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JUDY G. PRICE, Register of Deeds
Union County, Monroe, North Carolina

DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS
FOR
WILLOW CREEK

THIS DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS is made this 14th day of July, 1999 by WILLOW CREEK OF NC, LLC, a North Carolina limited liability company ("Willow").

STATEMENT OF PURPOSE

Willow is the owner of certain property in Union County, North Carolina, which is more particularly described on Exhibit "A" attached hereto and incorporated herein by reference. Willow desires to create on the property described on Exhibit A an exclusive residential community of single-family residences to be named WILLOW CREEK (the "Development").

Willow desires to insure the attractiveness of the Development, to prevent any future impairment thereof, to prevent nuisances, to preserve, protect and enhance the values and amenities of all properties within the Development, and to provide for the maintenance and upkeep of all common areas in the Development. To this end Willow desires to subject the real property described herein, together with such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each and all of which is and are for the benefit of said property and each owner thereof.

Willow further desires to create an organization to which will be delegated and assigned the powers of owning, maintaining and administering the common area in the Development, administering and enforcing the covenants and restrictions contained herein, and collecting and disbursing the assessments and charges hereinafter created, in order to efficiently preserve, protect and enhance the values and amenities in the Development, to insure the residents' enjoyment of the specific rights, privileges and easements in the common area and to provide for the maintenance and upkeep of the common area.

To that end Willow has or will cause to be incorporated under North Carolina law, pursuant to the Articles of Incorporation attached hereto as Exhibit "B", WILLOW CREEK OWNERS ASSOCIATION, INC., as a non-profit corporation for the purpose of exercising and performing the aforesaid functions, said corporation to be governed by the Bylaws attached hereto as Exhibit "C".

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

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ARTICLE I

DEFINITIONS

Section 1. "Association" shall mean and refer to WILLOW CREEK OWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, its successors and assigns.

Section 2. "Common Area" shall mean all real property (including the improvements thereto) and all personal property owned by the Association for the common use and enjoyment of the Owners. The Common Area to be owned by the Association includes all of the area labeled as "Common Area" on the Maps.

Section 3. "Declarant" or "Declarants" shall mean and refer to Willow Creek of NC, LLC and also shall mean and refer to any person, firm or corporation which shall also be designated as a "Declarant" by Willow Creek of NC, LLC hereafter when such designee becomes vested with title to two or more undeveloped Lots for the purpose of causing dwellings to be constructed thereon, and any such successor in title to Willow Creek of NC, LLC shall be a Declarant during such period of time as said party is vested with title to two or more such Lots (whether undeveloped or developed and un conveyed), but no longer; provided, however, such designee's classification as a Declarant shall automatically terminate upon such designee becoming in default under its agreement with Willow to purchase Lots.

Section 4. "Development" shall mean and refer to Willow Creek, a single-family residential development proposed to be developed on the Properties by the Declarant.

Section 5. "Lot" shall mean and refer to any plot of land, with delineated boundary lines, appearing on the Maps with the exception of the Common Area and public roads and streets.

Section 6. "Maps" shall mean and refer to the maps of the Phase I Property as recorded in Plat Cabinet F at Pages 603 and 604 in the Union County, North Carolina, Public Registry and any map of the Properties constituting additional phases (if they are annexed pursuant to Article II hereof) which may be recorded by Declarant in the Union County, North Carolina, Public Registry hereafter.

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

Section 8. "Mortgage" shall mean any mortgage or deed of trust constituting a first lien on a Lot.

Section 9. "Mortgagee" shall mean the owner and holder of a Mortgage at the time such term is being applied.

Section 10. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot including the

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Declarant if it owns any Lot and including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 11. "Properties" shall mean and refer to the "Phase I Property" and additional real estate dedicated in additional phases as described in Section 1 and Section 2 in Article II hereof and such other property as may hereafter be made subject to this Declaration and brought within the jurisdiction of the Association.

ARTICLE II

PROPERTY SUBJECT TO THIS DECLARATION AND WITHIN THE JURISDICTION OF THE WILLOW CREEK OWNERS ASSOCIATION, INC.

Section 1. Phase I Property. The real property which is and shall be held, transferred, sold, conveyed and occupied subject to this Declaration, and within the jurisdiction of the Association is located in Union County, North Carolina, is more particularly shown on the Maps recorded in Plat Cabinet F at Files 603 and 604 in the Union County Public Registry.

Section 2. Additional Properties.

(a) The Phase I Property is a portion of the real property described on Exhibit "A" which is attached hereto (the "Base Tract"). The remaining portion of the Base Tract, exclusive of the Phase I Property, or any property adjoining the Base Tract, or any property adjoining such additional property within a one (1) mile radius thereof, or any part thereof (the "Additional Properties"), may be brought within the scheme of this Declaration in one or more additional phases and within the jurisdiction of the Association in future stages of development, without the consent of the Association or its members, provided that (i) such annexations occur within six (6) years after the date of the filing of this instrument, and (ii) such annexations are determined by the Federal Housing Administration and the Department of Veterans Affairs to be in accord with the general plan heretofore approved by them, as applicable.

(b) The additions authorized under subsection (a) above shall be made by filing Supplementary Declarations of Covenants, Conditions and Restrictions with respect to the Additional Properties in the Union County, North Carolina, Public Registry which shall extend the scheme of this Declaration and the jurisdiction of the Association to such Properties and thereby subject such additions to the benefits, agreements, restrictions and obligations set forth herein, including, but not limited to, assessments as herein determined. At the time of the filing of each such Supplementary Declaration, there shall be recorded in the Union County, North Carolina, Public Registry a Map or Maps which show the boundary line of each Lot annexed pursuant to such Supplementary Declaration and which delineates all Common Area annexed pursuant to such Supplementary Declaration.

(c) The obligation for Owners of Lots in any portion of the Additional Properties to pay the assessments described in Article V hereof shall commence upon the filing of the Supplementary Declaration in the Union County,

North Carolina, Public Registry annexing such portion. The Owners of such Lots shall have the same voting rights as the Owners of Lots in the Phase I Property, and such voting rights shall commence as of the date of the filing of the Supplementary Declaration.

ARTICLE III

PROPERTY RIGHTS

Section 1. Ownership of Common Areas. As soon as reasonably practicable, but in no event later than the conveyance of the first Lot shown on any map to a party other than another Declarant, Declarant shall convey the Common Area shown on such map to the Association. Notwithstanding the recordation of any Map or any other action by Declarant or the Association, all Common Areas shall remain private property and shall not be considered as dedicated to the use and enjoyment of the public. The Association shall not thereafter convey or mortgage any part of the Common Areas without the prior consent of those Owners owning at least eighty percent (80%) of the Class A Lots.

Section 2. Owners' Rights to Use and Enjoy Common Areas. Each Owner shall have the non-exclusive easement and right to use and enjoy the Common Areas which shall be appurtenant to and shall pass with the title to his or her Lot, subject to the following:

(a) the right of the Association to promulgate and enforce reasonable rules and regulations governing the use of the Common Areas to insure the safety and rights of all Owners,

(b) the right of the Association to charge reasonable admission and other fees for the use of any recreational facility situated upon the Common Areas;

(c) the right of the Association to suspend the voting rights in the Association and the right of the Association to suspend the right to use the Common Areas by an Owner for any period during which any assessment against his or her Lot remains unpaid; and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations; and

(d) the right of the Declarant or the Association to grant utility, drainage and other easements of the type and for the purposes set forth in Article VII across the Common Areas.

Section 3. Owners' Easements for Ingress and Egress. Every Lot shall be conveyed with a perpetual, non-exclusive right to use any cul-de-sac or roadway, if any, which may be constructed by the Declarant and conveyed to the Association as part of the Common Area for the purpose of providing access to and from each Lot.

Section 4. Delegation of Use. Any Owner may delegate, in accordance with the Bylaws of the Association (a copy of which is attached as Exhibit "C"), his or her right of enjoyment to the Common Area and facilities to the members

of his or her family, his or her guests, tenants, or contract purchasers who reside on his or her Lot.

ARTICLE IV

THE ASSOCIATION

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

Section 2. Voting Rights and Classes of Lots. The voting rights of the Membership shall be appurtenant to the ownership of Lots. There shall be two classes of Lots with respect to voting rights:

(a) Class A Lots. Class A Lots shall be all Lots except Class B Lots as defined below. Each Class A Lot shall entitle the Owner(s) of said Lot to one (1) vote. When more than one person owns an interest (other than a leasehold or security interest) in any Lot, all such persons shall be Members and the voting rights appurtenant to said Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Class A Lot.

(b) Class B Lots. Class B Lots shall be all Lots owned by the Declarant which have not been conveyed to purchasers who are not affiliated with the Declarant. The Declarant shall be entitled to three (3) votes for each Class B Lot owned by it. The Class B Lots shall be converted to Class A Lots on the happening of either of the following events, whichever occurs earlier: (i) when the total votes outstanding in the Class A Lots equals or exceeds the total votes outstanding in the Class B Lots, or (ii) on January 29, 2006, or (iii) when the Declarant voluntarily relinquishes majority control of the Association by a duly recorded instrument.

Section 3. Availability of Documents. The Association shall maintain current copies of the Declaration, the Bylaws and other rules concerning the Development as well as its own books, records, and financial statements available for inspection by all Owners, Mortgagees and insurers and guarantors of Mortgages that are secured by Lots. All such documents shall be available upon reasonable notice and during normal business hours. In addition, any Mortgagee may, at its own expense, have an audited statement prepared with respect to the finances of the Association.

Section 4. Management Contracts. The Association is authorized and empowered to engage the services of any person, firm or corporation to act as managing agent of the Development at a compensation to be established by the Board of Directors and to perform all of the powers and duties of the Association. Provided, however, that the term of any such agreement with a managing agent shall not exceed one (1) year and shall only be renewed by agreement of the parties for successive one (1) year terms. Any such contract shall be terminable by the Association with or without cause upon ninety (90) days' prior written notice to the manager without payment of a termination fee.

Section 5. Maintenance. Certain features that are deemed common amenities, being of benefit to all Lots, shall be maintained exclusively by the Association. Said common amenities, shall include, without limitation, entrance walls or signs and landscaping, a lake, tot lot with playground equipment, interior parks, private roads, streets and sidewalks, common walks, signs, landscaping, and landscape furniture. The Association shall also maintain all utilities and all storm and drainage easements located within the Common Areas, together with common amenities not maintained by public entities or utilities. The Association shall not be responsible for the maintenance of any Lots or the improvements within the boundaries thereof. The Owner shall be responsible for same.

Section 6. Working Capital Fund. The Association may establish a working capital fund equal to the aggregate of two months' annual assessments (as described in Article V hereof) for each Lot. If established, each Lot's share of said working capital fund shall be collected and transferred to the Association at the time of the closing of the initial sale of each Lot to a party other than a Declarant. The working capital fund shall be maintained in a separate account for the use and benefit of the Association and shall be used to meet unforeseen expenditures or to acquire furniture, equipment or services deemed necessary or desirable by the Board of Directors. All sums paid into the working capital fund are in addition to and not in lieu of regular assessments for common expenses.

Section 7. Reserve Fund. The Association shall establish and maintain an adequate reserve fund for the periodic maintenance, repair and replacement of all Common Areas, and all improvements thereon, which the Association is obligated to maintain. Such reserve fund shall be maintained out of the annual assessments described in Article V hereof.

ARTICLE V

COVENANT FOR ASSESSMENTS

Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each Lot owned within the Properties, 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 annual assessments or charges and special assessments for capital improvements, established and collected as hereinafter provided. Any such assessment or charge, together with interest, costs, and reasonable attorney's fees, shall be a charge and a continuing lien upon the Lot against which each such assessment or charge is made. Each such assessment or charge, together with interest, costs and reasonable attorney's fees, shall also be the personal obligation of the Owner of such Lot at the time when the assessment fell due. The personal obligation for delinquent assessments or charges shall not pass to an Owner's successors in title unless expressly assumed by them.

Section 2. Purpose of Annual Assessments. The annual assessments levied by the Association shall be used as follows:

- (a) to maintain in a good and attractive condition the landscaping, including, without limitation, the mowing of lawns, planting and maintenance of shrubs, flowers and other plants, and watering on and within the boundaries of the Common Area;
- (b) to maintain the parks in the Common Areas and sidewalks or other common walks, common signs and development statement pieces or entrance ways (including any walls erected at said entrance ways);
- (c) to maintain any and all drainage pipes, inlets, basins, ditches, swales and other facilities installed upon the Common Areas;
- (d) to maintain all trails or paths, if any, in the Common Areas as a common amenity in a reasonably passable condition, free from falling trees, undergrowth and other obstructions; and to keep all dead, diseased or decaying trees, shrubs and bushes removed from such areas and to replace such items with new trees, shrubs and bushes;
- (e) to maintain all recreational and related facilities, if any, (such as a lake, playground equipment and picnic tables) located within the Common Areas as a common amenity; provided, that, the reference to said facilities herein shall not be construed to require said facilities to be constructed or installed in the Common Areas or elsewhere on the Properties;
- (f) to keep all Common Areas clean and free from debris and to maintain same in a clean and orderly condition, and to maintain the landscaping therein, including any necessary removal and replacement of landscaping;
- (g) to provide such security services as may be deemed reasonably necessary for the protection of the Common Areas, and any recreational and related facilities, if any, located within the Common Areas, from theft, vandalism, fire and damage from animals;
- (h) to pay all ad valorem taxes levied against the Common Areas and any property owned by the Association;
- (i) to pay the premiums on all insurance carried by the Association pursuant hereto or pursuant to the Bylaws;
- (j) to pay all legal, accounting and other professional fees incurred by the Association in carrying out its duties as set forth herein or in the Bylaws;
- (k) to maintain a contingency reserve equal to 10% of the sum of the amounts described in the above subsections of this Section 2 in order to fund unanticipated expenses of the Association.

Section 3. Maximum Annual Assessment. Until January 1 of the calendar year following the conveyance of the first Lot by a Declarant to another Owner,

the maximum annual assessment shall be Four Hundred Fifty Dollars (\$450.00) per lot.

(a) The maximum annual assessments established above may be increased, effective January 1 of each calendar year following the conveyance of the first Lot by a Declarant to another Owner, without a vote of the membership by an amount not to exceed the greater of (i) five percent (5%) per year over the previous year or (ii) the percentage increase, if any, in the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for all cities over the immediately preceding twelve (12) month period which ended on the previous October 1. If the annual assessment is not increased by the maximum amount permitted under the terms of this provision, the difference between any actual increase which is made and the maximum increase permitted for that year shall be computed and the assessment may be increased by that amount in a future year at the election of all members of the Board of Directors without a vote of the membership, in addition to the maximum increase permitted under the terms of the preceding sentence.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, said maximum annual assessments may be increased without limitation if such increase is approved by Members entitled to no less than sixty-seven (67%) of all of the votes (appurtenant to each class of Lots) to which all Members are entitled. Such voting may be represented in person or by proxy at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessments at amounts not in excess of the maximum. If the Board of Directors shall levy less than the Maximum Regular Annual Assessment for any calendar year and thereafter, during such calendar year, determine that the important and essential functions of the Association cannot be funded by such lesser Assessment, the Board may, by majority vote, levy a Supplemental Assessment. In no event shall the sum of the initial and Supplemental Assessments for that year exceed the applicable Maximum Regular Annual Assessment.

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, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto provided that any such assessment requires the same assent of the Members as provided in Section 3(b) of this Article.

Section 5. Assessment Rate. Both annual and special assessments must be fixed at a uniform rate for all Lots. Notwithstanding the foregoing, a Declarant owning any Lots shall pay twenty-five percent (25%) of the otherwise applicable annual or special assessment for any such Lots until the occupancy of a dwelling constructed on such Lot. Thereafter, the Declarant shall pay one hundred per cent (100%) of such annual or special assessment until the applicable Lot is sold to another Owner.

Section 6. Notice and Quorum for Any action Authorized Under Sections 3 and 4.

Written notice of any meeting called for the purpose of taking any action authorized under Section 3(b) or 4 shall be sent to all Members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At such meeting the presence of Members or of proxies entitled to cast fifty percent (50%) of all the votes of the membership shall constitute a quorum. If the required quorum is not present, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Date of Commencement of Annual Assessments: Due Dates.

The annual assessments provided for herein shall commence as to each Lot upon the filing of this Declaration (or the filing of a Supplementary Declaration if relating to the Additional Properties) in the Union County Public Registry. The first annual assessment shall be adjusted and prorated 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. The due dates shall be established by the Board of Directors. The Association shall, upon demand, and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. 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 its issuance.

Section 8. Effect of Nonpayment of Assessments: Remedies of the Association.

Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the rate of six percent (6%) per annum. The Association may bring an action at law against the delinquent Owner or foreclose the lien against the Lot, and interest, costs and reasonable attorney's fees of such action or foreclosure shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by not using the Common Areas or abandoning his Lot.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any first Mortgage on a Lot or any mortgage or deed of trust to the Declarant. The sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage 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; provided, however, that the Board of Directors may, in its sole discretion, determine such unpaid assessments to be an annual or a special assessment, as applicable, collectable pro rata from all Owners including the foreclosure sale purchaser. Such pro rata portions are payable by all Owners notwithstanding the fact that such pro rata portions may cause the annual assessment to be in excess of the maximum permitted under Section 3. No sale or transfer shall relieve the purchaser of such Lot from liability for any assessments thereafter becoming due or from the lien thereof, but the lien provided for herein shall continue to be subordinate to the lien of any mortgage or deed of trust as provided. No mortgages shall be required to

collect assessments hereunder and a failure to pay assessments hereunder shall not constitute a default under any applicable mortgage on a Lot.

ARTICLE VI

ARCHITECTURAL CONTROL

Section 1. Plan of Design Approval. No improvements shall be undertaken upon any Lot, except by a Declarant, unless the plans and specifications and location of the proposed improvements shall have been submitted to the Architectural Committee established in Section 2 and expressly approved by same in writing. The terms of this Article VI shall not apply to the initial construction of improvements on a Lot by a Declarant. The plans should also indicate the location of all existing trees on the Lot in excess of 6 inches in diameter, such measurement to be taken four and one-half feet above grade. No subsequent alteration or modification of any existing improvements or construction, erection or installation of additional improvements may be undertaken or allowed to remain on any of the Lots without the review and express written approval of the Architectural Committee, subject to Section 5 below.

Section 2. Architectural Committee. The Board shall designate the number of and appoint the members of the Architectural Committee on an annual basis. In the event of the death or resignation of any member of the Architectural Committee, the remaining members of the Architectural Committee, shall have full authority to designate and appoint a successor. Members of the Architectural Committee may be removed and replaced at any time with or without cause, and without prior notice, by the Board.

Section 3. Procedures. No Improvement shall be erected, remodeled or placed on any Lot, except by a Declarant, until all plans and specifications therefor and a site plan therefor have been submitted to and approved in writing by the Architectural Committee, as to:

- (a) quality of workmanship and materials, adequacy of site dimensions, adequacy of structural design, and facing of main elevation with respect to nearby streets;
- (b) conformity and harmony of the external design, color, type and appearance of exterior surfaces;
- (c) location with respect to topography and finished grade elevation and effect of location and use on neighboring Lots and any improvements situated thereon and drainage arrangement; and
- (d) the other standards set forth within this Declaration (and any amendments hereto) or as may be set forth within bulletins promulgated by the Architectural Committee, or matters in which the Architectural Committee has been vested with the authority to render a final interpretation and decision.

Final plans and specifications (including a site plan showing the location of the contemplated improvements on the Lot) for all improvements proposed to be

constructed on a Lot shall be submitted to the Architectural Committee for approval or disapproval. The Architectural Committee is authorized to request the submission of samples of proposed construction materials. Any modification or change to the Architectural Committee-approved set of plans and specifications (specifically including, but without limitation, the above-described site plan) must again be submitted to the Architectural Committee for its inspection and approval. The Architectural Committee's approval or disapproval as required herein shall be in writing. Once the Architectural Committee has approved the plans and specifications for the proposed improvements, the construction of such improvements must be promptly commenced and diligently pursued to completion and if such construction is not commenced within the time set therefor by the Architectural Committee in the written approval (but in no event later than two (2) years after such approval), such approval shall be deemed rescinded and before construction of improvements can thereafter be commenced on the lot in question, the plans and specifications therefor must again be approved by the Architectural Committee pursuant to this Article.

The Architectural Committee may from time to time publish and promulgate architectural standards bulletins which shall be fair, reasonable and uniformly applied in regard to the Lots and shall carry forward the spirit and intention of these covenants, conditions and restrictions. Such bulletins shall supplement this Declaration and are incorporated herein by reference. Current copies of the architectural standards bulletins shall be available to interested persons at the principal office of the Association for a reasonable cost.

Section 4. Enforcement. The Architectural Committee shall have the specific, nonexclusive right (but no obligation) to enforce the provisions contained in this Article and to prevent any violation of the provisions contained in this Article by a proceeding at law or in equity against the person or persons violating or attempting to violate any such provisions contained herein.

Section 5. Effect of Failure to Approve or Disapprove. If the Architectural Committee fails to approve or disapprove the design of any proposed improvements within fifteen (15) days after plans and specifications therefor have been submitted and received, approval will not be required, and the requirements of this Article shall be deemed to have been fully satisfied; provided, that the plans and specifications required to be submitted shall not be deemed to have been received by the Architectural Committee if they contain erroneous data or present inadequate information upon which the Architectural Committee can arrive at a decision. Notwithstanding the foregoing, the Architectural Committee shall have no right or power, either by action or failure to act, to waive or grant any variance relating to any mandatory requirements specified in the Declaration.

Section 6. Right of Inspection. The Architectural Committee shall have the right, at its election, to enter upon any of the Lots during preparation, construction, erection, or installation of any improvements thereon to determine that such work is being performed in conformity with the approved plans and specifications.

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Section 7. Limitation of Liability. Neither the Architectural Committee, the members thereof, nor Declarant shall be liable in damages or otherwise to anyone submitting plans and specifications and other submittals for approval or to any Owner by reason of mistake of judgment, negligence or nonfeasance arising out of services performed pursuant to this Declaration.

Section 8. Compensation. No member of the Architectural Committee shall be entitled to compensation arising out of services performed pursuant to this Article. The Association shall reimburse members of the Architectural Committee for reasonable out-of-pocket expenses incurred by such members in the performance of their duties as members of the Architectural Committee.

ARTICLE VII

EASEMENTS

Section 1. Easements Reserved by Declarant. Declarant reserves for itself, its successors and assigns, a permanent easement in and the right at any time in the future to grant a permanent right-of-way over, under and along an area uniformly ten (10) feet in width along the rear and five (5) feet in width along the sidelines of each Lot for the installation and maintenance of poles, lines, conduits, pipes and other equipment necessary or useful for furnishing electrical power, gas, water, sewer, telephone service and other utilities, as well as within those areas shown as easements on the Map. In the event that any Lot is subdivided in accordance with the requirements of Section 1 in Article VIII hereof, an easement uniformly ten (10) feet in width shall exist both along the rear and five (5) feet in width along the sidelines of the Lot, both as shown on the Map and along the rear and sidelines as exist upon the Lot as subdivided; provided, however, that upon request by the Owner of the subdivided Lot, the Declarant may release the easement reserved along the rear or sideline of the Lot if so doing so would not interfere with the installation or maintenance of any utilities or the drainage within the development. In the event two or more Lots are combined into one building Lot with the residence to be constructed over the common interior Lot lines, the easements reserved along the sidelines shall be released, provided that the easements have not previously been used for the installation of utilities and their release shall not interfere with the drainage within the development. Each Owner, by his acceptance of a deed to a Lot, and the Association by its acceptance of a deed to the Common Area, acknowledges such reservation and the right of Declarant to transfer such easements to the Association or to such utility companies as Declarant may choose. The easements reserved by the Declarant include the right to cut any trees, bushes or shrubbery, make any gradings of the soil, or take any similar action reasonably necessary to provide economical utility installation and to maintain the overall appearance of the Development. Certain easements reserved by the Declarant and the Association for the benefit of themselves and others are shown on the Maps.

Declarant reserves the right and easement to erect permanent walls on the Common Area and Lots (other than areas of the Lots upon which buildings are constructed) for the purposes of providing screening, privacy, decoration, retainage and topographical stability in connection with the overall plan and development of the Properties and the various Lots located thereon.

Within any such easements, no structure, planting or other material shall be placed or permitted to remain which may interfere with the installation or use of utilities, or which may change the direction of flow of drainage channels in the easements or which may obstruct or retard the flow of water through drainage channels in the easements, or which may otherwise interfere with the enjoyment of the easements for their intended purposes. In addition, the Declarant and the Association shall have the continuing right and easement to maintain all sewer and water lines located on the Lots, including the right to go into dwellings and disturb the structure and floors thereof in order to maintain those lines located within or under said dwelling.

In addition, Declarant hereby reserves for itself, its employees, agents and successors and assigns such easements over the Common Area for purposes of temporarily storing construction materials or parking vehicles and equipment in connection with the construction of improvements on adjacent or contiguous property owned by Declarant.

Section 2. Easements Reserved for the Association. The Association is hereby granted an exclusive easement for the purpose of maintenance of landscaping over the Common Area. The amount, manner and maintenance of said landscaping shall be in the Association's absolute discretion.

The Association is hereby granted an easement for the installation and maintenance of utilities (including transformers) and other commonly beneficial amenities including, without limitation, mailboxes, trash containers and area lighting over the Properties and Common Areas.

Section 3. Encroachments. Each Owner of a Lot with an exterior wall, roof or eave, including overhangs, a fence, concrete walk or concrete patio which encroaches on the Common Area owned by the Association and/or the unimproved portion of a Lot of another Lot Owner shall have an easement over that portion of the Common Area or adjacent Lot affected by the encroaching wall, roof, eave, fence, walk or patio for the purpose of using said portion of the Common Area or adjacent Lot for his own benefit and for the purpose of maintaining the encroaching structure in good condition and repair. In the event of a wall, roof, eave and/or fence encroachment, it shall be the responsibility of the Owner thereof to maintain the encroaching wall, roof, eave and/or fence in good condition and repair unless said responsibility is that of the Association as provided in this Declaration. Notwithstanding anything above to the contrary, this provision does not authorize any encroachments except those which exist by virtue of original construction by the Declarant or with Declarant's express approval.

ARTICLE VIII

RESTRICTIONS

Section 1. Subdivision of Lots. No Lot shall be subdivided by sale or otherwise so as to reduce the total Lot area shown on the Map, except by and with the written consent of the Declarant and provided same is also permitted under applicable governmental regulations and private restrictions affecting said Lot.

Section 2. Right of First Refusal Respecting Unimproved Lots. Before any unimproved Lot may be sold or resold to any person, firm, or corporation by any Owner thereof, except Declarant or its successors, the Owner of such Lot first shall offer in writing to sell the Lot to Declarant, or its successors, at a price and on terms designed by said Owner. If Declarant, or its successors, does not accept or reject in writing said offer of sale within ten (10) business days of its receipt of the same, then the Owner of such Lot shall have the right to sell the Lot to any third party; provided, however, the sale of said Lot to such third party shall be at a price and on the terms and conditions not less favorable to said Owner than the offer made to Declarant.

Section 3. Transfer to Declarant. In the event that the Declarant exercises its right of first refusal pursuant to Section 2 hereof, the closing of the conveyance of such Lot shall occur within sixty (60) days after receipt by the Owner of written notice from Declarant that it elects to exercise its right of first refusal with respect to such Lot. At the closing, Declarant shall make such payments in cash, by a promissory note, or otherwise to the Owner as described in the third party offer. Owner shall deliver to Declarant a general warranty deed conveying the Lot free and clear of all exceptions except as may be set forth in the written offer and subject to this Declaration. In the event the closing occurs after the death of an Owner, Declarant may, in its discretion, require the personal representative of the Owner to post such bonds or other assurances as the Declarant may deem reasonable in order to protect Declarant from any loss which might be caused by the failure to pay any federal or state inheritance tax or the failure to pay the claims of any creditors who may have a lien on the Lot superior to Declarant's rights as a purchaser of said Lot.

Section 4. Residential Use of Property. All Lots shall be used for residential purposes only and no structures shall be erected, placed or permitted to remain on any Lot other than one single-family dwelling, and any necessary structure customarily incidental to such residential use. No garage constructed on any Lot shall be used for living quarters of any kind either for guests, members of the family or domestic employees. The construction and maintenance of "garage apartments" on any Lot is expressly prohibited. Notwithstanding the foregoing, a Lot may be used by a professional home builder as a "model home" and for sales or marketing purposes so long as such professional home builder owns at least one other Lot in the Development or within another portion of Willow Creek upon which is built, is being built, or is planned to be built, a home for sale to third parties.

Section 5. Minimum Size of Dwelling. Single-family dwellings shall contain not less than a minimum of 2,000 square feet of finished ground floor area for a one-story dwelling and not less than 2,400 square feet of minimum finished floor area for a one-half story and two-story dwelling. The minimum finished ground floor area herein referred to shall not include basements, attached or detached garages, unheated areas, carports or open porches of any type. No dwelling shall be greater than two (2) stories in height.

Section 6. Builder Restrictions. No building on a Lot shall be located nearer to either sideline of each such Lot not nearer to the rear line thereof than as shown on the building setback lines and sidelines shown on the Map. For the purposes of this covenant, eaves and stoops shall not be considered as a part

of a building; provided, however, this shall not be construed to be deemed to permit the encroachment of any improvement onto another Lot.

Section 7. Building Line Requirements. The minimum setback lines described hereinabove and as shown on the Maps are not intended to create uniformity to setback. They are meant to create a sense of spaciousness and to avoid monotony. For such purposes, it is the Declarant's intent that setback lines may be staggered where appropriate.

Section 8. Outbuildings and Similar Structures. No trailer, camper or other structure of a temporary nature shall be erected or allowed to remain upon any Lot and no trailer, camper, shack, tent, garage, barn or other structure of a similar nature shall be used as a residence either temporarily or permanently upon any Lot; provided, however, that this Section shall not be construed to prevent the Declarant from permitting any party building a structure upon any Lot to erect or maintain temporary structures during construction. No wells shall be installed, used or maintained on any Lot for human domestic consumption, nor shall any well be connected in any manner whatsoever to the water mains, laterals and piping serving the dwelling which furnish domestic water from sources beyond the boundaries of the Lots.

Section 9. Nuisances and Unsightly Materials. No noxious, offensive or illegal activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or become an annoyance to the neighborhood. No person may keep any animal upon any part of the Lot except customary household pets upon such Lot, provided that such pets are not kept, bred or maintained for any commercial purposes or in such a manner as to become a nuisance to the other Owners or residents of the Development.

Section 10. Maintenance of Lots. Each Owner shall keep his Lot in an orderly condition and shall keep the improvements thereon in a suitable state of repair, promptly repairing any damage thereto by fire or other causality. No clothesline may be erected or maintained on any Lot. Each Owner shall further maintain the yard and landscaping on his Lot in a clean and neat condition and shall keep his yard mowed and landscaping trimmed so as not to be unsightly. No Lot shall be used in whole or in part for storage of rubbish of any character whatsoever nor for the storage of any property or thing which will cause any noise that will disturb the peace and quiet of the occupants of surrounding Lots, and no trash, rubbish, stored materials, wrecked or inoperable vehicles, vehicles unlicensed for more than thirty (30) days, or similar unsightly items shall be allowed to remain on any Lot outside an enclosed structure; provided, however, that the foregoing shall not be construed to prohibit temporary deposits of trash, rubbish, or other debris for collection by governmental or other similar garage and trash removal units. In the event that any Owner fails or refuses to comply with any of the foregoing, the Declarant may demand that the Owner promptly comply with the same by mailing a notice thereof to the Owner at his address, specified in his contract to purchase such Lot or by posting such notice on the Lot. If the Owner has not complied therewith within five (5) days thereafter, the Declarant may enter and correct the same at Owner's expense. Each Owner, by acquiring a Lot (s) subject to these restrictions, agrees to pay such cost promptly upon demand by Declarant. No such entry as provided herein shall be deemed a trespass.

Section 11. Signboards. No signboard, billboard, or advertising sign of any description shall be displayed upon or above any Lot with the exception of:

- (a) Signs displaying or marketing a Lot as a "Model Home" and listing applicable sales information regarding the construction and sale of the homes on such Lot and other Lots, which signs shall not exceed four feet by eight feet in dimension, shall refer only to the Lot on which displayed and shall be limited to one sign per Lot;
- (b) Signs stating "For Rent" or "For Sale" which signs shall not exceed two feet by three feet in dimension, shall refer to only the Lot on which displayed and shall be limited to one sign per Lot; and
- (c) The name of the resident of any Lot and the street address, the design of which shall be furnished to Declarant and shall be subject to approval by Declarant.

Section 12. Antennas, Satellite Dishes or Discs. No satellite dishes or discs, radio or television aerial, antennas, towers or any other external electronic equipment or devices may be installed or maintained on any exterior of any structure erected on a Lot or elsewhere upon any Lot or within the Property without the prior written approval of Declarant, which approval Declarant may withhold in its sole and absolute discretion; provided, however, that satellite dishes which are eighteen (18) inches or less in size, ground mounted and screened from view from the street, may be installed without approval.

Section 12. Fences. No fence or wall shall be erected on any Lot closer to the street than the side street setback or the back of the building façade except for temporary decorative fencing installed by the builder on a model home. Perimeter fencing and privacy fencing around patios, decks or pools may not exceed six (6) feet in height. Perimeter fencing, unless constructed of brick or stone masonry, shall not have more than seventy percent (70%) of its surface closed as viewed from a point on a line of sight perpendicular to the line formed by the line of the fence, except that this provision shall not be applicable to perimeter fencing, if any, located on the outer boundaries of the development. Chain link or other metal fencing is expressly prohibited, except that 2"x4" mesh may be used with split rail fencing to contain animals within a Lot.

Section 13. Metal Garages, Carports, Buildings, and Accessory Structures. No metal carport, garage, building or accessory structure shall be erected on any Lot or attached to any residence located on the Lot. No building or accessory structure of any kind shall be placed on any Lot, except a detached garage as permitted in Section 21 hereof, one (1) utility building or noncommercial greenhouse, similar in materials and color scheme of the house, may be located in the rear one quarter (1/4) of any Lot so that it is directly behind the residence as viewed from a point on a line of sight perpendicular to the street. No chain link or metal fabricated animal enclosures other than split rail fencing with a 2"x4" mesh shall be placed on any Lot.

Section 14. Above Ground Pools. No above ground pools shall be erected on a Lot.

Section 15. Subdivision Entrances. Declarant, for itself, its successors and assigns, reserves an easement over Lot 1 for constructing, maintaining and reconstructing subdivision entrance signs, monuments and fences; for the installation and maintenance of an irrigation system and lighting system for such entrances and for landscaping the area around such improvements. The property easement is reserved over the property designated on the recorded map as "sign or entrance easement" on said Lots. The Owners of said Lots shall maintain the area around the signs not maintained or landscaped pursuant to this easement. The reservation of this easement imposes no obligation on Declarant, its successors and assigns, to continue to maintain the landscaping and entrance improvements.

Section 16. Basketball Goal Supports. No basketball goal supports shall be erected or placed within any street right of way in the Development.

Section 17. Parking of Vehicles. No commercial truck over one ton capacity, school bus, camper trailer, boat or boat trailer, recreational vehicle, or any other vehicle deemed to be unsightly shall be parked in the street, driveway, front yard, side yard or back yard of any Lot except in a screened area between a residence constructed on a Lot which cannot be seen from a line of sight perpendicular to the front line of such Lot.

Section 18. Construction Materials and Completion Dates. All structures constructed or placed on any Lot shall be built of substantially new materials and no used structure shall be relocated or placed on any such Lot. No structure shall be constructed or moved onto any Lot unless it shall conform to and be in harmony with existing structures in the Development. All single-family dwellings constructed on any Lot shall include (i) an all brick or hardy board veneer for one story dwellings, and (ii) an all brick or hardy board veneer front for one and one-half story and two story dwellings. Notwithstanding the foregoing, all dwellings constructed on lots fronting on Providence Road South shall be constructed on all sides with an all brick or hardy board veneer. All structures constructed on any Lot shall be completed within twelve (12) months from the commencement of such construction (commencement being defined as the date a building permit for such construction is issued).

Section 19. Driveways. All driveways will be concrete.

Section 20. Mailboxes. All homes shall have a standard issue mailbox; the "Raphael" by Carolina Mailboxes, Inc., 4416-I Monroe Road, Charlotte, North Carolina 28205, or one of similar quality.

Section 21. Garages. All dwellings shall have an attached or detached garage which shall at a minimum be a two (2) car garage and at a maximum be a three (3) car garage. If detached, the exterior construction materials for such garage must match those of the dwelling on the applicable Lot.

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ARTICLE IX

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Each Owner shall have all appropriate remedies at law or in equity to enforce the provisions of this Declaration and the Bylaws and any duly authorized rules and regulations governing the Development against the Association.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in no wise affect any other provisions which shall remain in full force and effect.

Section 3. FHA/VA Approval. Notwithstanding anything to the contrary contained in this Declaration, as long as there is a Class B membership, the following actions will require the prior approval of the Federal Housing Administration or the Department of Veterans Affairs: (i) annexation of additional properties, (ii) dedication of common area, and (iii) amendment of this Declaration.

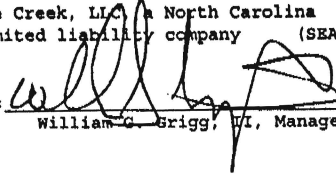
Section 4. Duration. The covenants and restrictions of this Declaration shall run with and bind the land until December 31, 2024, after which time they shall be automatically extended for successive periods of ten (10) years.

Section 5. Amendment. This Declaration may be amended by an instrument signed by the Owners of not less than seventy-five percent (75%) of the Lots.

IN WITNESS WHEREOF, Willow has caused this instrument to be executed by its duly authorized Manager and its seal to be hereunto affixed, all the day and year first above written.

WILLOW CREEK OF NC, LLC, a North Carolina
limited liability company, Manager (SEAL)

By: Katie Creek, LLC, a North Carolina
limited liability company (SEAL)

By:  (SEAL)
William G. Grigg, WI, Manager

BK1280PG019

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 14th day of July, 1999, personally came before me WILLIAM G. GRIGG, II, Manager of Katie Creek of NC, LLC, a North Carolina limited liability company and Manager of Willow Creek of NC, LLC, a North Carolina limited liability company, and being duly sworn acknowledged the due execution of the foregoing instrument as Manager of Katie Creek, LLC acting on behalf of Willow Creek of NC, LLC.

David C. Brown

NOTARY PUBLIC

My Commission Expires:

July 16, 2001

[Affix Seal]

NORTH CAROLINA - UNION COUNTY

The foregoing certificate of

David C. Brown, NP

is/are certified
to be correct. Filed for record this 20th day
of July, 1999 at 10:45 am

JUDY G. PRICE, REGISTER OF DEEDS

BY: man

Asst. Deed.

WILLOW CREEK
CONSENT OF MORTGAGEE

BANK OF AMERICA, N.A. (successor to NationsBank, N.A.), being the Beneficiary under that certain Deed of Trust from Declarant to TIM, Inc., Trustee, conveying the property or portions thereof described in Exhibit A attached to this Declaration and made a part hereof, and recorded in Book 1183, at Page 794 (as modified in Book 1208 at Page 166 and further modified in Book 1228 at Page 334 and further modified in Book 1242 at Page 175), in the Union County Public Registry, does hereby consent to the recordation of this Declaration and the imposing of the provisions hereof to said real property described in Exhibit A, and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Declaration, including all exhibits, attachments, supplements and amendments hereto, shall be superior to the lien of said Deed of Trust on said Property described in Exhibit A. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between said Beneficiary and Declarant, the relationship of partnership or of joint venture, nor shall said Beneficiary be deemed to have accepted in any way nor shall anything contained hereunder be deemed to impose upon said Beneficiary any of the liabilities, duties or obligations of the Declarant under the foregoing Declaration. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. The said Trustee also joins in and executes this Consent as Trustee of said Deed of Trust for the said purposes hereinabove set forth.

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the 14th day of July, 1999.

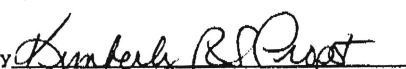
[CORPORATE SEAL]

Attest:


 _____ Secretary

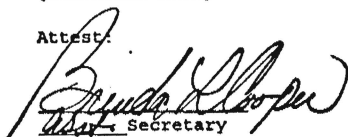
TRUSTEE:

TIM, INC.

By 
 _____ Vice President

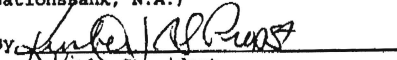
[CORPORATE SEAL]

Attest:


 _____ Secretary

BENEFICIARY:

BANK OF AMERICA, N.A. (Successor to NationsBank, N.A.)

By 
 _____ Vice President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG *GASTON ldy*

I, Lori D. Phillips, a Notary Public of the County and State aforesaid, certify that Brenda L. Cooper personally came before me this day and acknowledged that he/she is Asst. secretary of TIM, INC., a North Carolina corporation, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its Vice President, sealed with its corporate seal and attested by Brenda L. Cooper as its Asst. Secretary.

Witness my hand and official stamp or seal this 14th day of Aug. 1999.

Lori D. Phillips
Notary Public

[NOTARIAL SEAL]

My Commission Expires: 11-14-00

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG *GASTON ldy*

This 14th day of July, 1999, personally came before me Kimberly R.T. Cooper, who being by me duly sworn, says that he/she is a Vice President of BANK OF AMERICA, N.A. (successor to NationsBank, N.A.), that the seal affixed to the foregoing instrument in writing is the official seal of the Corporation, that said writing was signed and sealed by him/her in behalf of said Corporation by its authority duly given. And the said Vice President acknowledged said writing to be the act and deed of said Corporation.

Lori D. Phillips
Notary Public

[NOTARIAL SEAL]

My Commission Expires: 11-14-00

WILLOW CREEK
CONSENT OF MORTGAGEE

CAPITOL FUNDS, INC., being the Beneficiary under that certain Deed of Trust from Declarant to L. CAMERON CAUDLE, JR., Trustee, conveying the property or portions thereof described in Exhibit A attached to this Declaration and made a part hereof, and recorded in Book 1126, at Page 496 in the Union County Public Registry, does hereby consent to the recordation of this Declaration and the imposing of the provisions hereof to said real property described in Exhibit A, and said Beneficiary does hereby consent and agree that from and after this date, the provisions of this Declaration, including all exhibits, attachments, supplements and amendments hereto, shall be superior to the lien of said Deed of Trust on said Property described in Exhibit A. The execution of this Consent of Mortgagee by the Beneficiary shall not be deemed or construed to have the effect of creating between said Beneficiary and Declarant, the relationship of partnership or of joint venture, nor shall said Beneficiary be deemed to have accepted in any way nor shall anything contained hereunder be deemed to impose upon said Beneficiary any of the liabilities, duties or obligations of the Declarant under the foregoing Declaration. Said Beneficiary executes this Consent of Mortgagee solely for the purposes set forth herein. The said Trustee also joins in and executes this Consent as Trustee of said Deed of Trust for the said purposes hereinabove set forth.

IN WITNESS WHEREOF, the undersigned have caused this Consent to be duly executed and sealed as of the 15th day of July, 1999.

[CORPORATE SEAL]

Attest:

Secretary

TRUSTEE:

L. CAMERON CAUDLE, JR.

By L. Cameron Caudle Jr.

President

[CORPORATE SEAL]

Attest:

David W. Royter Jr.

Asst. Secretary

BENEFICIARY:

CAPITOL FUNDS, INC.

By D.W. Royter Jr.

President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Clara L. Cunningham, a Notary Public for said County and State, do hereby certify that L. Cameron Caudle, Jr. personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and official stamp or seal this 15 day of July, 1999.

Clara L. Cunningham
Notary Public

[NOTARIAL SEAL]

My Commission Expires: 8.28.99

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

This 15 day of July, 1999, personally came before me D. W. Royster, Jr., who being by me duly sworn, says that he/she is a President of CAPITOL FUNDS, INC., that the seal affixed to the foregoing instrument in writing is the official seal of the Corporation, that said writing was signed and sealed by him/her in behalf of said Corporation by its authority duly given. And the said President acknowledged said writing to be the act and deed of said Corporation.

Nadine B. Davis
Notary Public

[NOTARIAL SEAL]

My Commission Expires: 8-17-2003

EXHIBIT A
LEGAL DESCRIPTION
FROM CHARTOWN TO
WILLOW CREEK OF NC, LLC

LYING AND BEING in Sandy Ridge Township, Union County, North Carolina and being more particularly described as follows:

BEGINNING at a found iron in the northerly boundary of that certain property of Nora Haywood pursuant to those certain deeds recorded in Book 164 at Page 46 and in Book 111 at Page 394 in the Union County Public Registry, said iron further being in the southeasterly corner of that certain property of I. M. Cook pursuant to a deed recorded in Book 152 at Page 344 in said Registry; thence with the easterly boundary of said Cook property (now or formerly) N 03-29-25 E 275.34 feet to a found iron in the northeasterly corner of said Cook property and in the southeasterly corner of Walden Pond as shown on a map thereof recorded in Plat Cabinet E at File 156 in said Registry; thence with the easterly boundary of Walden Pond as shown on said recorded map N 03-31-19 E 961.07 feet to a found axle in the northeasterly corner of Walden Pond and in a southerly corner of that certain property of Hopewell Farms pursuant to a deed recorded in Book 931 at Page 327 in said Registry; thence with the boundary of said Hopewell Farms property (now or formerly) the following three (3) courses and distances: (1) N 04-04-41 E 253.42 feet to a found iron, (2) S 84-00-10 E 1332.53 feet to a found axle, and (3) N 05-03-13 E 633.95 feet to a point within the right of way of Wingard Road; thence within the right of way of Wingard Road N 86-43-15 E 210.24 feet to a pk nail found in the center line of the 60 foot wide right of way of Providence Road; thence with the center line of Providence Road the following four (4) courses and distances as follows: (1) S 18-17-30 E 13.98 feet to a found pk nail, (2) S 17-33-02 E 49.16 feet to a found pk nail, (3) S 17-56-41 E 776.73 feet to a point, and (4) S 17-53-38 E 922.37 feet to a point in the center line of Providence Road and in the northeasterly corner of that certain property of Nora Haywood pursuant to those certain deeds recorded in Book 111 at Page 394 and in Book 164 at Page 46 in said Registry; thence with the northerly boundary of said Haywood property (now or formerly) the following two (2) courses and distances: (1) S 73-06-30 W 1236.50 feet to a found iron and (2) N 87-31-55 W 1044.54 feet to a found iron, the **BEGINNING POINT**, said property containing 67.68 acres, more or less, and being more particularly shown as the property of Chartown on that certain survey dated July 15, 1998 prepared by F. Donald Lawrence & Associates, P.A., reference to which survey is hereby made.

EXHIBIT A (cont)
 LEGAL DESCRIPTION
Nora Haywood Property

LYING AND BEING in Sandy Ridge Township, Union County, North Carolina, and being more particularly described as follows:

To find the Beginning Point begin at a found iron in the northeasterly corner of that certain property of University of Richmond and Worcester Academy pursuant to those certain Deeds recorded in Book 1056 at Pages 826 and 828 in the Union County Public Registry, said found iron further being in the northwesterly corner of that certain property of Ruby McGuire pursuant to a Deed recorded in Book 157 at Page 286 in said Registry and being S 05-54-28 E 2662.80 feet from a pk nail found in the center line of the intersection of Providence Road and in the northeasterly corner of that certain property of Nora Haywood; thence from said found iron with the northerly boundary of said University of Richmond and Worcester Academy property (now or formerly) the following three (3) courses and distances: (1) S 88-15-16 W 199.21 feet to a found iron, (2) N 01-35-27 W 25.88 feet to a found iron, and (3) N 88-58-15 W 495.81 feet to a set iron, the BEGINNING POINT; thence from said Beginning Point with the southerly boundary of said Nora Haywood property and the northerly boundary of said University of Richmond property (now or formerly) N 88-58-15 W 1308.38 feet to a found iron in the northwesterly corner of said University of Richmond property; thence continuing with the southerly boundary of said Nora Haywood property N 88-58-15 W 123.64 feet to a set iron in the southwesterly corner of said Nora Haywood property and in the easterly boundary of that certain property of G. E. Rogers pursuant to a Deed recorded in Book 228 at Page 588 in said Registry; thence with the easterly boundary of said Rogers property (now or formerly) and the westerly boundary of said Nora Haywood property N 03-08-38 E 622.80 feet to a found stone in the northwesterly corner of said Nora Haywood property and in a corner of said Rogers property and a corner of that certain property of I. M. Cook pursuant to a Deed recorded in Book 152 at Page 344 in said Registry; thence with the boundary of said Cook property (now or formerly) and with the northerly boundary of said Nora Haywood property S 87-38-11 E 130.10 feet to a found iron in a corner of said Cook property and in the southwesterly corner of that certain property of Chartown pursuant to a Deed recorded in Book 878 at Page 306 in said Registry; thence with the northerly boundary of said Nora Haywood property and the southerly boundary of said Chartown property (now or formerly) S 87-31-55 E 1044.54 feet to a found iron; thence continuing with the southerly boundary of said Chartown property and the northerly boundary of said Nora Haywood property N 73-06-55 E 98.54 feet to a set iron; thence with a new line within the property of Nora Haywood the following ten (10) courses and distances as follows: (1) S 06-45-58 E 79.60 feet to a point, (2) S 21-08-11 W 132.57 feet to a point, (3) S 11-50-41 E 76.91 feet to a point, (4) S 25-52-26 E 125.67 feet to a point, (5) S 58-10-40 E 68.20 feet to a point, (6) S 05-02-24 E 68.18 feet to a point, (7) S 53-00-43 E 62.97 feet to a point, (8) S 16-38-10 E 15.41 feet to a point, (9) S 40-22-05 W 44.33 feet to a point, and (10) S 09-45-42 E 45.17 feet to a set iron in the southerly boundary of said property of Nora Haywood and in the northerly boundary of that certain