There shall not be maintained any exterior lights or lighting, or device or thing of any sort whose normal activities or existence is in any way noxious, dangerous, unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of other property in the neighborhood by the Owners thereof. There shall be no discharging of firearms, guns or pistols, of any kind, caliber, type or method of propulsion. No hunting or trapping of any kind shall be carried on or conducted in the Development except for the removal of nuisance animals. Removal of nuisance animals must be done by licensed trappers in accordance with North Carolina law. The BOD must be notified prior to contracting for the removal of nuisance animals.

Each Lot and the structures thereon shall be kept in good order and repair and free of debris, lawns shall be seeded and mowed, shrubbery trimmed, and painted or stained exterior surfaces painted or stained, all in a manner and with such frequency as is consistent with good property management. During construction or repair, the Owner is responsible to see that the contractor at all times maintains the Lot in a reasonably tidy condition.

No business, commercial, manufacturing, or mercantile activity or retail sales will be allowed at any time upon any Lot where customers enter and exit the premises. A business office within a Dwelling or Accessory Structure where customers do not enter and exit is allowed.

Section 3. Animals and Pets. No animals, including confined naturally existing wildlife, shall be kept or maintained on any part of the property except dogs, cats, pet birds, fish located in approved ponds, non-venomous/non-constricting reptiles or other animals confined to tanks located within a Dwelling and approved Accessory Structure or Equines as permitted under Article IV. The animals may be kept in reasonable numbers as pets for pleasure or for the use of the occupants, but shall not be kept for any commercial use. All pets must be kept under control at all times, and must not become a nuisance by barking or other acts.

Section 4. Equines. Equines shall be permitted only on Lot numbers 106H, 107H, 182H and on all Lots with numbers in the 300 series in conjunction with a Dwelling maintained on that Lot or any Contiguous Lot(s). The Owner shall be responsible for controlling odor, insects, animal waste and runoff as it relates to the keeping of Equines on said Lot, and the Owner is responsible for providing adequate pasture area for the Equines. Should the Owner fail to comply with these strict standards, complaints may be issued

to the BOD and the BOD shall have the right to enter said Lot and bring it up to suitable standards at the Owner's expense. Should said Owner have more than three complaints lodged against him at different times during a 12 month period, both the Developer and BOD reserve the right to determine whether said Owner shall lose his right to keep Equines upon his property. Equine stables, paddocks or facilities located on individual Lots shall not be used or maintained for any commercial purpose. Equine pastures shall be no closer at any point than twenty-five (25) feet from the high water mark of the lake. Use of the bridle paths is specifically restricted for Equine use as provided in Article VI and Article IX. Equines must stay within bridle paths or other designated areas of use.

Section 5. Temporary Structures. Temporary structures shall not be placed or constructed upon any Lot except port-a-johns, shelters or trailers used by a contractor during the construction or remodeling of a Dwelling or Accessory Structure. Permitted temporary structures may not be used as a residence or remain on the Lot after completion of construction or remain on a Lot for more than twelve (12) months from the commencement of construction.

Section 6. Utility Service Lines. All utility service lines of all kinds, including but not limited to electric, telephone, cable, water and sewage, must be installed underground except with the prior written approval of the both the BOD and Developer.

Section 7. Fuel Tanks/Garbage Containers. All fuel tanks and similar storage receptacles must be installed within an Accessory Structure, underground, or fully screened. All outdoor receptacles for ashes, trash, rubbish or garbage shall either be installed underground or screened or placed so as not to be visible from any street or any other Lot or any Common Area, but such receptacles must also be convenient for collection and in accordance with reasonable health laws or standards. Any containers for storage of any substance which would be hazardous to the environment, such as, but not limited to oil, gas, propane, or other petroleum or similar environmentally hazardous materials, shall be placed in such a manner so as to not create a hazard to the environment, a hazard to other Owners, or a nuisance to other Owners.

Section 8. Signs. No sign or device shall be displayed indicating the profession, business or trade of any person or advertising in any way on any Lot. No commercial signs (including "For Sale" signs) shall be erected or maintained on any Lot or on any structure on any Lot except as may be required by legal proceedings. Road signs, and signs at the Development entrances naming the Development and signs erected by the Developer stating that Lots in the Development are for sale shall be excepted from this restriction. The Developer shall maintain at his expense a listing of Lots and Dwellings for sale within the Development. Said listing shall be available in print at the Developers sales office and shall be posted for public view on the Developer's website. The Developer and the BOD shall jointly define information to be listed. Owners shall be responsible for providing listing information on properties for sale to the Developer. Should the Developer fail to maintain the listing as defined, the BOD reserves the right to allow "For Sale" signs on Lots.

Section 9. Vehicles and Trailers. Vehicles and trailers for commercial use are not allowed on Development roads or upon any Lot except for the limited purpose of providing services, making deliveries or when operators are working on or supporting construction projects; excepting that residents are allowed commercial pickup trucks, vans, SUVs and cars as necessary for their employment. No on-street vehicular parking shall be permitted except in accordance with reasonable standards that may be established by the POA. Each Owner shall provide off-street parking space for at least two vehicles prior to the occupancy of any dwelling constructed on said Lot in accordance with reasonable standards established by the POA. Vehicles required to be registered with the North Carolina Department of Motor Vehicles, which are not registered with the North Carolina Department of Motor Vehicles or with an agency of any other State shall be stored in an enclosed garage. Non-operating vehicles, equipment, unused objects or apparatus, or any portion thereof, shall not be permitted to remain on any Lot.

Section 10. Maintenance. It shall be the responsibility of each Owner to prevent the development of any unclean, unsightly or unkempt conditions of his buildings or grounds. All driveways shall be paved for a minimum of the first seventy-five (75) feet from the edge of the paved street, and driveways crossing bridle trails shall be of concrete for the entire width of the bridle trail.

Section 11. Removal of Trees. No tree six (6) inches or more in diameter at six (6) inches above ground level may be removed from any Lot without the written consent of the ARB.

Section 12. Subdivision of Lots. No Lot shall be subdivided, or its boundary lines changed, unless each part of the subdivided Lot becomes a part of an adjacent whole Lot, and the total number of Lots is not increased or decreased without the written consent of the BOD. Each resulting modified Lot shall thereafter constitute one Lot. The restrictions and covenants herein shall apply to the modified Lots resulting from said subdivision and addition. However, the Developer hereby expressly reserves to itself the right to, upon notice to the BOD, re-plot or re-subdivide any Lots shown on the Maps.

Section 13. Reconstruction. Any structure on any Lot, which is destroyed in whole or in part by fire, windstorm, flood or other Act of God or otherwise, must be rebuilt, or all debris from such structure removed and the Lot returned to the condition it was in prior to commencement of construction of such structure with reasonable promptness; provided, however, that any such reconstruction must be commenced within six (6) months from the date of such destruction or if no reconstruction is to occur, then all such debris must be removed and the Lot restored to its prior condition within six (6) months of such destruction. Any reconstruction must be approved by the ARB in the same manner as new construction.

Section 14. Utilities. All plumbing fixtures, dishwashers, toilets and sewage disposal systems shall be connected to a septic tank sewage system and approved by the appropriate governmental public health authority, or shall be connected to a central sewer system wherever such system is available. No septic tank system shall be used unless the design, location, construction and maintenance are in all respects approved by the appropriate governmental public health authority. Each Lot shall connect to the central water distribution system of the Development.

Section 15. Drainage. It shall be the obligation of the Owner to provide, install, and maintain adequate culvert and drainage pipe under all driveways as needed in order that the natural flow of surface water will not at any time be blocked along the roadway drainage ditch. The culvert or drainage pipe must be of sufficient size to accommodate the flow of surface water in the ditch and in no instance shall the drainage pipe be less than twelve (12) inches in diameter. Driveway connections must be approved in advance by the ARB. The natural flow or drainage of any creek, spring or stream shall not be interfered with or diverted. Each Lot Owner shall (a) undertake reasonable efforts (including but not limited to compliance with applicable law) to prevent erosion, run-off and sedimentation from his or her Lot related to, but not limited to, construction or improvements erected upon his or her Lot, (b) maintain, repair and ensure the full performance of all erosion and drainage control devices installed or situated upon his or her Lot and (c) be liable to other Lot Owners and the POA for any and all violations hereof.

Section 16. Fences, Gates, Walls, Bulkheads and Piers. No fence, gate, wall, bulkhead or pier shall be erected until after the plans and specifications showing the nature, shape, height, materials, construction, and location of said fence, gate, wall, bulkhead or pier have been approved in writing by the ARB. The construction of a bulkhead, pier or dock must be in compliance with applicable law including, but not limited to regulations promulgated by the State of North Carolina and the U.S. Army Corps of Engineers.

Section 17. Lake Use. The use of the lake for any purpose is restricted to Owners and guests. Boats powered by electric motors, sail boats and other non-motorized watercraft are permitted on the lake. Operation of gasoline or diesel engines is not permitted on the lake. No watercraft of any type or size may be parked or stored on any unimproved Lot. Lake approved watercraft may be stored on land designated for the Amenities Center and on Lot 110 (while it is a designated recreation area) with the prior approval of the Developer. The construction of docks or other structures on the lakeshore or extending out into the lake must have prior written approval by the ARB.

Section 18. Commercial Use and Divided Ownership. No Lot or portion thereof or Dwelling or Accessory Structure shall be leased, rented, purchased, sold, conveyed, owned, used or operated so as to constitute, or permit operation of, a commercial business or a time-share estate.

Section 19. Rules and Regulations. The BOD may adopt and promulgate reasonable rules and regulations governing the use of Common Areas. The BOD may also propose reasonable rules and regulations prohibiting actions, practices or behaviors detrimental to the health, safety, or welfare of Members, their Families and their guests for the Development in its entirety. All proposed rules and regulations and changes thereto shall be distributed to Owners by first class mail or via email for a vote of the Owners. A response of fifty percent (50%) of Owners shall be required for a valid vote and approval of a majority of the voting Owners shall be required for adoption. Rules and regulations adopted and changes thereto, shall be sent to all Owners via first class mail and shall become effective fifteen (15) day from date of mailing.

Section 20. Compliance. In the event that an Owner fails to comply with any of the restrictions set forth in these Restrictive Covenants or the rules or regulations subsequently adopted and promulgated by the POA, the BOD or the authorized agents of the POA shall have the right, but not the obligation, to enter any Lot and undertake any necessary action in order to cure such Owner's default. All expense and cost incurred by the POA or its authorized agents in curing such default shall be charged to the defaulting Owner and shall be payable by such Owner to the POA immediately upon demand. The POA and its authorized agents shall not be liable for any damage which may result from such entry unless such damage results from the willful misconduct of the POA or its authorized agents.

Section 21. Communications Structures. No communications structure shall be erected, constructed, placed or permitted to remain on any Lot or upon any improvements thereon unless otherwise approved pursuant to these Restrictive Covenants or POA rules and regulations; excepting that such approval shall not apply to those antennae specifically covered by Title 47, Chapter 1, Subchapter A, Part 1, Subpart S, Section 1.4000 of the Code of Federal Regulations promulgated under the Telecommunications Act of 1996. The POA shall be empowered to adopt rules and regulations governing the types of antennae that are permissible pursuant to Telecommunications Act of 1996 and establishing reasonable, non-discriminatory restrictions relating to safety, location, and maintenance of antennae. To the extent that the reception of an acceptable signal would not be impaired, an antenna permissible pursuant to the rules and regulations of the POA may be installed only if it (a) is located in the rear or side yard of the Lot, (b) is positioned so as to best limit its visibility from any street (whether by location or screening), (c) is integrated with the Dwelling structure and surrounding landscape, or (d) is otherwise approved by the ARB.

ARTICLE V
ARCHITECTURAL CONTROL

Section 1. Architectural Review. The ARB, as defined in Article I Section 2, shall be responsible for architectural review. ARB members shall be a Member, as defined in Article I Section 14, and shall be appointed by BOD.

Section 2. Required Architectural Approval. No improvement or structure of any kind, including, without limitation, any building, fence, gate, wall, bulkhead, dock, pool, pool house, servants' quarters, barn, Equine riding arena, shed, workshop, freestanding decking, greenhouse, gazebo, guest facilities, screen enclosure, sewer, drain, geothermal system, windmill or wind generator, solar system (subject to applicable law), disposal system, landscaping, recreational structure, external lighting, other outbuilding, or other improvement shall be commenced, erected, placed or maintained upon any Lot, nor shall any addition, change or alteration to any of the foregoing be made, unless and until the plans, specifications and location of the same, shall have been submitted to, evaluated, and approved in writing by the ARB as to harmony of external design and location in relation with the architectural and landscape standards of the ARB.

Section 3. Approval of Plans, Specification and Construction. Prior to commencement of any construction, all proposed building plans, specifications, exterior color or finish, facade, roofing material, roof pitch, plot plans (showing the proposed location of such building or structure, drives and parking areas), and construction schedule shall be approved in writing by the ARB. Upon receipt of all required information and the Owner's written request for approval of his or her plans by the ARB, the ARB shall, within thirty (30) days from receipt, approve or disapprove the plans or request additional information; provided, however, that, if within the thirty (30) day period, the plans are not disapproved and no additional information is requested by the ARB, the plans shall be deemed to have been approved. Garages and other Accessory Structures (except those used for Equine housing) on any Lot must be constructed of the same or compatible materials as specified for the Dwelling constructed thereon. No alterations may be made in such plans after approval by the ARB except with the written consent of the ARB. No alterations in the exterior appearance of any building or structure shall be made without the written consent of the ARB. One copy of all plans and related data shall be retained by the ARB for its records. The exterior of all structures must be completed within one year after construction is commenced, except where such completion is delayed by strikes, fires, national emergencies or natural calamities.

Section 4. Architectural Standards. In addition to standards and considerations set forth elsewhere herein, the ARB may establish standards for the design, location, size, style, structure, color, mode of architecture, mode of landscaping, and relevant criteria deemed important to the ARB for the construction of any improvements. Disapproval of plans, location or specifications may be based upon any ground, including purely aesthetic considerations, which the ARB in its discretion deems sufficient. Each Owner shall be entitled to appeal any ARB decision to the BOD pursuant to procedures promulgated by the POA.

Section 5. Non-Liability for Approvals. The ARB's approval of plans shall not constitute a representation, warranty or guaranty, whether expressed or implied, that such plans and specifications comply with good engineering design or with zoning or building ordinances, or other governmental regulations or restrictions. By approving such plans and specifications, neither the ARB, nor BOD, nor POA, nor any members thereof assumes any liability or responsibility therefor or for any defect in the structure constructed from such plans or specifications. By disapproving such plans and specifications, neither the ARB, nor BOD, nor POA, nor any members thereof assumes any liability or responsibility for the cost of such disapproved plans and specifications or for the re-preparation thereof.

Section 6. Security Deposits. The ARB, with approval of the BOD, may require a security deposit prior to approving applications for work within its scope of its regulation. The amount of the deposit eligible for refund when work has been completed will be based on rules to be determined by the ARB based on relevant factors including, but not limited to, adherence to approved plans and specifications, the general contractor's compliance with applicable ARB rules, industry standards and accepted operating practices, and the impact on the surrounding area.

Section 7. Road Usage Assessment. A non-refundable fee shall be assessed for construction of the Dwelling on a Lot to compensate for road use during such development. Said fee shall be deposited in the Replacement Fund Account. The initial fee shall be \$1500 (fifteen hundred dollars). Said fee may be raised by the BOD by not more than 20% (twenty percent) per year.

ARTICLE VI EASEMENTS

Section 1. Easements Reserved by Developer. The Developer reserves unto itself a perpetual easement over, upon, across, and under each road right-of-way and utility easement for the purpose of the erection, maintenance, installation, and use of street signs and signs denoting the Development, and installation, maintenance, and use of electrical and telephone wire, cables, conduits, sewers, electric, and telephone equipment, gas, sewer, water, or other public conveniences or utilities, and other facilities located, or to be located thereon. Said easement shall be conveyed to the POA with any conveyance of the related road right-of-way by operation of this Section. Further, the Developer reserves unto itself a perpetual easement over, upon, across, and under each road right-of-way, utility easement, and bridle path, and an additional area on each side of each road right-of-way, utility easement, bridle path as necessary for the maintenance of such road rights-of-way, utility easements, bridle paths, including, but not limited to, cutting and maintenance of drain ways for surface water wherever and whenever such action may appear to the Developer to ensure proper drainage of surface water while maintaining the overall appearance of the Development, cutting any trees, bushes, or shrubbery, making any grading of the soil, or taking any other similar action reasonably necessary to ensure that such road rights-of-way, utility easements, bridle paths, and Common Areas are maintained in a fashion suitable for their intended uses. Said easement shall be conveyed to the POA with any conveyance of the related road right-of-way by operation of this Section. These reservations shall not be considered an obligation of the Developer to provide and maintain any such road right-of-way, utility easement, bridle path, or Common Area, or any utility or service or facility located upon such road right-of-way, utility easement, or bridle path. Further, the Developer reserves unto itself and to McLendon Hills Equestrian Center, the unlimited right to use the bridle paths, to charge a fee for use of same and to require a liability release to be executed as a condition to the use of the bridle paths except as applicable to Owners and Family members and guests. Further, the Developer specifically reserves unto itself the right of a perpetual easement to erect suitable signs naming the Development and announcing Lot sales at entrances to the Development.

Section 2. Easements for Ingress and Egress. Easements are hereby reserved, and granted across all streets reserved on the deeds of conveyance or shown on the Maps for ingress and egress of the Developer, its licensees, public safety personnel and any authorized agents, employees, or successors of any of the foregoing for the purpose of constructing, maintaining, inspecting and repairing the streets and the utilities and drainage areas. In addition, the Developer, and such other entities shall have a continuing easement to enter the Lots and Common Areas in order to maintain, inspect and repair all utilities facilities and drainage areas located on the Lots and Common Areas. This easement includes the right to disturb the structures located on each Lot and Common Areas in order to inspect, maintain and repair any utility facility located within or beneath such structures or land.

Section 3. Obstruction. Within any easement, no structure, fence, planting or other material