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GEORGE E. TATUM
REGISTER OF DEEDS
CUMBERLAND, N.C.

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Prepared By: *mail* K. Douglas Barfield, 2517 Raeford Road
Fayetteville, North Carolina, 28305

STATE OF NORTH CAROLINA)
COUNTY OF CUMBERLAND)

DECLARATION OF COVENANTS

THIS DECLARATION, made the 3d day of October, 1989, by
KINGS GRANT CLUB, a North Carolina General Partnership, hereinafter
referred to as "Declarant";

WITNESSETH:

WHEREAS, Declarant is the owner of certain property in
Cumberland County, North Carolina known as Kings Grant Subdivision,
Section 3, a plat of which has been duly recorded in Plat Book 70,
Page 74 of the Cumberland County, North Carolina Registry and which
is more particularly described by metes and bounds in Exhibit "A"
attached hereto and incorporated herein by reference; and

WHEREAS the Company desires to provide for the preservation
of the values and amenities and for the maintenance of common
properties in said property and under a general plan or scheme of
improvement desires to subject said property to the covenants,
restrictions, easements, affirmative obligations, charges and liens
hereinafter set forth, hereinafter referred to as the "Covenants"
or the "Declaration", all of which is hereby declared to be for the
benefit of said Property and each and every owner of any and all
parts thereof; and

WHEREAS, the Company deems it desirable, for the
efficient preservation of the values and amenities in said
community, to create an agency to which can be delegated and
assigned the power and authority of maintaining and administering
the common properties, administering and enforcing these covenants
and restrictions and collecting and disbursing all assessments and
charges necessary for such maintenance, administration and
enforcement; and

WHEREAS, the Company has caused to be incorporated under
the laws of the State of North Carolina, a non-profit corporation,
Kings Grant Property Owners' Association, Inc., for the purpose of
exercising the functions aforesaid, which functions are hereinafter
more fully set forth; and

WHEREAS, this Declaration will be recorded in the Office
of the Register of Deeds for Cumberland County, North Carolina, and
may be incorporated by reference in deeds to property issued by the
Company, by reference to the Book and Page of recording in said
office.

NOW THEREFORE, the Company declares that the real prop-
erty described in Exhibit "A" shall be held, transferred, sold,
conveyed, given, donated, leased, occupied and used subject to the
covenants, restrictions, conditions, easements, charges, assessments,
affirmative obligations, and liens hereinafter set
forth. These Covenants, the benefits of these Covenants, and the
affirmative and negative burdens of these Covenants, shall touch
and concern and run with the land herein referred to as the
"Property." The Company reserves the right to add additional
Covenants to these covenants but the said additional covenants
shall apply only in respect to the property owned by the Company
at the time of the adoption of the additional Covenants but not to
property previously conveyed to others. All rights and easements
reserved by the Company under these Covenants shall also be
reserved to the assignees and successors in interest of the
Company.

Handwritten initials and date:
H 7/24/89
(19)

Part One
General References

Article I
Definitions

(a) "Approval by the Company" shall mean written approval issued by the Company, signed by its appropriate officers or Managing Agent or designated representative or attorney in fact.

(b) "Approval by the Review Board or Company" shall mean and refer to any approval required under these Covenants to be made by the Architectural Review Board or the Company and which shall be sought and received or denied pursuant to the provisions of these Covenants.

(c) "Association" shall mean and refer to Kings Grant Owners Association, Inc., a North Carolina non-profit corporation, its successors and assigns.

(d) "Association Member" shall mean and refer to the Company and its designated officers, employees or agents and all those Owners who are Members of the Association and the spouse and children (under 18) permanently residing with said Owner.

(e) "Board" or "Board of Directors" shall mean those persons elected or appointed and acting collectively as the Board of Directors of the Association.

(f) "By-Laws of the Association" or "By-Laws" shall mean and refer to the By-Laws of Kings Grant Property Owners' Association, Inc.

(g) "Club" shall mean and refer to The Kings Grant Golf and Country Club, a division of the Company. The Club's sole purpose is to own and operate a recreational and social club for the use and benefit of its members and their guests and the guests of the Company. Generally, it is intended that the members of the Club (in contradistinction to the members of the association) will assume the ownership and operation of The Kings Grant Golf and Country Club facilities at such time in the future when the club facilities are fully developed and the Club membership has duly exercised its option to purchase. It is contemplated that the Club facilities will consist of various recreational facilities which will include a full length 18-hole golf course, tennis courts, a swimming pool, a pro shop, and a Club House. Owners of lots in Kings Grant and Association Members do not automatically become members of the Club, but rather must make application to become members of the Club and pay the applicable fees and dues. The Association will have no ownership interest in the Club and in no way shall Club property be deemed part of the Common Properties.

(h) "Common Properties" shall mean and refer to those tracts of land with any improvements thereon which are deeded or leased to the Association and designated in said deed or lease as "Common Properties." The term "Common Properties" shall also include any personal property acquired 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, persons occupying dwelling places or accommodations of members on a guest or tenant basis, and visiting members (to the extent permitted by the Board of Directors of the Association) subject to the fee schedules and operating rules adopted by the Association; provided, however, that any lands which are leased by the Association for use as Common Properties shall lose their character as Common Properties upon the expiration of such Lease. Reference to Common Properties in these covenants does not imply or guarantee that the Property affected by these covenants or any future section(s) of Kings Grant will have any Common Properties. Provision for creation, disposition, administration and

maintenance of Common Properties is made herein only in the event the Company decides at any time, in its sole discretion, that Common Properties are desirable to promote or enhance the quality of life or promote the scheme of development in a given section of Kings Grant.

(i) "Common Expenses" shall mean and include:

(1) All sums lawfully assessed by the Association against its members;

(2) Expenses of administration, maintenance, repair, or replacement of the Common Properties;

(3) Expenses declared to be common expenses by the provisions of this Declaration or the Bylaws;

(4) Hazard, liability, or such other insurance premiums as the Declaration or the Bylaws may require the association to purchase or as the Association may deem appropriate to purchase;

(5) Ad valorem taxes and public assessment charges lawfully levied against Common Properties;

(7) The expense of the maintenance of private drainage and utility easements and facilities located therein which are within the boundaries of the Property, cross Common Elements of the Property and serve both the Property and lands adjacent thereto;

(8) The expense of maintenance of any roads, streets, easements, amenities, taxes or any other expense item associated with any Common Property not located on the Property but permitted to be used by the members of this Association by any adjoining landowner, association or other entity pursuant to any cross-easement, cross-access or other agreement by the Association with the adjoining land owner;

(9) Expenses for maintenance of security devices or personnel; and,

(10) Any other expenses determined by the Board or approved by the members to be common expenses of the Association.

(j) "Company" shall mean Kings Grant Club, a North Carolina General Partnership, and its successors and assigns.

(k) "Covenants" or "Declaration" shall mean this instrument as it may be from time to time amended, supplemented, modified or incorporated by reference.

(l) "Intended for Use" shall mean the use intended for various parcels within the Property as shown on the Master Plan of Kings Grant Subdivision, 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.

(m) "Lot" shall mean and refer to any numbered plot of land shown upon any recorded subdivision map of the Property, as such map or maps may be from time to time amended or modified.

(n) "Master Plan" shall mean and refer to the drawing which represents the conceptual land plan for the future development of Kings Grant Subdivision ("Kings Grant"). Since the concept of the future development of the undeveloped portions of Kings Grant is subject to continuing revision and change at the discretion of the Company as provided herein, present and future references to the "Master Plan" shall be references to the latest revision thereof. In addition, no implied reciprocal covenants shall arise with

respect to lands which have been retained by the Company for future development except that all the covenants, restrictions, obligations and conditions set forth in this Declaration shall apply to all portions of the Property described in Exhibit "A" and retained by the Company. THE COMPANY OR ANY OWNER SHALL NOT BE BOUND BY ANY MASTER PLAN, USE OR RESTRICTION OF USE SHOWN ON ANY MASTER PLAN, AND MAY AT ANY TIME CHANGE OR REVISE SAID MASTER PLAN. NOTHING HEREIN SHALL BE CONSTRUED AS A CONSENT OF ANY OWNER TO A REZONING OR PUD APPROVAL FOR USE OF THE PROPERTY SHOWN ON THE MASTER PLAN.

(o) "Member" when used in the context of discussing the Kings Grant Owner's Association, Inc. shall mean and refer to the Company and its designated officers, employees or agents and all those Owners who are Members of the Association as provided in Part Three, ARTICLE I, Section 1 hereof, including the spouse and children (under 18) permanently residing with said Owner.

(p) "Offensive or Noxious" activity or behavior shall include but not be limited to a public nuisance or nuisance per se and shall also include any behavior or activity which is inconsistent with both the reasonable pleasurable use of the Property area by substantial number of the residents and overnight guests and their reasonable expectations of permanent habitation, vacation meeting, working, recreating, or enjoying sports, music, food, natural surroundings, and entertainment, free of excessively noisy behavior grossly disrespecting the rights of others, flashing or excessively bright lights, racing vehicles, significantly loud radio, hi-fi, electronic music distractions, and other unreasonable behavior curtailing the reasonable pleasure and use of the facilities within or adjacent to (including specifically the Kings Grant Golf and County Club) the Property. Public musical or other entertainment, parades, concerts, festivals, carnivals, competitions or shows conducted under permit from the Company shall not constitute offensive or noxious activity or behavior unless such permit is withdrawn by the Company, or its terms and conditions violated.

(q) "Owner" shall mean and refer to the Owner as shown by the records in the Register of Deeds of Cumberland County, North Carolina, whether it be one or more persons, firms, associations, corporations, or other legal entities, including the Company, of fee title to any Residential Lot listed in Exhibit "A" but, notwithstanding any applicable theory of a mortgage, shall not mean or refer to the mortgagee or holder of a mortgage, shall not mean or refer to the mortgagee or holder of a security deed, its successors or assigns, unless and until such mortgagee or holder of a security deed has acquired title 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, a long-term contract of sale covering any Lot or parcel of land within the Property, the purchaser under said contract of such Lot or parcel of land shall be the Owner 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 for a period extending beyond twelve (12) months from the date of the contract, and where the purchaser does not receive title to the property until such payments are made although the purchaser is given the use of said property.

(r) "Property" shall mean and refer to Kings Grant Subdivision, Section 3, as recorded in Plat Book 70, Page 74 of the Cumberland County, North Carolina Registry, being also more particularly described in Exhibit "A" attached hereto. "Property" shall also include future sections of Kings Grant Subdivision as the same may be developed from time to time except that such future sections of Kings Grant shall become subject to these covenants only from and after the recording of the plat or plats for said future section(s) and the recording of a Supplemental Declaration which incorporates by reference this Declaration and which expressly makes the new section(s) subject to these covenants. The

Supplemental Declaration may contain such complementary additions and/or modifications of the covenants and restrictions contained in this Declaration as may be necessary or convenient, in the sole judgment of Company, to reflect the different character, if any, of the new section, but such modification shall have no effect on the Property described in Part One, ARTICLE II, Section 1 hereinafter.

(s) "Register of Deeds" shall mean and refer to the Register of Deeds for Cumberland County, North Carolina, and the successors to that office.

(t) "Use or Used for Residential Purposes" shall mean to be used as one's residence or normal and customary place of abode as hereinafter more fully set forth in Part Two, ARTICLE II, Section 1, and shall not include any use for business purposes except as expressly permitted in Part Two, ARTICLE II, Section 1, hereof. All individual lots which are platted and recorded shall be deemed to be Residential Lots to be used for Residential Purposes unless some other use or intention is indicated on the plat or some related recorded document.

Article II
Property and Additions Thereto

Section 1. Property. The real property which is and shall be held, transferred, sold, conveyed, given, donated, leased and occupied subject to these covenants is Kings Grant Subdivision, Section 3, according to a plat thereof recorded in Plat Book 70, Page 74 of the Cumberland County, North Carolina Registry, including each and every lot delineated thereon. The metes and bounds description of said section is attached hereto as Exhibit "A" and incorporated herein by reference. Exhibit "A" includes lots 66 through 139, inclusive, and certain streets and roadways, which streets and roadways are hereby dedicated to public use. Upon acceptance by the City of Fayetteville, North Carolina, the streets and roadways depicted on the plat shall become part of the street system of the City of Fayetteville and will in all respects be subject to the Fayetteville City Code and the Statutes laws of the State of North Carolina, where applicable. Where any conflict concerning the use and/or maintenance of the street system in Kings Grant exists between any provision in these covenants and the Fayetteville City Code and/or the Statutes of the State of North Carolina, the Fayetteville City Code and/or the Statutes of the State of North Carolina shall prevail, except that if these covenants impose a more restrictive standard and if the Fayetteville City Code and/or the Statutes of the State of North Carolina allow them to do so, they shall prevail.

Section 2. Other Additions. The Company may also include future sections of Kings Grant Subdivision as the same may be developed from time to time except that such future sections of Kings Grant shall become subject to these covenants only from and after the recording of the plat or plats for said future sections(s) and the recording of a Supplemental Declaration which incorporates by reference this Declaration and which expressly makes the new section(s) subject to these covenants. The Supplemental Declaration may contain such complementary additions and/or modifications of the covenants and restrictions 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 new section, but such modification shall have no effect on the Property described in Part One, ARTICLE II, Section 1 above.

Section 3. 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 con-

solidated association, or in the alternative, the property, rights and obligation 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 Property, together with the covenants and restrictions established upon any other properties, as one plan. No merger or consolidation shall effect any revocation, change or addition to the covenants established by this Declaration within the 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.

PART TWO
COVENANTS, RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS APPLICABLE
TO DEVELOPMENT OF KINGS GRANT

Article I
Construction Restrictions

Section 1. Residential Purpose No structure, except as hereinafter provided, shall be erected, altered, placed or permitted to remain on any Lot other than a detached single family dwelling not to exceed two (2) stories in height unless the Architectural Review Board ("Review Board") as established hereinafter approves in writing a variance permitting a structure of more than two stories, and a garage and small accessory building (which may include a pool house, servants' quarters, or guest facilities), provided, the use of such dwelling or accessory building does not in the opinion of the Board or Architectural Committee overcrowd the site. Such accessory building may not be constructed prior to the construction of the primary dwelling.

Section 2. Multi-Family Use Prohibited. No multiplex residence or apartment house shall be erected or placed on, or allowed to occupy, any detached single-family residential Lots, and no dwelling once approved and constructed shall be altered or converted into a multiplex residence or apartment house.

Section 3. Parcels. No Residential Lot shall be subdivided, or its boundary lines changed, nor shall application for same be made to the Joint Planning Board for the City of Fayetteville and Cumberland County, except with the written consent of the Company. However, the Company hereby expressly reserves to itself, its successors or assigns, the right to replat any such Lot or Tract and to take such other steps as are reasonably necessary to make such replatted Lot or Tract suitable and fit as a building site(s) including, but not limited to, the relocation of easements, walkways, rights-of-way, private roads, bridges, and Lots.

The provisions of this Section 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. Consolidation of Lots, as described above, must be approved by the Company, said approval to be granted in the Company's sole discretion upon such terms and conditions as may be established for the Company from time to time, including specific provisions for the payment of assessments.

Section 4. Completion of Construction. The exterior of all dwellings and other structures must be completed within six (6) months, unless a longer time is allowed by the Review Board, after the construction of same shall have commenced, 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 shall require the contractor to maintain the Residential Lot or building site in a reasonably clean and uncluttered condition. Upon completion of construction, the Owner shall cause the contractor to immediately remove all equipment, tools and construction material from the Lot. Any damage to roads, Common Properties, or property owned by others caused by the Owner's contractor or other parties providing labor or services to the Owner shall be repaired by the Owner at Owner's expense. Landscaping plans for all Dwelling Units and other structures must be completely implemented within the time established by the Review Board at the time of a Certificate of pursuant to regulations issued for that purpose.

Section 5. Construction Limitations. During construction all vehicles involved, including those delivering supplies, must enter the lot on a driveway only as approved by the Review Board so as not to damage unnecessarily trees, street paving and curbs. During construction, builders must keep the homes, garages, and building sites clean and free of debris. All building debris, stumps, trees, etc., must be removed from each Lot by the builder as often as necessary to keep the house and Lot attractive. Such debris will not be dumped in any area of the Property.

Section 6. Minimum Heated Living Space. No single-story residence located in a Golf Fairway Residential area shall be constructed on any lot which shall have heated-area living space constituting ground coverage on one or more levels of less than 2,200 square feet; and no multi-story residence shall be constructed on any of the said lots which shall have a heated living space of less than 2,200 square feet, of which a minimum of 1,100 square feet shall be on the ground floor, or shall constitute ground coverage of one or more levels. No single-story residence located on a lot not in a Golf Fairway Residential area shall be constructed on any such lot which shall have heated-area living space constituting ground coverage on one or more levels of less than 2,000 square feet; and no multi-story residence shall be constructed on any of the said lots which shall have a heated living space of less than 2,000 square feet, of which a minimum of 1,000 square feet shall be on the ground floor, or shall constitute ground coverage of one or more levels. Heated-area living space shall mean the ordinary living space in a house which is designed and constructed so as to be capable of being heated for regular living use in cold weather. In computation of floor space, furnace room areas, garages, and open porches shall not be counted.

Section 7. Set-Back Requirements. The building line of any single-story dwelling house or the buildings appurtenant thereto constructed on any of said lots, other than corner lots, shall not be less than thirty (30) feet from the street line on which the dwelling house fronts; not less than ten (10) feet from either side line; and not less than thirty-five (35) feet from the rear property line. With respect to two-story dwelling houses the front and rear set back line shall be the same. The side set backs for a two-story house with no single story wing shall be fifteen (15) feet. The side side set back for a two story house with a single story wing shall be fifteen (15) on the two-story side and ten (10) on the single story side. With respect to corner lots, the building line of any dwelling house or the buildings appurtenant thereto shall be not less than thirty (30) feet from the street on which the dwelling house fronts and not less than fifteen (15) feet from the side street, and not less than ten (10) feet from the interior side line, and not less than thirty-five (35) feet from the rear property line except that residential structures on corner lots which observe the front yard requirements on each of the two intersecting streets may reduce the required rear yard by fifteen (15) feet.

The provisions of this Section 7 may be changed and modified with respect to any one or more lots so as to make the provisions

less restrictive provided said diminished restrictions comply with the Fayetteville City Code by (a) the change being approved by a written recorded instrument signed by all of the owners of all contiguous lots to the lot on which the change is sought and by the majority of the owners of the lots within one hundred (100) feet of any boundary of the lot on which the change is sought; and (c) while Kings Grant Club continues to own in any lot in the property, by the change being approved by the written consent of Kings Grant Club.

Section 8. Garages The side-line restriction above shall not apply to detached garages located within the rear one-fourth (1/4) of the property. The building line of such detached garages shall not be less than five (5) feet from a side line and not less than five (5) feet from the rear line. On corner lots, such detached garages must be located upon the rear interior one-quarter (1/4) of said corner "lot", or be subject to the side-line restriction as set forth in paragraph 7 above. Provided, however, no detached garage or other appurtenant buildings shall be constructed or located nearer than thirty (30) feet to a property line abutting a lake, pond or the Kings Grant Golf and County Club golf course unless specific approval to do so by the Architectural Review Board and the Board of Directors of the Club.

Section 9. Exteriors No structure may be constructed with an exterior wall finish material of concrete, cinder block or asbestos siding shingles.

Section 10. Parking. Each Owner subject to these Covenants shall provide space off of streets or community roads for the parking in accordance with reasonable standards established by the Review Board.

Section 11. Fences No chain link fence or solid panel fence or wall shall be erected or maintained nearer to any street than the principal dwelling structure on improved lots or nearer to any street than the setback line or any vacant lot, but ornamental fences not to exceed three (3) feet in height may be erected within such area. Golf course lots are subject to the fence limitations as contained in Part Two, Article IV, Section 5.

Section 12. Mailboxes. The placement design, type and color of any mailbox and its support must be approved by the Review Board. Typical designs will be supplied upon request.

Section 13. Architectural and Design Review.

(a) **Purpose.** In order to preserve the natural beauty of Kings Grant and its setting, to maintain a pleasant and desirable environment, to establish and preserve a harmonious design for the community, and to protect and promote the value of property, no building, fence, wall, sign, swimming pool, mail box, tennis court, roof, exterior structure or other structure shall be erected, placed, added to, or altered until the proposed building plans, specifications (including height, color and composition of roof, siding, or other exterior materials and finish), plot plan (showing the proposed location of such building or structure, drives and parking areas), landscape plan and construction schedule shall have been submitted and approved in writing as hereinafter provided.

(b) **Objectives.** Architectural and Design review shall be directed towards attaining the following objectives for Kings Grant:

- (1) preventing excessive or unsightly grading, indiscriminate earth moving or clearing of property, removal of trees and vegetation which could cause disruption of natural water courses or scar natural land forms;

(2) ensuring that the location and configuration of structures are visually harmonious with the terrain and vegetation of the Residential Lots and Dwelling Units and with surrounding Residential Lots, Dwelling Units and structures and does not unnecessarily block scenic views from existing structures or tend to dominate any general development or natural landscape;

(3) ensuring that the architectural design and structures and their materials and colors are visually harmonious with Kings Grant's overall appearance, history and cultural heritage, with surrounding development, with natural land forms and native vegetation, and with development plans officially approved by the Company, or any governmental or public authority, if any, for the areas in which the structures are proposed to be located;

(4) ensuring the plans for landscaping provide visually pleasing settings for structures on the same Lot and on adjoining or nearby Lots, and blend harmoniously with the natural landscape;

(5) ensuring that any development, structure, building or landscaping complies with the provisions of these Covenants;

(c) Architectural Review Board.

(1) The Company shall establish an Architectural Review Board (such board hereinafter referred to as the "Review Board") which shall consist of five (5) members. The five (5) members shall be appointed by the Company until such time as the Company, in its sole discretion, transfers control of the Review Board functions to the Association. The regular term of office for each member shall be one (1) year, coinciding with the fiscal year of the Company. Any member appointed by the Company may be removed with or without cause by the Company at any time by written notice to such appointee. A successor or successors appointed to fill such vacancy shall serve the remainder of the term of the former members. When control of the Review Board functions is transferred to the Association, members of the Review Board shall be elected by the Board of Directors of the Association and any member so elected may resign or be removed by the Board in the same manner as provided in the By-Laws of the Association for the resignation and removal of officers of the Board.

(2) The Review Board shall select its own Chairman and he, or in his absence, the ViceChairman, shall be the presiding officer of its meetings. All meetings shall be held upon call of the Chairman; all meetings shall be held at the offices of the Company in Cumberland County, North Carolina or at such other places in Cumberland County as may be designated by the Chairman. Three (3) members shall constitute a quorum for the transaction of business, provided a minimum of two (2) members appointed by the Company shall be present in order to have a quorum prior to transfer of control of the Review Board by the Association. The affirmative vote of a majority of the members of the Review Board present at the meeting at which there is a quorum shall constitute the action of the Review Board on any matter before it. The Review Board shall operate in accordance with its own rules of procedure and guidelines which shall be filed with the Association and maintained in the records of the Association. The Review Board may split itself into panels of two (2) or more members which shall act in its behalf and perform duties delegated to them by the Review Board.

(3) The Review Board is hereby authorized to retain the services of one or more consulting architects, landscape

architects, urban designers, and/or attorneys and other professional consultants as it determines necessary, to advise and assist the Review Board in performing the functions here in prescribed.

(4) The Review Board may adopt, promulgate, amend, revoke and enforce guidelines, hereafter referred to as the Development Guidelines, for the purposes of:

- (i) Governing the form and content of plans and specifications to be submitted for approval pursuant to the provisions hereof;
 - (ii) governing the procedure for such submission of plans and specifications; and
 - (iii) establishing policies with respect to the approval and disapproval of all proposed uses and all construction or alteration of any Structure on any Lot.
- (iv) The Review Board shall make a published copy of its current Development Guidelines readily available to Members and prospective Members of the Association upon request.

(d) Transfer of Architectural Review Authority. Upon the sale of one hundred percent (100%) of the sites for the permitted Dwelling Units as shown on the Kings Grant Subdivision Master Plan, the Company shall, by filing a supplementary declaration of covenants and conditions with the Register of Deeds, transfer the above-described review authority to a permanent Review Board which, subject to the covenants and conditions stated within the aforesaid supplemental declaration, shall be under the control of the Association. This Section does not obligate the Company to make such transfer at any particular time; provided, however, that such transfer must be made no later than thirty (30) days after sale of the last Lot or Dwelling Unit, as to all portions of the Property shown the Kings Grant Master Plan where one hundred percent (100%) of the sites for permitted Dwelling Units as shown on said Master Plan have been sold to third parties. The Company may in its sole discretion prior to or during transition of Control allow the Association's Board to elect one or more members to the Review Board provided that such members have the professional qualifications established by the Company.

(e) Review of Approval of Plans for Additions, Alterations or Changes to Structures and Landscaping: No building, wall, fence, sign, mail box, trash containers, swimming pool, tennis court, roof, color and composition of roof, siding and other exterior materials and finishes, exterior light, landscaping or other structure or improvement of any kind shall be commenced, erected, or maintained upon any Residential Lot, or upon the exterior of any Dwelling Unit, or upon the Common Properties, nor shall any landscaping be done, maintained, nor shall any addition to any existing building or structure or alteration or change therein be made or maintained until the proposed building plans, specifications (including height, shape, type, nature, color and composition of roof, siding or other exterior materials and finish), plot plan (showing the location of such building or structure, and other items listed hereinabove, drives and parking area), landscape plan, and construction schedule shall have been submitted to and approved by the Review Board.

Any alteration of the plans and specifications, changes or deviations from the approved plans and specifications during construction or of the completed structure must also be submitted to the Review Board reserving the same rights to disapprove alterations as it retains for disapproving the original structures.

(f) Submission, Approval and Refusal of Architecture, Siting, Landscaping and Other Building Plans: Two (2) copies of

all plans and related data shall be furnished the Review Board. One (1) copy shall be retained in the records of the Review Board. The other copy shall be returned to the Property Owner marked "approved" or "disapproved." The Review Board may establish a fee from time to time sufficient to cover the expense of reviewing plans and related data at the time they are submitted for review and to compensate any consulting architects, landscape architects, urban designers or attorney's retainer in accordance with subparagraph (c) (iii) above. Approvals shall be dated and shall not be effective for construction commenced more than twelve (12) months after such approval unless a different expiration time is specifically stated in the approval. Disapproved plans and related data shall be accompanied by a reasonable statement of items found unacceptable. In the event approval of such plans is neither granted nor denied within forty-five (45) days following receipt by Review Board of all of the required documents with written request for approval, the provisions of this Section shall be thereby waived. Refusal of approval of plans, location or specification may be based by Review Board upon any ground which is consistent with the objectives of these Covenants, including purely aesthetic considerations, so long as such ground is not arbitrary and capricious.

(g) Approval Not a Guarantee or Representation of Proper Design or Good Workmanship: No approval of plans, location or specifications, and no publication or architectural standards bulletins shall ever be construed as representing or implying that such plans, standards or specifications, will, if followed, result in a properly designed residence. Such approvals and standards shall in no event be construed as representing or guaranteeing that any residence or improvement thereto will be built in a good and workmanlike manner. Neither the Company nor the Review Board shall be responsible or liable for any defects in any plans or specifications submitted, revised or approved under these Covenants nor for any defects in construction pursuant to such plans and specifications. The Owner shall have sole responsibility for compliance with approved plans and does hereby, by acceptance of title to property subject to these Covenants, agree to hold the Review Board and the Company harmless for any failure thereof caused by the Owner's architect or builder. The Company reserves the right to prohibit the Owner's builder and/or general contractor from going to or upon the site in the event it is determined that failure to comply with approved plans is intentional or due to gross negligence under the above-mentioned circumstances. The Owner hereby agrees that the exercise of these rights shall not constitute a denial of Owner's property rights and shall not give rise to a cause of action for damages by the Owner.

Section 14. Repairs. Any building or other improvement on the Property that is destroyed partially or totally by fire, storm or any other means shall be repaired or demolished within a reasonable period of time, and the land restored to an orderly and attractive condition. If Owner fails to commence to repair or demolish and remove same within 30 days after notice from the Review Board, the Association or the Company and fails to diligently continue, the Association may do so at the Owner's expense.

Section 15. Remedies. If the finished dwelling, garage, accessory building or other structure does not comply with the submitted and approved plans and specifications, the Review Board retains the right to make the necessary changes at owner's expense to comply with the approved plans and specifications, the right to treat such charge or cost as an assessment, the right to file under the North Carolina lien laws a notice of lien for any costs incurred, and the further right to resort to all remedies provided under the laws of North Carolina for the recovery of such costs and the expenses of collection including without limitation, reasonable attorneys' fees. Any changes in plans or specifications must first be reapproved by the Committee in accordance with the procedure

herein specified for architectural control.

Article II
Use Restrictions

Section 1. Residential Use. All Lots or parcels of land shall be used for residential purposes exclusively. No structure or structures shall be erected, altered, placed or permitted to remain on any residential parcel other than as provided in these Covenants and restrictions.

"Residential," referring to a mode of occupancy, is used in contradistinction to "business" or "commerce" or "mercantile" activity and, except where otherwise expressly provided, "residential" shall apply to temporary as well as permanent uses, and shall apply to vacant land as well as to buildings constructed thereon. No Lot or Dwelling Unit restricted to "residential" purposes may be used as means of service to business establishments on Lots, including but not limited to supplementary facilities or an intentional passageway or entrance into a business. Use for single household residential purposes shall mean and refer to use as a place of long-term dwelling or residence, and shall also include use for seasonal lodging. The restriction to use for "residential" purposes is subject to the following qualifications:

(a) Unless further restricted in the deed or other document, the use of a portion of a Dwelling Unit as an office shall be considered as a residential use if such use does not create a significant increase in customer or client traffic to and from the Dwelling Unit, if no sign, symbol, logo or nameplate identifying a business or professional office is affixed to or about the grounds or the entrance to the Dwelling Unit, if the office is only incidentally used for business or professional purposes, and if the Company or Association, after responding to a complaint by a neighboring Property Owner, has not expressly requested that the subject Dwelling Unit not be used in whole or in part as an office.

(b) The use of a Dwelling Unit as a model or for sales or operational purposes shall be limited to those granted written temporary permission for such use by the Company in its sole discretion, and may be deemed a use for residential purposes for a maximum period of sixty (60) months after the building is newly constructed and is ready for occupancy, and use of said Dwelling Unit as a model or for sales or operational purposes after said sixty (60) months period shall be prohibited.

(c) The use of the Dwelling Unit shall be limited to occupancy by people directly related by adoption, marriage, or blood in the first and second degree or four or less people who are not so related.

Section 2. Other Buildings and Vehicles. No mobile home, trailer, manufactured home, double wide or modular home, tent, barn, or other similar out-building, vehicle, or structure shall be placed on any Residential Lot at any time, either temporarily or permanently, without prior approval from the Review Board and such approval shall normally be limited to temporary use of such structures reasonably essential to economical, orderly and efficient construction during the construction process only. No home trailers or residence trailer, manufactured home, double wide or modular home, may be permitted on the Lot, Tract or Parcel and no boats, boat trailers, campers, privately owned golf carts, motorcycles, motorbikes, recreational vehicles, trucks, or utility trailers may be maintained on the Property, without prior written approval of the Review Board. The term "truck" as used herein is intended to refer to those vehicles of various sizes and designs for transporting goods, moving heavy articles or hauling quantities of cargo and which are used in a trade or business in which the

truck is used because of its commercial capabilities and not merely as a means of transportation, or which displays identification on the exterior of the vehicle to a commercial enterprise. This is not intended to include such dual-purpose vehicles as station wagons, jeeps, "scouts", "wagoner", "Bronco", "Blazer" or land rover type vehicles and sports trucks and trucks of one-half (1/2) ton or less or similar, attractive vehicles driven and maintained primarily as a means of transportation that do not have exposed signage or logo other than discreet identification approved by the Review Board and do not have exposed equipment or supplies.

Section 3. Unsightly Conditions. It shall be the responsibility of each Owner and tenant thereof to prevent the accumulation of litter, trash, packing crates or rubbish or the development of any unclean, unsightly or unkept or unmaintained condition of buildings or grounds on his property either before, during or after construction, nor to permit accumulations which shall tend to substantially decrease the beauty of the community as a whole or the specific area. Each Owner after completion of the Dwelling Unit and as required by notice from the Review Board shall keep the grass, weeds, plants and other vegetation on his Lot cut, free of leaves, and well trimmed at all times.

Section 4. Offensive Activity. No noxious or offensive activity shall be carried on any Residential Lot, Dwelling Unit or Common Properties within Kings Grant, nor shall anything be done thereon tending to cause embarrassment, discomfort, annoyance, or nuisance to the community.

Section 5. Hazardous Activity No part or parts of any land within Kings Grant shall be used by any Owner in such manner which would increase the hazard of fire on any other part or parts of Kings Grant or any adjoining property. No activity shall be conducted which has the possible consequence of ground pollution, including but not limited to the storing of toxic chemicals, fuels or other similar substances. Any underground storage of any substance must have prior approval from the Review Board.

Section 6. Junk Vehicles. No automobile or motor vehicle may be dismantled on said property. No mechanically defective automobile or currently unlicensed automobile shall be placed or allowed to remain on said property over ten (10) days. No junked cars shall be placed or allowed to remain on said property.

Section 7. Fuel Tanks. No fuel tanks or similar storage receptacles may be exposed to view. Any such receptacles may be installed only within an accessory building or within a screened area, or buried underground provided, however, that approval for such underground storage tank is obtained in advance from the Review Board. Nothing contained herein shall prevent the Declarant or Association from erecting, placing or permitting the placing of tanks, or other apparatus, on the Property for uses related to the provision of utility or other service.

Section 8. Antennas No television antenna, dish, radio receiver or sender or other similar device shall be installed upon a lot or attached to or installed on the exterior portion of any dwelling or other structure or property within Kings Grant, nor radio, television signals, nor any other form of electromagnetic radiation shall be permitted to originate from any Dwelling Unit or Residential Lot which may unreasonably interfere with the reception of television or radio signals upon any other of such properties, except as follows:

(a) The provisions of this Section shall not prohibit the Company from installing equipment necessary for a master antenna system, security system, cable television and mobile radio systems or other similar systems within Kings Grant; and

(b) Should cable television services be unavailable and

good television reception not be otherwise available, an Owner may make written application to the Review Board for permission to install a television antenna, and such permission shall not be unreasonably withheld.

Section 9. Sound Devices. No exterior speaker, horn, whistle, bell, or other sound device which is unreasonably loud or annoying, except security devices used exclusively for security purposes, shall be located, used, or placed upon lands within Kings Grant. The playing of loud music within a Dwelling Unit or other structure or from the balcony thereof shall be noxious and offensive behavior constituting a nuisance.

Section 10. Lights. The design and location of all exterior lighting fixtures shall be subject to the approval of the Review Board. Neither these nor any other illumination devices, including but not limited to Christmas ornaments, located anywhere on the structures or grounds of any Residential Lot or Dwelling Unit or other residential structure within the Property shall be located, directed, or of such intensity to affect adversely the nighttime environment of any adjacent property.

Section 11. Laundry. In order to preserve the aesthetic features of the architecture and landscaping, each Owner, his or her family, his or her guests, or his or her tenants, shall not hang laundry from any area within or outside a Dwelling Unit if such laundry is within the public view, nor hang laundry in full public view to dry, such as on balcony and terrace railings. This provision may, however, be temporarily waived by the Company or Review Board during periods of severe energy shortages or other conditions where enforcement of this Section would create a hardship.

Section 12. Boats Prohibited. No boat, canoe or other watercraft may be operated on any stream or lake within Kings Grant other than as approved by the Review Board. No such boat, canoe or other watercraft shall be beached or stored overnight or permanently on the shore of any lake or stream except in areas expressly approved by the Review Board. Moreover, the Review Board in its sole discretion may designate certain portions of lakes as off-limits to all types of watercraft. Anything to the contrary notwithstanding, the Company and/or the Association shall be entitled to maintain any form of motorized watercraft for emergency or maintenance purposes.

Section 13. Vegetable Gardens. A vegetable garden will be permitted provided it is located to the rear of the house, is not visible from the street, and does not exceed the size of 300 square feet. No vegetable gardens of any size shall be allowed on lots adjoining a golf course or any lakes or ponds.

Section 14. Animals. No animals, livestock, or poultry of any kind shall be raised, bred, kept or pastured within the residential areas of the Property, except that a reasonable number of common household pets such as dogs and cats may be kept in a Dwelling Unit. In order to preserve the aesthetic qualities of the Common Properties, to maintain sanitary conditions on the Property, to prevent the spread of worms and infectious diseases on the Common Properties, and to maintain a proper respect for other Owners and users of the Common Properties each person who keeps a pet within a Dwelling Unit shall abide by the following restrictions, conditions, and affirmative obligations.

(i) No pets may be kept, bred, or maintained for any commercial purpose.

(ii) The Owner of such pet or pets, shall exercise best efforts to not allow the pets to excrete upon the Property owned by others or the Company, or to excrete in any area within the Property or the Common Properties

which are regularly traversed or in which children may be expected to play.

(iii) The Owner of such animals shall use a scoop or other device to clean up any defecation or solid excrement left by their pet upon the Common Properties or property owned by others.

(iv) The Owner of an animal will not allow it to roam unattended on the Property, it being the responsibility of each pet Owner to leash their animal.

(v) The Owner shall muzzle any animal which barks or makes any noises which might be reasonably expected to disturb other Owners.

(vi) Pets shall be housed in the Dwelling Unit or in pens approved by the Review Board.

(vii) Such other regulations as adapted by the Review Board or the Association from time to time.

The breach of any of these restrictions, conditions, any obligations and duties shall be a noxious and offensive activity constituting a nuisance.

Section 15. Roadways. In order to provide for safe and effective regulation of traffic, the Company may promulgate from time to time parking and traffic regulations which shall supplement State and/or City of Fayetteville regulations as it relates to conduct on, over and about the streets and roadways, public and/or private in Kings Grant. These supplemental regulations shall initially include but shall not be limited to those set out hereinafter and the Company reserves the right to adopt additional regulations or to modify previously promulgated regulations from time to time and to make such adoption or modification effective thirty (30) days after mailing notice of same to the record Owners of all Lots, Dwelling Units, or parcels within the Property as of January 1 of the year in which such regulations are promulgated:

(a) No golf carts may be operated on the roads and streets in Kings Grant except those being transported between golf cart maintenance or other designated areas, except as permitted by the Review Board. The Review Board may charge such fees as it deems appropriate for the permits.

(b) No motorcycles, motorbikes or all-terrain vehicles of any kind may be operated on the roads and streets within Kings Grant, unless they are street legal, are in compliance with all North Carolina vehicle licensing laws, are operated by licensed drivers and are not operated in a manner constituting a nuisance.

(c) The Company, or the Association, may post "no parking" signs along the streets and roadways within Kings Grant where it, in its sole discretion, determines appropriate to do so. Violators of said "no parking" signs are subject to having their vehicles towed away and shall be required to pay the cost of such towing and storage before their vehicle may be recovered. The act of towing said vehicle shall not be deemed a trespass or a violation of the Owners' property rights, because the Owner shall be deemed to have consented to such action by accepting the right to use the roads and streets within Kings Grant.

Section 16. Insurance. Nothing shall be kept, and no activity shall be conducted, on the Property which will increase the rate of insurance applicable to residential use for the Property or any Lots. No Owner shall do or keep anything, nor cause or allow anything to be done or kept, on his Lot or on the

Common Property which will result in the cancellation of insurance on any portion of the Property, or Lots therein, or which will be in violation of any law, ordinance, or regulation. No waste shall be committed on any portion of the Common Property.

Section 17. Signs. No signs or ornaments shall be erected or maintained on the Property by anyone including, but not limited to, the Owner, a realtor, a contractor or subcontractor, or except with the written permission of the Review Board or except as may be required by legal proceedings. If such permission is granted the Review Board reserves the right to restrict size, color and content of such signs. One sign advertising the sale of a house and/or lot may be placed upon a lot at any time, said sign not to be larger than two feet by two feet (2' x 2').

Section 18. Water and Sewage. No private water wells may be drilled or maintained by any Owners other than the Company so long as the Company or its agents, or licensees, or a public water and sewer provider or other governmental unit, its successors and assigns, has installed a water distribution line to such property except with approval of the Review Board. No septic tanks may be installed in the Property so long as the Company, or its agents or licensees, or a public sewer utility company, or other governmental unit, its successors and assigns, operates a sewage distribution line to such property or is willing to extend such a sewage line to such property, except with proper approval of the Review Board. No sewage shall be emptied or discharged into creek, marsh, lake, river or other body of water at any time.

This Section shall not prohibit a property owner from maintaining a well for irrigation purposes, so long as the prior approval of the Review Board is obtained.

Section 19. Docks. No private docks, piers, moorings, boat houses, slips or similar structures may be erected on, placed on, or connected to any Lot which is adjacent to any lake or pond in Kings Grant.

Section 20. Firearms: Hunting Prohibited. There shall be no discharging of firearms, guns or pistols of any kind, caliber, type, or method of propulsion; and no hunting of any type shall be carried on or conducted on the Property.

Article III
Environmental Controls:

Section 1. Topography and Vegetation. Topographic and vegetation characteristics of a Residential Lot shall not be altered by removal, reduction, cutting, excavation or any other means without the prior written approval of the Review Board. 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 this Declaration.

Section 2. Tree Removal. No trees with a diameter of four inches or more, may be removed without the written approval of the Review Board. A tree location plan and location map of adjacent and nearby structures may be required as a part of the submission under Part Two, ARTICLE I, Section 13 and this ARTICLE II.

Section 3. Certain Controls. To implement effective and adequate erosion control and protect the beauty of the Property, the Company, its successors, assigns (including but not limited to the Association), and 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 property for the purpose of performing any grading or landscaping work or constructing and maintaining erosion

prevention devices, the Company or Association, as the case may be, shall give the Owner the opportunity to take any corrective action required by giving the Owner notice indicating what type of corrective action is required and specifying in that notice that immediate corrective action must be taken by such Owner.

To implement effective insect, reptile and woods fire control, the Company, its successors, assigns, and agents have the right to enter upon any property on which a building or structure has not been constructed and upon which no landscaping plan has been implemented. In any case which in the opinion of the Company detracts from the overall beauty, setting and safety of Kings Grant, the Company, its successors, assigns, and agents shall have the aforementioned rights of entry for the purpose of mowing, removing, clearing, cutting, or pruning underbrush, weeds or other unsightly growth, removing trash, draining standing water or dispensing pesticides.

The cost of this vegetation, trash and drainage control shall be kept as low as reasonably possible and shall be paid by the respective Owner. Such entry shall not be made until after such Owner has been notified in writing of the need of such work and unless such Owner fails to perform the work within time set out in such notice.

The provisions of this Section 3 shall not be construed as an obligation on the part of the Company to mow, clear, cut or prune any property, to provide garbage or trash removal services, to perform any grading or landscaping work, construct or maintain erosion prevention devices or storm drainage improvements, or to provide water pollution control on any privately owned property.

Entrance upon property pursuant to the provisions of this Section 3 shall not be deemed a trespass.

The rights reserved unto the Company in this Section 3 shall not be unreasonably employed and shall be used only where necessary to effect the stated intent and purposes of this Declaration.

Section 4. Environmental Hazards. To secure the natural beauty of Kings Grant, the Company, its successors or assigns may promulgate and amend from time to time rules and regulations which shall govern activities which may, in its judgment, be environmentally hazardous, such as the application of fertilizers and pesticides and other chemicals. Failure of any Owner or tenant of property on Kings Grant to comply with the requirements of such rules and regulations shall constitute a breach of these Covenants.

The Company hereby reserves unto itself, its successors, assigns, and agents a perpetual, alienable and releasable easement and right on, over and under all property in Kings Grant for the purpose of taking any action necessary to effect compliance with such environmental rules and regulations and covenants. The cost of such action by the Company shall be paid by assessment of the respective Owner(s) of the property upon which the work is performed in accordance with the provisions of Part Three of this Declaration.

Section 5. Further Siting Authority. To prevent excessive "run-off" or drainage resulting from any improvements to residential lots or other tracts, the Company hereby reserves to itself, its heirs and assigns, the right to establish a maximum percentage of property which may be covered by a building, patio, driveway or other structures. In the establishment of such maximum percentage the Company shall consider topography, percolation rate of the soil, soil types and conditions, vegetation cover and other relevant environmental factors. Neither this nor any other right reserved herein by the Company shall be construed, however, to be an obligation of the Company to take any action.

Section 6. Erosion in Open Spaces, Common Properties and Restricted Common Properties. The Company, its successors and assigns, shall have the right, but shall not be obligated, to protect all Common Properties from erosion, 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 to the Company to take steps necessary, within Common Properties, to provide and insure, adequate drainage ways, to cut fire breaks, and to remove diseased, dead or dangerous trees and carry out other similar activities, the cost of which services is to be paid by assessments of the Owners in accordance with the provisions of Part Three of this Declaration.

Section 7. Mineral Extraction. No oil drilling, oil development operations, oil refining, quarrying or mining operations of any kind, nor oil, gas or mineral exploratory activity, shall be permitted upon or in any Lot, nor shall oil wells, tanks, tunnels, mineral excavations or shafts be permitted upon, or in or under, any Lot. No derrick or other structures designed for use in boring for oil or natural gas shall be erected, maintained or permitted upon any Lot; nor shall sand, clay, or other materials be mined or removed from any Lot for use elsewhere.

Section 8. Streetlighting. Streetlighting is being provided by the City of Fayetteville, North Carolina Public Works Commission under the terms approved by the N. C. Utilities Commission.

Section 9. Dumping Prohibited. No dumping of trash, garbage, sewage, sawdust or any unsightly or offensive material shall be placed upon the Property, except as is temporary and incidental to the bona fide construction on or improvement of the area.

ARTICLE IV

SPECIAL RESTRICTIONS AFFECTING GOLF FAIRWAY RESIDENTIAL AREAS

Section 1. Golf Fairway Defined. "Golf Fairway Residential Areas" is defined as all those residential lots or tracts or blocks of land intended for residential development located adjacent to any golf course land located in Kings Grant.

Section 2. Landscape Requirements. That portion of any Golf Fairway residential lot or residential tract within twenty-five (25) feet of the Lot or tract line bordering the golf course shall be in general conformity with the overall landscaping pattern for the golf course fairway area established by the golf course architect. All individual Lot or tract landscaping plans must be approved by the Review Board before implementation.

Section 3. Golf Course Maintenance Easement. There is reserved to the Company a "Golf Course Maintenance Easement Area" on each Lot or tract adjacent to any golf course located in Kings Grant. This reserved easement shall permit the Company at its election, to go onto any Golf Course Maintenance Easement Area for the purpose of landscaping or maintaining said area. Such maintenance and landscaping may include regular removal of underbrush, trees, stumps, trash or debris, planting of grass, watering, application of fertilizer, and mowing the Easement Area as approved by the Review Board. This Golf Course Maintenance Easement Area shall be limited to the portion of such Lots within twenty-five (25) feet of the Lot line(s) or tract line bordering the golf course land, or such lesser area as may be shown as a "Golf Course Maintenance Area" on the plat. The described maintenance and landscaping rights shall apply to the entire Lot or tract until there has been filed with the Company and the Review Board a landscaping plan for such Lot or tract by the Owner thereof, or alternatively, a residence constructed on the Lot or Dwelling Units constructed on the tract according to plans approved by the Review Board. The Company reserves the right to waive the

easement herein reserved in whole or in part in its sole discretion.

Section 4. Permissive Easement Prior to Dwelling Construction. Until such time as a residence is constructed on a Lot, the Company and the Association 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 Dwelling Unit 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. Golfers or caddies shall not be entitled to enter 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 Dwelling Unit on a Golf Fairway Lot, "Out of Bounds" markers may be placed on said Lot line at the expense of the Company.

Section 5. Distracting Activity Prohibited. Owners of Golf Fairway Lots or Dwelling Units adjacent to golf fairways shall be obligated to refrain from any actions which would detract from the playing qualities of the 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 or residential tract adjacent to the golf course when the smoke would cross onto the fairway, and the keeping of unfenced or fenced dogs or other pets on the Lot or residential tract adjacent to the golf course under conditions interfering with play due to their loud barking, running on the fairways, picking up balls or other like interference with play. Pets shall be kept in pens located outside of the Golf Course Maintenance Easement Area. No fence of any nature shall be constructed on the golf course maintenance easement unless the design and location of such fence is approved in advance by the Review Board but in no event shall a fence be allowed which is anything but an ornamental fence or more than three (3) feet tall.

Section 6. Reserved Approval Rights. Notwithstanding the provisions of Section 3 of this ARTICLE IV, the Company hereby reserves the right to allow an Owner to construct a dwelling over a portion of the "Golf Course Maintenance Easement Area" in those cases where it, in its discretion, determines that such construction will not materially lessen the beauty or playing qualities of the adjacent golf course.

Section 7. Right of the Association to Maintain. The Association shall have the right, but not the duty, to maintain, keep clean and repair any portion of the golf course and lakes, if the Owner thereof does not do so.

PART THREE
KINGS GRANT PROPERTY OWNERS' ASSOCIATION, INC.
ARTICLE I
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner shall be a Member of the Association. The Company acting through its designated officers, employees and agents shall be a Member of the Association. However, in the case of multiple ownership of any Residential Lot, Dwelling Unit or other properties in Kings Grant, each Owner shall be a Member, subject to such limitations and fees established by the Company and Review Board from time to time.

Section 2. Voting Rights. The Association shall have one type of regular voting membership. Each Member shall be entitled to one (1) vote for each Residential Lot or Dwelling Unit which he owns. If a Dwelling Unit is constructed on more than one (1) Residential Lot, the Owner shall have one (1) vote for the Dwelling Unit but shall have no additional vote for each other Residential

Lot comprising a part of the total consolidated home or building site so long as such lot remains a part of the consolidated site.

When any Property entitling the Owner to membership 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 an instrument shall direct who shall cast the vote or votes, and it or a copy thereof is filed with the secretary of the Association.

Section 3. Composition of Board. The Association shall be governed by a Board of Directors consisting of seven (7) members, with the number in subsequent years to be determined as provided for in the By-Laws of the Association. All members of the Board shall be Owners within the Property, or officers, employees or agents of the Company designated by the Company.

The Company shall have the right to place four (4) persons on the Board, with the Association's membership placing three (3) persons on the Board. Upon the sooner, of five (5) years from the date hereof, or upon the Company's selling of seventy-five (75%) percent of the lots in Kings Grant as shown on the master plan, the Association's members may place four (4) persons on the Board with the remaining three (3) being placed by the Company. Upon the sooner of, seven (7) years from the date hereof, or upon the Company's selling of eighty-five (85%) percent of the lots in Kings Grant as shown on the master plan, the Association's members may place five (5) persons of the Board and the Company may place two (2) persons on the Board. Upon the sooner of, ten (10) years from the date hereof, or upon the Company's selling of ninety-five (95%) percent of the lots in Kings Grant as shown on the Master Plan, the Association shall be entitled to place all seven (7) members on the Board.

Section 4. Cumulative Voting Prohibited. Each Member shall be entitled to as many votes as equals the number of votes he is ordinarily entitled to multiplied by the number of Directors to be elected, but may not cast all of such votes for any one (1) Director and must distribute them among the number to be voted for, and all votes must be cast in whole numbers and not fractions thereof. It is the intent of this Section to prohibit cumulative voting.

Section 5. 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:

The first time a meeting of the Members of the Association is called to vote on a particular action proposed to be taken by the Association the presence at the meeting of Members or proxies entitled to cast fifty-one percent (51%) of the total vote of the membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice and there shall be a quorum requirement of twenty five percent (25%) of the total vote of the Members of the Association for such 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 I, Section 5, and any other requirements for such "duly called meeting" which may be established by the By-Laws of the Association. This provision shall not apply when the proposed action is the amendment of this Declaration and the quorum requirement established by Part Four, ARTICLE II, Section 2 shall govern in that instance. For the purpose of this Section 5, "proper notice" shall be deemed to be

given when given each Member not less than thirty (30) days prior to nor more than sixty (60) days in advance of the date of the meeting at which any proposed action is to be considered.

Section 6. Proxies. All Members of the Association may vote and transact business at any meeting of the Association by proxy authorized in writing.

ARTICLE II
PROPERTY RIGHTS IN THE COMMON PROPERTIES

Section 1. Members' Easement of Enjoyment in 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 Member and every tenant and guest of such Member shall have a right of 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 or Dwelling Unit. The privilege granted to guests and tenants of Members to use and enjoy the Common Properties, subject to the rules, regulations and fees, if any, established by the Association for such use, may be denied to or withdrawn from such guests or tenants by an affirmative vote of ninety percent (90%) of the votes cast at a meeting of the Association called for the purpose of voting on such denial or withdrawal.

Section 2. Title to Common Properties. The Company covenants for itself, its successors or assigns, that, upon the completion of the surveying, platting of same and recordation of the plat, it shall convey within thirty (30) days to the Association by limited warranty deed those properties designated as "Common Properties". The obligation to convey shall apply only to common properties which are delineated on the plat being currently recorded notwithstanding that there may be other or additional "Common Properties" delineated on the current revision of the Kings Grant Master Plan. All said parcels of land may be conveyed to the Association subject to: (1) all restrictive covenants of record at that time, including but by no means limited to this Declaration; (2) all existing mortgages; and (3) a reservation by the Company of the right to substitute or add new mortgages thereon; provided, however, that in no event shall the Association be obligated to assume the payment of principal or interest on any such mortgages. Nothing herein shall require or prevent the Company from conveying any Golf Course or Recreational Tract to the Association and designating same as Common Property or Restricted Common Property.

Section 4. Extension of Members' Easement. 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 other lender for the purpose of improving and/or maintaining the Common Properties and providing services authorized herein and in aid thereof to mortgage said properties; and

(b) the right of the Association to take such steps as are reasonably necessary to protect the above-described properties against foreclosures; and

(c) the right of the Association, as provided in its By-laws to suspend the rights and easements of enjoyment of any Member, or any 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

(d) the right of the Association to charge reasonable admission and other fees for the use of the Common Properties and any facilities included therein.

(e) The Board of Directors of the Association shall have the power to place any reasonable restrictions upon the use of the Association's roadways, subject to the public's right of ingress and egress and subject to compliance with the Fayetteville City Code, including but not limited to the types and sizes of vehicles permitted to use said roads, the maximum and minimum speeds of vehicles using said road, all other necessary traffic and parking regulations, and the maximum noise levels of vehicles using said roads. The fact that such restrictions on the use of the roads shall be more restrictive than the laws of any state or local government having jurisdiction over the Property shall not make such restrictions unreasonable; and

(f) the right of the Company or the Association by its Board of Directors to dedicate or transfer to any public or private utility, utility easements on any part of the Common Properties; and

(g) the right of the Association to give or sell all or any part of the Common Properties, including leasehold interests, to any public agency, authority, public service district, or private concern for such other purposes and subject to such conditions as may be agreed to by the Members, provided that no such gift or sale 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 Part Four, ARTICLE II, Section 2, 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 affecting the Common Properties prior to the recording thereof. Such certificates shall be conclusive evidence of authorization by the membership and shall not apply to roads, water, sewer and storm drainage dedicated or deeded to the City of Fayetteville or County of Cumberland by the Company. The Company may make such dedications or conveyances without the members consent; and

(h) the rights of reversion of the Lessor of and Common Properties leased by the Association upon expiration of the lease.

ARTICLE III
COVENANTS FOR MAINTENANCE ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges which are Common Expenses, and (2) special assessments for extraordinary maintenance and capital improvements, (3) special assessments for purchase, construction or reconstruction of improvements; and (4) to the appropriate governmental taxing authority, a pro rata share of assessments for public improvement to the Common Properties if the Association shall default in payment thereof. The annual and special assessments, together with interest and costs, and reasonable attorney's fees for collection, shall be a charge on the land and shall be a continuing lien upon the Lot against which each such

assessment is made. Each such assessment, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the assessment fell due. The personal obligation for the delinquent assessments shall not pass to his successors in title unless expressly assumed by them.

The Association shall also have the authority, through the Board of Directors to establish, fix and levy a special assessment on any Lot to secure the liability of the Owner thereof to the association arising from breach by such Owner of any of the provisions of this Declaration which breach shall require the expenditure of time and money or both, by the Association for repair or remedy.

Each Owner covenants for himself, his heirs, successors and assigns, to pay each assessment levied by the association on the Lot described in such conveyance to him within ten (10) days of the due date as established by the Board, and further covenants that if said assessment shall not be paid within thirty (30) days of the due date, the payment of such assessment shall be in default and the amount thereof become a lien upon said Owner's Lot as provided herein and shall continue to be such lien until fully paid.

Section 2. Purpose of Assessments. The assessments levied by the association shall be used exclusively for the paying of Common expenses to promote the recreation, health, safety, and welfare of the Owners of lots and, in particular, but not limited to, for the acquisition, improvement and maintenance of Property, services, amenities and facilities, and for the use and enjoyment of the Common Properties, including but not limited to, the cost of repairs, replacements and additions, the cost of labor, equipment, materials, management and supervision, the payment of taxes and public assessments assessed against the Common Properties, the providing for security to the property, the procurement and maintenance of insurance in accordance with the Bylaws or as deemed appropriate by the Board, the payment of common antenna or cable service, the employment of counsel, accountants and other professionals for the Association when necessary, and such other needs as may arise.

Section 3. Amount of Assessment.

(a) **Initial Maximum Assessment.** To and including December 31, 1990, the maximum annual assessment shall not exceed one hundred twenty and no/100 (\$120.00) per Lot.

(b) **Increase by Association.** From and after January 1, 1991, the annual assessment effective for any year (including 1991) may be increased from and after January 1 of the succeeding year by the Board of Directors, without a vote of the membership, by a percentage which may not exceed the greater of the (10%) percent or the percentage increase reflected in the U.S. City Average Consumer Price Index - United States and selected areas for urban wage earners and clerical workers, all items most recent index and percentage changes from selected dates, (published by the U.S. Bureau of Labor Statistics, United States Department of Labor, Washington, D.C.), or such other index as may succeed the Consumer Price Index, for that twelve-month period ending the immediately preceding October 1.

(c) **Increase by Members.** From and after December 31, 1991, the annual assessment may be increased by a percentage greater than permitted by this article by an affirmative vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for such purpose. The limitations herein set forth shall not apply to any increase in assessments undertaken as an incident to a merger or consolidation in which the Association is authorized to participate under its Articles of Incorporation.

(d) Criteria for Establishing Annual Assessment. In establishing the annual assessment for any assessment year, the Board of Directors shall consider all current costs and expenses of the Association, any accrued debts, and reserves for future needs, but it may not fix the annual assessment in an amount in excess of ten (10%) percent or the sums derived by application of the Consumer Price Index formula provided in Subsection (b) without the consent of members required by Subsection (c) of this Section 3.

(e) Board Authority. The Board of Directors may fix the annual assessment at an amount not in excess of the maximum. Until such time as the Board affirmatively establishes an initial assessment, the assessment shall be zero.

(f) Declarant Expenses. Until such time as Declarant shall no longer control the Board, Declarant shall pay any Association expenses not otherwise covered by the assessment hereunder.

Section 4. Special Assessments for Capital Improvements. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part the cost of any construction, reconstruction, restoration, repair or replacement of a capital improvement upon the Common Properties, any extraordinary maintenance, including fixtures and personal property related thereto and any property for which the Association is responsible provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

Section 5. Replacement Reserve. Out of the Common Expenses assessment, the Board shall create and maintain a reserve fund for the periodic maintenance, repair, and replacement of improvements to the Common Properties which the association may be obligated to maintain.

Section 6. Notice and Quorum for And Action Authorized Under Section 3 and 4. Written notice of any meeting called for the purpose of taking any action authorized under this Article shall be sent to all members not less than 30 days nor more than 60 days in advance of the meeting. At the first such meeting called, the presence of members or of proxies entitled to cast fifty-one percent (51%) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be twenty-five (25%) percent of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 60 days following the preceding meeting.

Section 7. Uniform Rate of Assessment. Both annual and special assessments must be fixed at a uniform rate for all Lots and may be collected on a monthly basis or other periodic basis established by the Board.

Section 8. Date of Commencement of Annual Assessments: Due Dates: Initial Working Capital. The annual assessments provided for herein shall commence as to all Lots on the first day of the month following the passage of a resolution by the Board duly establishing same. The first annual assessment shall be adjusted according to the number of months remaining in the calendar year. The Board of Directors shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period. Written notice of the annual assessment shall be sent to every Owner subject thereto. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge if it

deems appropriate, furnish a certificate signed by an officer of the association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of issuance.

In addition to the regular assessments to be charged and paid hereunder, each Lot Owner shall, at the time of the initial sale of each Lot by Declarant to that Lot Owner, pay to the Association a sum equal to two (2) months' assessment on that lot as additional working capital of the Association. These amounts need not be segregated but may be commingled with regular assessment funds. This working capital amount shall be paid by the Lot Owner notwithstanding the fact that Declarant may have made prior regular assessment payments to the Association on the Lot being sold pursuant to the provisions of the first sentence hereunder.

Section 9. Effect of Nonpayment of Assessments: Remedies of the Association. Any assessment not paid within thirty (30) days after the due date shall be delinquent, in default and shall bear interest from the due date at the highest rate then permitted by North Carolina law not to exceed eighteen (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same plus interest, costs, late payment charges and reasonable attorneys' fees, or foreclose the lien against the Lot. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Elements or abandonment of his Lot.

The lien herein granted unto the Association shall be enforceable pursuant to Article 2A of Chapter 45 of the General Statutes from and after the time of recording a Claim of Lien in the Office of the Clerk of Superior Court in the County in which the Property is located in the manner provided therefore by Article 8 of Chapter 44 of the North Carolina General Statutes, which claim shall state the description of the Lot encumbered thereby, the name of the record owner, the amount due and date when due. The claim of lien shall be recordable any time after thirty (30) days after the due date of the assessment or any installment thereof and the lien shall continue in effect until all sums secured by said lien as herein provided shall have been fully paid. Such claims of lien shall include all assessments which are due and payable when the claim of lien is recorded, plus interest, costs, attorneys' fees, advances to pay taxes and prior encumbrances and interest thereon, all as above provided. Such claims of lien shall be signed by an officer or agent of the Association. Upon full payment of all sums secured by such claim of lien, the same shall be satisfied of record.

Section 10. Subordination of the Lien to Mortgages and ad Valorem Taxes. The lien of the assessments provided for herein shall be subordinate to the lien of any institutional first mortgage and ad valorem taxes on said Lot. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage or tax foreclosure or any proceeding in lieu thereof, shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer, but shall not abate the personal obligation of the prior owner. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof.

Section 11. Exempt Property. Any portion of the Property dedicated to, and accepted by, a local public authority and any portion of the Property owned by a charitable or non-profit organization exempt from taxation by the laws of the State of North Carolina shall be exempt from the assessments created herein. However, no land or improvements devoted to dwelling use shall be exempt from said assessments.

ARTICLE IV
FUNCTIONS OF ASSOCIATION

Section 1. Authorized Services. The Association shall be authorized but not required to provide the following services:

- (a) maintenance of the Common Properties;
- (b) performance of 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;
- (c) taking any and all actions necessary to enforce all covenants and restrictions affecting the Property and to perform any of the functions or services delegated to the Association in any covenants or restrictions applicable to the Property, including but not limited to fining Owners for violating same or for not properly maintaining their property;
- (d) setting up and operate an architectural review board in the event that the Association is designated by the Company as the agent of the Company for such purpose;
- (e) constructing improvements on Common Properties for use for any of the purposes or as may be required to provide the services as authorized in this ARTICLE;
- (f) provision of administrative services including but not limited to: insurance; legal; accounting and financial; and communication services informing Members of activities, notice of meetings, referendums, etc., incident to the above-listed services, and payment of taxes and other expenses.
- (g) any other services necessary to perform its obligations hereunder.

In the event the Association is unable or unwilling to perform any of the services listed above in a manner satisfactory to the Company, the Company shall be and hereby is authorized to perform such services, at the Association's expense, as long as such expenses are reasonable and necessary to carry out the Company's obligations under this Declaration.

Section 3. Mortgage and Pledge. The Board of Directors of the Association shall have the power and authority, to borrow money for use by the Association and to mortgage the property of the Association and to pledge the revenues of the Association as security for such loans made to the Association which loans shall be used by the Association in performing its authorized functions. The Company may, but shall not be obligated 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 method by which such loans will be repaid and subject to a maximum of loan amount approved by the Company, at interest rates acceptable to the Company. Notwithstanding anything in this Declaration to the contrary, the Association shall not be allowed to reduce the limits of the minimum regular annual assessment at any time there is outstanding any amounts due the Company as repayment of any loans made by the Company to the Association.

Section 4. Contracts. The Association, prior to the passage of control from the Company to the Members as herein provided, shall not enter into any management contracts or leases, which would bind the Association either directly or indirectly unless there is a right of termination of any such management contract or lease, without cause, which is exercisable without penalty at any

time after transfer of control of the Association from the Company to the Members, upon not more than ninety (90) days' notice to the other party to the contract or lease.

Section 5. Working Capital. An additional function of the Association may be to establish at the time of activation of the Association a working capital fund which shall collect at least two (2) months' assessments for each Lot or Dwelling Unit. Each Lot or Dwelling Unit's share of the working capital fund must be collected from the purchaser of the Lot or Dwelling Unit and transferred to the Association at the time of closing of the initial sale of each Lot or Dwelling Unit from the Company or other initial grantor. The working capital funds shall be maintained in an account for the use and benefit of the Association. The purpose of this fund is to insure that the Association Board will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable. Amounts paid into the fund are not to be considered as advanced payment of regular assessments.

In addition, upon the sale or transfer of ownership of any property within Kings Grant, there may be collected a transfer fee (as set by the Board of Directors from time to time) to cover administrative and other expenses incurred in the change of the Association's records.

Section 6. Information. It shall be the responsibility of the Association to make available to Owners and mortgage lenders making loans to Owners, and to holders, insurers or guarantors of any first mortgage on a Dwelling Unit or Lot within the Property, current copies of the Declaration, By-Laws, other rules and regulations relating to the Property, and the books, records and financial statements of the Association. "Available" shall mean available for inspection, upon request, during normal working hours or under other reasonable circumstances. The cost of reproduction of such documents shall be paid by the requesting party.

Section 7. Lenders' Notices. An additional function of the Association shall be to provide, upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot or Dwelling Unit number or address, written notice to any mortgage holder, insurer or guarantor of any of the following matters:

- (a) any condemnation or casualty loss that affects either a material portion of the Property or the Lot or Dwelling Unit securing its mortgage;
- (b) any sixty-day delinquency in the payment of assessments or charges owed by the Owner of any Lot or Dwelling Unit on which the lender holds the mortgage;
- (c) a lapse, cancellation or material modification or any insurance policy or fidelity bond maintained by the Association;
- (d) any proposed action that requires the consent of a specified percentage of mortgage holders.

Section 8. Insurance Requirements. The Association shall at all times maintain in full force and effect casualty (hazard and flood) and liability insurance and fidelity bond coverage as hereinafter specified:

- (a) **Hazard Insurance** The hazard coverage required hereunder shall protect at least against loss or damage by fire or all other hazards that are normally covered by the standard extended coverage endorsement and all other perils customarily covered for similar structures, including those covered by the standard "all risk" endorsement, and shall

likewise include, but shall not necessarily be limited to, the following coverage:

(i) Required Coverage. The Association shall maintain a policy of property insurance, with the premiums being paid as a common expense. The policy must cover all of the improved Common Properties, except for those that are normally excluded from coverage, such as land, foundation, excavation, etc. Fixtures and building service equipment that are considered part of the Common Properties, as well as personal property and supplies of the Association, shall be covered. If the Common Properties are not improved, no hazard insurance shall be required.

(ii) Amount of Insurance. Insurance should cover one hundred percent (100%) of the current replacement cost of the insured facilities. Coverage does not need to include land, foundations, excavation or other items that are usually excluded from insurance coverage.

(iii) Special Endorsements. The insurance coverage herein required shall include Agreed Amount and Inflation Guard Endorsements when it can be reasonably obtained. Construction code endorsements such as Demolition Costs Endorsements, Contingent Liability from Operation of Building Laws Endorsements and Increased Cost of Construction Endorsements shall be required when reasonably obtainable.

(b) Flood Insurance - If any part of the Common Properties are improved and such improvements are located in a flood hazard zone as defined by the Federal Emergency Management Agency -the Association must maintain a "master" or "blanket" policy of flood insurance and provide for the premiums to be paid as a common expense. The policy should cover any buildings on Common Properties and personal property of the Association. The amount of insurance should be at least equal to the lesser of one hundred percent (100%) of the current replacement cost of all buildings and other insurable property located in the flood hazard area; or, the maximum coverage available for the property under the National Flood Insurance Program.

(c) Liability Insurance - The Association shall maintain comprehensive general liability insurance policy covering all common areas, public ways and any other areas comprising the Common Properties which are under its supervision. The insurance should also cover commercial spaces, if any, that are owned by the Association, even if they are leased to others. The policy shall provide coverage of at least Five Hundred Thousand and No/100 (\$500,000.00) for bodily injury and property damage for a single occurrence. The liability insurance should provide coverage for the following:

(i) bodily injury and property damage that results from the operation, maintenance or use of the Common Properties and any facilities thereon; and

(ii) any legal liability that results from lawsuits related to employment contracts in which the Association is a party.

The Association's liability policy shall provide for at least ten (10) days' written notice to the Association before the insurer can cancel or substantially modify the policy.

(d) Fidelity Bonds - The Association shall have blanket fidelity bonds for anyone who either handles or is responsible for funds held or administered by the Association, whether or

not that person receives compensation for their services. Any independent management agent retained by the Association that handles funds for the Association shall also be covered by its own fidelity bond.

Except for fidelity bonds that an independent management agent obtains for its personnel, all other bonds shall name the Association as an obligee and shall have their premiums paid as a common expense by the Association.

The fidelity bond shall cover the maximum funds that will be in the custody of the Association or its management agent at any time while the bond is in force. Additionally, the fidelity bond coverage must at least equal the sum of three (3) months' assessments of Lots and Dwelling Units in the Property, plus the Association's reserve funds.

The bonds must include a provision that calls for ten (10) days' written notice to the Association before the bond can be cancelled or substantially modified for any reason. This same notice must also be given to each servicer that services a FNMA-owned mortgage in the Property provided the Association has been given notice from such servicer and a request for such notification.

PART FOUR
GENERAL PROVISIONS

ARTICLE I
DURATION

The covenants and restrictions of this Declaration 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 twenty-five (25) years from the date this Declaration is recorded. Upon the expiration of said twenty-five-year period this Declaration shall be automatically renewed and extended for successive ten-year periods. The number of ten-year renewal periods hereunder shall be unlimited with this Declaration being automatically renewed and extended upon the expiration of each ten-year renewal period for an additional ten-year period; provided, however, that there shall be no renewal or extension of this Declaration if during the last year of the initial twenty-five-year period, or during the last year of any subsequent ten-year renewal period if three-fourths (3/4) of the votes cast at a duly held meeting of the Association vote in favor of terminating this Declaration at the end of its then current term. 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 Association votes 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 number of votes necessary to adopt a resolution terminating the 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 Register of Deeds for Cumberland 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.

ARTICLE II
AMENDMENTS

Section 1. Procedure for Amendments. Except as provided in Part Two, Article I, Section 7, the procedure for further amendment of this Declaration shall be as follows: All proposed amendments shall be submitted to a vote of the Members at a duly called meeting of the Association and any such proposed amendment shall be deemed approved if three-fourths (3/4) 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 necessary to adopt the amendment, and the total number of votes cast against the amendment. Such Addendum shall be recorded in the Register of Deeds of Cumberland County, North Carolina.

Section 2. Quorum Required for Amendment by Members. The quorum required for any action authorized to be taken by the Association under this ARTICLE II shall be as follows:

The first time any meeting of the Members of the Association is called to take action under this ARTICLE II, the presence at the meeting of the Members or proxies entitled to cast sixty percent (60%) of the total vote of the Membership shall constitute a quorum. If the required quorum is not forthcoming at any such meeting, a second meeting may be called subject to the giving of proper notice and the required quorum at such subsequent meeting shall be the presence of Members or proxies entitled to cast fifty percent (50%) of the total vote of the Association.

Section 3. Limited Right of Amendment by Company. The Company reserves in each instance the right to add additional restrictive covenants to Part Two hereof in respect to lands conveyed in the future in Kings Grant, or to limit therein the application of Part Two of these Covenants, provided that no limitations shall be made applicable to a portion of the Lots in a platted subdivision which are already subject to these Covenants, and with any limitations to this Declaration of Covenants to be applicable only as to subdivisions in which no parcels or Lots have been previously conveyed subject to this prior Declaration of Covenants.

Section 4. Right to Amend for Correction of Errors and to Conform to Lenders Requirements. The Company reserves the right to amend these Covenants to correct typographical and scrivener's errors and to make same conform to the requirements of FHA, VA, FNMA, PHLMC or other secondary mortgage loan markets requirements. Such amendments shall be effective without vote of the Members and upon filing by the Company of an Amendment signed by it reciting this provision as authority. Anyone may thereafter rely on the amendment as being duly adopted without further investigation.

ARTICLE III
NOTICES

Section 1. How Notice Given. Any notice required to be sent to any Member or Owner under the provisions of the Declaration shall be deemed to have been properly sent, and notice thereby given, when mailed, with the proper postage affixed, to the last known address of the person or entity who appears as Owner on the

Associations books, on the first day of the calendar month in which said notice is mailed.

Section 2. Notice to Co-Owners. Notice to one (1) of two (2) or more co-owners of a Residential Lot or Dwelling Unit shall constitute notice to all co-owners.

Section 3. Notice Where Address or Ownership Changed. 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 an Owner and Member following the first day in the calendar month in which said notice is mailed shall be deemed to have been given notice if notice was given to his predecessor-in-title.

ARTICLE IV
ENFORCEMENT, SEVERABILITY AND INTERPRETATION

Section 1. Who May Enforce Generally. In the event of a violation or breach of any of the affirmative obligations or restrictions contained in this Declaration by any Owner or Member or agent of such Owner or Member, the Company or any other Owners or Members, 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.

Section 2. Enforcement by the Association. In addition to the foregoing and any other remedy set out in these Covenants, 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.

The Association may engage a person or persons to respond to complaints received as to violations of the Covenants and shall inform the violators of such complaint. If the violation is not expeditiously terminated, the Company or Association may engage legal counsel to bring an appropriate injunctive action, including any appeals, to enforce these Covenants. Violators shall be obligated to reimburse the Association in full for all its direct and indirect costs, including but not limited to legal fees incurred by the Association in maintaining compliance with these Covenants in the event the Association prevails in such proceedings.

Section 3. Enforcement by the Company. In addition to the foregoing, the Company shall have the right, but shall not be obligated, 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. Violators shall be obligated to reimburse the Company in full for its direct and indirect costs, including but not limited to legal fees incurred by the Company in maintaining compliance with these Covenants in the event the Company prevails in such proceedings.

Section 4. Against Whom May the Covenants be Enforced. The obligations and benefits prescribed by the Covenants shall run with the Property and shall be enforceable against the Company, its successors or assigns, the Association and against any Owner or other person whose activities bear a relation to the Property when the aforesaid parties engage in activities (including omissions and failures to act) which constitute violations or attempts to violate or circumvent the covenants and restrictions set forth in this Declaration.

Section 5. Means of Enforcement. Enforcement of these Covenants shall be by any proceeding at law or in equity, whether it be to restrain violation or to recover damages or to create any lien created by these Covenants.

Section 6. Severability. Should any covenants and

restrictions herein contained, or any Part, ARTICLE, Section, paragraph, sentence, clause, phrase or term in 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 wise affect the other provisions hereof which are hereby declared to be severable and which shall remain in full force and effect.

Section 7. Interpretation. In all cases, the provisions of this Declaration shall be given that interpretation of construction which will best result in the consummation of the general plan of development of the Property. The provisions of these Covenants shall be given full force and effect notwithstanding the existence of any zoning or similar ordinance which allows a less restricted use of the Property.

Section 8. Authorized Action. All action 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 9. Trespass. Whenever the Association, and/or the Company are permitted by these Covenants to correct, repair, clean, preserve, clear out or do 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.

ARTICLE V
ASSIGNMENT

The Company reserves the right to assign to the Association its rights reserved in these Covenants to approve (or disapprove) improvements proposed in Kings Grant and nearby areas, including, but not limited to, the right to approve (or disapprove) architectural or other plans or drawings, specifications, color, finish, plat or site plan and construction schedules, and any other rights or prerogatives reserved unto the Company.

IN WITNESS WHEREOF, KINGS GRANT CLUB, A NORTH CAROLINA GENERAL PARTNERSHIP has caused this instrument to be executed the day and year first above written.

WITNESSES:

KINGS GRANT CLUB, A North Carolina General Partnership

[Signature]

By: [Signature]
J.J. Barnes, Jr.
Attorney in Fact

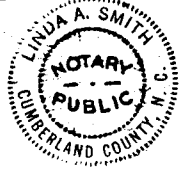
NORTH CAROLINA
CUMBERLAND COUNTY

I, LINDA A. SMITH, notary public in and for the County and State above named, do hereby certify that J.J. Barnes, Jr., attorney in fact for Kings Grant Club, a North Carolina Partnership, personally appeared before me this day and being duly sworn, says that he executed the foregoing and annexed instrument for and in behalf of Kings Grant Club, and that his 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, Cumberland County, North Carolina on March 16, 1989, appearing at Book 3466, Page 261 of said registry and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney; that the said J.J. Barnes, Jr. acknowledged the due execution of the foregoing and annexed instrument for the purposes therein expressed for and in behalf of the said Kings Grant Club.

WITNESS My hand and official seal, this 3d day of October, 1989.

Linda A. Smith Notary Public

(SEAL)
My Commission Expires: 4-14-92



The foregoing Certificate(s) of Linda A. Smith
is/are certified to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.
By George E. Tatum REGISTER OF DEEDS FOR CUMBERLAND COUNTY,
Peggy Jones Deputy/Assistant - Register of Deeds

Exhibit "A"

lying and being in the City of Fayetteville, Cumberland County, North Carolina
 and BEGINNING at an iron stake, said iron stake being located S 30 degrees 05
 minutes 33 seconds W 197.10 feet from an iron stake in the original south line
 of the lands conveyed by deed recorded in Deed Book 3184, Page 149, said
 BEGINNING Iron stake having N.C. Grid Coordinates N=508,103,224, E=2,036,062.121
 and also being located S 76 degrees 54 minutes 46 seconds W 2,428.84 feet from
 NCGS Monument "WOW" 1984, having N.C. Grid Coordinates N=508,653.195,
 E=2,038,427.871, and runs thence S 80 degrees 09 minutes 13 seconds W 290.00 feet
 to an iron; thence N 67 degrees 36 minutes 41 seconds W 350.00 feet to an iron;
 thence S 87 degrees 41 minutes 54 seconds W 125.00 feet to an iron; thence N 60
 degrees 03 minutes 40 seconds W 190.00 feet to an iron; thence N 05 degrees 03
 minutes 40 seconds W 180.00 feet to an iron; thence N 47 degrees 23 minutes 19
 seconds E 460.00 feet to an iron; thence N 58 degrees 05 minutes 30 seconds E
 464.58 feet to an iron; thence N 32 degrees 58 minutes 54 seconds E 102.30 feet
 to an iron; thence N 57 degrees 03 minutes 06 seconds W 167.31 feet to a point;
 thence as a curve clockwise with a radius of 447.61 feet, an arc distance of 3.41
 feet to a point; thence S 69 degrees 16 minutes 36 seconds W 647.88 feet to an
 iron stake; thence N 49 degrees 32 minutes 54 seconds W 150.71 feet to an iron;
 thence as a curve counter-clockwise with a radius of 300.00 feet, an arc distance
 of 66.73 feet to a point; thence S 36 degrees 07 minutes 13 seconds E 102.15 feet
 to an iron; thence S 49 degrees 57 minutes 05 seconds E 49.85 feet to an iron;
 thence S 31 degrees 21 minutes 18 seconds E 22.64 feet to an iron; thence S 00
 degrees 56 minutes 19 seconds E 20.83 feet to an iron; thence S 17 degrees 21
 minutes 46 seconds W 87.24 feet to an iron; thence S 36 degrees 28 minutes 33
 seconds W 33.55 feet to an iron; thence S 59 degrees 05 minutes 07 seconds W
 33.66 feet to an iron; thence S 81 degrees 57 minutes 54 seconds W 36.49 feet
 to an iron; thence N 71 degrees 58 minutes 36 seconds W 115.00 feet to an iron;
 thence S 18 degrees 01 minute 24 seconds W 75.00 feet to an iron; thence S 01
 degrees 58 minutes 36 seconds E 150.00 feet to an iron; thence S 18 degrees 56
 minute 24 seconds W 186.54 feet to an iron; thence S 44 degrees 21 minutes 56
 seconds W 78.25 feet to an iron; thence N 62 degrees 57 minutes 11 seconds W
 120.17 feet to an iron; thence as a curve clockwise with a radius of 275.00 feet,
 an arc distance of 185.10 feet to a point; thence N 24 degrees 23 minutes 17
 seconds W 163.80 feet to an iron; thence N 18 degrees 01 minute 24 seconds E
 384.93 feet to an iron; thence N 22 degrees 20 minutes 08 seconds E 173.00 feet
 to an iron; thence N 26 degrees 52 minutes 24 seconds E 40.00 feet to an iron;
 thence N 47 degrees 33 minutes 50 seconds E 161.66 feet to an iron; thence N 40
 degrees 37 minutes 44 seconds E 150.00 feet to an iron; thence N 49 degrees 22
 minutes 16 seconds W 22.50 feet to an iron; thence N 40 degrees 37 minutes 44
 seconds E 200.00 feet to an iron; thence S 45 degrees 44 minutes 04 seconds E
 135.15 feet to an iron; thence N 69 degrees 16 minutes 36 seconds E 318.00 feet
 to an iron; thence N 15 degrees 30 minutes 15 seconds E 76.81 feet to an iron;
 thence N 71 degrees 28 minutes 46 seconds E 157.59 feet to an iron; thence N 49
 degrees 01 minute 37 seconds E 152.38 feet to an iron; thence as a curve counter-
 clockwise with a radius of 425.00 feet an arc distance of 9.16 feet to a point;
 thence N 47 degrees 45 minutes 32 seconds E 50.00 feet to a point; thence as a
 curve clockwise with a radius of 475.00 feet, an arc distance of 48.69 feet to
 a point; thence N 66 degrees 58 minutes 04 seconds E 173.93 feet to an iron;
 thence S 08 degrees 41 minutes 19 seconds E 199.75 feet to an iron; thence as
 a curve clockwise with a radius of 525.00 feet, an arc distance of 24.42 feet
 to a point; thence S 06 degrees 01 minute 23 seconds E 147.52 feet to an iron;
 thence S 70 degrees 06 minutes 22 seconds W 151.72 feet to an iron; thence S 10
 degrees 48 minutes 28 seconds E 61.12 feet to an iron; thence S 32 degrees 56
 minutes 54 seconds W 150.00 feet to an iron; thence S 57 degrees 03 minutes 06
 seconds E 30.00 feet to an iron; thence N 32 degrees 56 minutes 03 seconds E
 150.00 feet to an iron; thence S 57 degrees 03 minutes 06 seconds E 436.49 feet
 to an iron; thence S 78 degrees 50 minutes 03 seconds E 124.94 feet to an iron;
 thence S 21 degrees 34 minutes 03 seconds E 90.00 feet to an iron; thence S 28
 degrees 23 minutes 19 seconds W 766.59 feet to an iron; thence S 30 degrees 05
 minutes 33 seconds W 197.10 feet to the BEGINNING, containing 36.65 Acres and
 being all of that tract known as King's Grant, Section III as shown on a plat
 recorded in Plat Book 70, Page 74, Cumberland County Registry. All bearings are
 to N.C. Grid North Meridian and distances horizontal ground.