

WHEREAS, Declarant desires to create upon the Property a subdivision known as SUNSET GROVE which will contain single-family residential Lots and attendant common areas as more particularly described in the Preliminary Subdivision Plan as approved by Chatham County; and,

WHEREAS, although Declarant contemplates that separate easements, covenants, conditions, and restrictions may be imposed in regard to various sections or phases of SUNSET GROVE, Declarant desires to impose pursuant hereto easements, covenants, conditions, and restrictions upon all of SUNSET GROVE, with the understanding that, at Declarant's option, certain additional and/or supplementary easements, covenants, conditions, and restrictions may be imposed as hereinabove stated; and,

WHEREAS, Declarant desires to provide for the preservation and enhancement of the property values, amenities and opportunities in the community and for the maintenance of the properties and the improvements thereon, and to that end desires to subject the real property as described above, together with any and all such additions as may hereafter be made thereto, to the covenants, conditions, restrictions, easements, charges and liens hereinafter set forth, each of which is for the benefit of the property and each owner thereof; and,

WHEREAS, Declarant has deemed it desirable for the efficient preservation of the values and amenities in the community to create an agency to which should be delegated and assigned the powers of owning, maintaining and administering certain community properties and facilities, administering and enforcing the covenants, conditions and restrictions, collecting and disbursing the Association assessments and charges hereinafter created, and promoting the recreation, health, safety and welfare of the owners, residents, and tenants of SUNSET GROVE; and,

WHEREAS, Declarant has incorporated under the laws of the State of North Carolina the SUNSET GROVE ASSOCIATION, INC. as a non-profit corporation for the purpose of exercising those functions, among others.

NOW, THEREFORE, Declarant hereby declares all of the real property shown on that plat recorded in Book of Maps 2017, Page 183-185, in the Chatham County Registry, together with such other property as may later be annexed pursuant to the terms of this Declaration, shall be held, sold and conveyed subject to the provisions of the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes and also subject to the following easements, restrictions, covenants, and conditions, all of which shall run with the real property, shall be binding on all parties having or acquiring any right, title or interest in the described properties or any part thereof, and shall inure to the benefit of each owner thereof.

ARTICLE I
DEFINITIONS

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

Section 2. "SUNSET GROVE" shall mean and refer to that certain real property which is subject to this Declaration and any such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean and refer to all real property within SUNSET GROVE designated as such on any recorded subdivision plat for SUNSET GROVE and which is owned by or intended for ownership by the Association for the common use and enjoyment of all members.

Section 4. "Limited Common Areas" shall mean any Common Area that serves only a limited number of Lots as may be designated by Declarant on any recorded subdivision plat of SUNSET GROVE.

Section 5. "Lot" shall mean any numbered plot of land as shown on any recorded subdivision map of SUNSET GROVE, except for Common Area, Limited Common Area, and any dedicated public streets.

Section 6. "Member" shall mean and refer to every person or entity entitled to membership in the Association as provided in this Declaration.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title or undivided interest in and to any Lot which is a part of SUNSET GROVE, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 8. "Declarant" shall mean and refer to CHATHAM CAPITAL, LLC, as well as its successors and assigns, if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development (meaning the subdivision into developed Lots for sale and the installation of all necessary infrastructure).

Section 9. "Declarant Control Period" shall mean that period of time during which Declarant shall have the sole right to appoint all members of the Board of Directors and the Architectural Review Board. The Declarant Control Period shall commence upon the recordation of this Declaration and terminate upon the earliest of the following events: (i) when 100% of the total number of Lots have certificates of occupancy issued thereon and have been conveyed to persons other than Declarant; (ii) upon Declarant's voluntarily surrender in writing of such control; or (iii) on December 31, 2030.

Section 10. "Board of Directors" shall mean those persons elected or appointed to act collectively as the directors of the Association.

Section 11. "VA" shall mean Veterans Administration and "HUD" shall mean Department of Housing and Urban Development.

Section 12. "By-laws" shall mean the by-laws of the Association as they now or hereafter exist.

Section 13. "Declaration" shall mean and refer to this Declaration of Covenants, Conditions and Restrictions of SUNSET GROVE, as the same may be amended from time to time as herein provided.

Section 14. "Supplementary Declaration" shall mean and refer to any Supplementary Declaration of Covenants, Conditions, and Restrictions which are specific to certain sections or phases of SUNSET GROVE as defined therein.

Section 15. "Dwelling Unit" shall mean and refer to a primary residence containing sleeping facilities for one or more persons and a kitchen.

Section 16. "Landscape Easement" or "Maintenance Easement" shall mean and refer to those areas so designated on any recorded plats of SUNSET GROVE which are not Common Areas or Limited Common Areas but within which the Association shall be responsible for the maintenance of landscaping or other improvements contained therein.

Section 17. "Planned Community Act" or "the Act" shall mean and refer to the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes.

ARTICLE II COMMON AREA AND LIMITED COMMON AREA

Section 1. Owners' Easements of Enjoyment. Every owner shall have a right of enjoyment in and to the Common Areas, which shall be appurtenant to and shall pass with the title to every Lot. Only the owner(s) of those Lots to which any Limited Common Area is allocated shall have a right of use and enjoyment in and to such Limited Common Area.

Section 2. Delegation of Use. Any owner may delegate his right of enjoyment of the Common Area and facilities (and Limited Common Area and facilities, if any) to the members of his family, his tenants, contract purchasers who reside on the property, or his guests.

Section 3. Rules and Regulations. The Association Board of Directors shall have the power to formulate, publish and enforce reasonable rules and regulations concerning the use and enjoyment of the Common Area and Limited Common Area and the appearance, upkeep and maintenance of the Lots. Such rules and regulations, along with all policy resolutions and actions taken by the Board of Directors, shall be recorded, and such records shall be maintained in a place reasonably convenient to the members and available to them for inspection during normal business hours.

Section 4. Leasing Common Area and Limited Common Area Facilities. The Board of Directors shall have the power to lease the use of any recreational area or facility, if such area is created in SUNSET GROVE, for functions, lessons or other special events, and to allow such lessee to charge admission or other fees for functions, lessons or other special events.

Section 5. Operating Common Area and Limited Common Area Facilities. The Board of Directors shall have the power to limit the number of guests, to regulate behavior and hours of operation, and to curtail any use or uses it deems necessary for either the protection of the facilities or the peace and tranquility of adjoining residents, except that in no case may any Board of Directors so limit, regulate or curtail use of any Limited Common Area so as to deny an owner ingress, egress, and regress and the full use and enjoyment of his property as permitted hereunder.

Section 6. Common Area and Limited Common Area Facilities Admission Fees. The Association may charge reasonable admission and other fees for the use of any Common Area or Limited Common Area recreational area or facility if such area is created in SUNSET GROVE.

Section 7. Suspensions; Fines. The Board of Directors shall have the power to suspend the voting rights and the right to use the Common Area or Limited Common Area facilities of a Class A member, or any person to whom that member has delegated his right of enjoyment, for any period during which any assessment against that member remains unpaid, and, for a period not to exceed thirty (30) days, for any infraction of its published rules and regulations, except that in no case shall a Board of Directors suspend any right to use any Limited Common Area so as to deny an owner ingress, egress and regress and the full use and enjoyment of his property as permitted hereunder. Further, in accordance with the Act, the Association shall have the power to impose reasonable fines for the violation of this Declaration, any applicable Supplementary Declaration, the by-laws and/or rules and regulations of the Association.

Section 8. Declarant's Covenant to Convey Title to Common Area and Limited Common Area. Declarant hereby covenants for itself, its successors and assigns, that it will convey to the Association fee simple title to the property designated Common Area and Limited Common Area, or portions thereof, free and clear of liens and encumbrances, after completion by Declarant of improvements thereon, if any, and upon such time as Declarant determines that the Association is able to maintain same, but, notwithstanding any provision to the contrary herein, such conveyance to the Association shall be made no later than one year following the recordation of the plat upon which such Common Area or Limited Common Area is designated and identified.

Section 9. The Association, acting through the Board of Directors, shall have the right, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the approval requirements for the encumbrance of Common Area as set forth in the Act.

Section 10. Common Area and Limited Common Area Dedication or Transfer. The Association shall have the right to dedicate or transfer all of the Common Area or Limited Common Area or any part thereof to any public agency, authority or utility for such purposes and subject to such conditions as may be agreed to by the members. No such dedication or transfer shall be effective unless such transfer has received the written consent of members entitled to cast at least 80% of the votes of the membership, agreeing to such dedication or transfer, provided written notice of the proposed action has been sent to every member not less than thirty (30) days in advance of any proposed conveyance. Such written consents need not be recorded but shall be maintained with the permanent books and records of the Association, and any instrument of conveyance shall certify that such written consents were received and are on file with the Association, in compliance with this Declaration.

ARTICLE III
LAND USE

Section 1. Restrictions. Each Lot and the Common Area and Limited Common Area shall be subject to the restrictions contained in this Declaration and any applicable Supplementary Declaration and to those set forth in the by-laws and rules and regulations of the Association.

Section 2. Residential Use. No Lot shall be used for anything other than residential purposes. No business or business activity shall be carried on, in or upon any Lot at any time except for a home office or telecommuting situation which does not otherwise violate the provisions of the Declaration or Bylaws and does not create a disturbance, and does not unduly increase traffic flow or parking congestion. Leasing of a Lot shall not be considered a business or business activity.

Notwithstanding anything herein to the contrary, during the Declarant Control Period, Declarant and any Builder with Declarant's consent may (i) maintain sales offices and temporary construction trailers on any portion of the Community owned by such Person, for the purpose of conducting business related to the development, improvement or sale of such portion of the Community or the construction of Improvements thereon and (ii) conduct such business activities on any portion of the Community owned by such Person as may be necessary in connection with the development and/or sales or marketing of any part or all of the Community.

Section 3. Common Area and Limited Common Area Restriction. All Common Area and Limited Common Area recreational areas and facilities and amenities, if any, shall be used, improved and devoted exclusively to recreational purposes for the benefit of the owners served thereby.

Section 4. Prohibition Against Offensive or Unlawful Use/Nuisance. Nothing shall be done or maintained on any part of a Lot or within any portion of the Property which emits foul or obnoxious odors outside the Lot or creates noise or other conditions which tend to disturb the peace, quiet, safety, comfort, or serenity of the occupants and invitees of other Lots.

There shall not be maintained any plants or animals or device or thing of unsightly, unpleasant, or of a nature as may diminish or destroy the enjoyment of the Property.

No noxious, illegal, or offensive activity shall be carried on upon any portion of the Properties, which in the reasonable determination of the Board tends to cause embarrassment, discomfort, annoyance, or nuisance to person using the Common Area or to the occupants and invitees of other Lots. The Board of Directors is specifically authorized to promulgate specific rules and regulations clarifying these provisions by way of illustrating specific prohibited nuisance behaviors, said rules and regulations to be published as provided in Article II, Section 3 herein. By way of illustration, and without excluding other potentially prohibited activities, no outside burning of trash or garbage shall be permitted within the Property. No speaker, horn, whistle, bell, intercom, paging or other sound device audible from outside the Lot, except alarm devices and entryway intercoms used exclusively for security purposes, shall be installed or operated on any Lot. The use and discharge of firecrackers and other fireworks is prohibited within the Property, except with prior approval of the Board.

Section 5. Common Area and Limited Common Area Construction or Alteration. No owner shall undertake, cause or allow any alteration or construction in or upon any portion of the Common Area or Limited Common Area unless directed by and with the express written consent Association.

Section 6. Prohibition Against Street Parking. No vehicles may be regularly parked within the right-of-way of any street in or adjacent to SUNSET GROVE, including public streets. No vehicles or any kind shall be parked on any portion of a Lot other than a paved driveway, parking pad or garage. Passenger vehicles and other vehicles not described in Section 7 below may be parked in the driveway of each lot. The Association's Board of Directors may promulgate rules and regulations to clarify the definition of the term "regularly parked" or any other provisions relating to the covenants contained in this Section 6, which rules and regulations shall be binding on all Owners.

Section 7. Commercial Vehicles, Boats, Trailers, Etc. No commercial trucks or vans displaying permanent or temporary identification signage, tractors, boats, campers, trailers, motorcycles, ATVs or other such motorized vehicles and/or equipment shall be regularly parked within the right-of-way of any street in or adjacent to SUNSET GROVE. Further, no such vehicles and/or equipment may be parked or stored on any Lot within SUNSET GROVE unless such vehicle is parked or stored within an enclosed garage. The Association's Board of Directors may promulgate rules and regulations to clarify the definition of the term "commercial" or any other provisions relating to the covenants contained in this Section 7, which rules and regulations shall be binding on all Owners.

Section 8. Antennae. Satellite dishes greater than one meter in diameter are prohibited. Satellite dishes one meter in diameter or less should be placed on the rear exterior wall or rear roof of the residence in a location not visible from the street. If adequate reception is not available, satellite dishes may be located in the rear Lot behind the residence, but must be screened from view of the street. Installation is not permitted on any

Common Area. Dishes and accompanying equipment should be painted to the extent possible to match the exterior of the residence or to blend in with the surrounding area where located. Owners are solely responsible for maintaining satellite dishes and all related equipment. No other exterior radio antennae, television antennae, or other electronic signal-receiving or transmitting equipment shall be placed, allowed, or maintained upon any portion of the Properties, including any Lot, without approval of the Architectural Review Committee, except for an antenna that is one meter or less in diameter or diagonal measurement and is designed to receive video programming services via broadband radio service (wireless cable) or to receive or transmit fixed wireless signals other than via satellite, or an antenna that is designed to receive local television broadcast signals is permitted in the rear yard.

Section 9. Signs. No sign of any kind shall be displayed to the public view on any Lot. The foregoing shall not be construed to prohibit a building contractor from erecting a temporary sign to advertise construction on that Lot, nor shall an owner or licensed real estate broker be prohibited from erecting a temporary sign to advertise the property for sale or rent. Neither of such temporary signs shall be larger than six square feet, and each shall be removed immediately upon completion of improvements or the sale or lease of the property. Declarant shall not be prohibited from erecting signage to identify SUNSET GROVE or any section or phase thereof. No signage of any character shall be constructed, erected, or installed on any Lot, Common Area, or Limited Common Area without the prior approval of the Architectural Review Board in accordance with the provisions hereinafter set out.

Section 10. Animals. No animals, birds, livestock, or poultry shall be raised, bred, or kept on any Lot, except that dogs, cats, pet birds, and laying hens (subject to the specific restrictions below) may be kept, but not for any commercial purposes, provided that, in the sole judgment of the Board of Directors, such pets do not create a nuisance, such as by noise, odor, damage, or destruction of any property.

With regard to laying hens, the following restrictions shall apply:

- a. A maximum of three (3) female chickens (hens) shall be allowed per Lot.
- b. One coop and one pen per residential lot shall be required to house chickens on a lot. No more than one coop and one pen shall be allowed on any lot.
- c. The coop and pen shall be located so that it is entirely behind the rear line of the primary structure (i.e., house) on the property, and is a minimum of twenty-five (25) feet from the side and rear property line.
- d. Hens may be kept only for non-commercial purposes. Eggs, chickens, or any byproduct thereof shall not be sold.
- e. Hens shall at all times be enclosed within a pen to prevent their elopement and to prevent rodents or predators from coming into contact with the hens. Hens shall be enclosed in a coop during non-daylight hours. No free-ranging permitted. Pens, coops, and any other structure shall be approved by the ARB as required by this Declaration.
- f. The landowner is solely responsible to ensure that standing water, liquid, or feces does not accumulate in the area of the pen and that no drainage or run-

- off meets any property line, stream, drainage area, easement, pipe, swell, dissipater, or any stormwater or wastewater control mechanism.
- g. Refuse from the hens shall be removed daily or more often if required by placing waste into plastic bags and thrown into the trash in order to prevent run off or offensive odors.
 - h. Hens kept for fighting purposes are illegal and this practice is prohibited.
 - i. A Lot Owner shall be in violation of these covenants if there are either pervasive and offensive smells or the noise from the chickens can be measured at more than 50 decibels at the property line for more than five (5) consecutive minutes.

Section 11. Waste. No Lot shall be used or maintained as a dumping ground for rubbish, trash, or garbage. No waste of any nature shall be kept on any Lot except on a temporary basis in sanitary containers.

Section 12. New Construction. Construction of new buildings only shall be permitted on any Lot, it being the intent of Declarant to prohibit the moving of any existing building onto any Lot. The foregoing shall not prohibit the Architectural Review Board from approving the use of certain pre-existing architectural components should said Board determine, in its sole discretion, that such components are in keeping with and do not impact negatively on the general development scheme and appearance of SUNSET GROVE.

Section 13. Temporary Structures. No structure of a temporary character, such as a trailer, tent, or shack, but in any event as such shall be defined in the discretion of the Architectural Review Board, shall be used at any time as a dwelling unit.

Section 14. Refuse and Recyclables Collection. Collection of refuse and recyclables shall, except as hereinbelow provided, be via curbside pickup as appropriate and/or as approved by Chatham County. Some Lots may be served by private or shared dumpsters, compactors, or other such receptacles, in which case curbside or alley pickup shall not apply. All rollcarts, bins, and other receptacles shall be stored on a Lot in an area suitably screened from public view as determined by the Architectural Review Board. Private trash pick-up and recycling

Section 15. Diligent Construction. All construction, landscaping, or other work which has been commenced on any Lot must be continued with reasonable diligence to completion. No partially completed house, garage, building, or other improvement shall be allowed to exist on any Lot, except during such reasonable period as is necessary for the completion of same.

Section 16. Lot Subdivision and Consolidation. No Lot shown on any recorded plat of SUNSET GROVE may be subdivided by sale, lease, or otherwise without prior written consent of Declarant during the Declarant Control Period or thereafter by the Board. However, it is specifically understood that Lot 54 may now or hereinafter be subdivided into multiple Lots, and approval of the same shall not be unreasonably withheld. Lot consolidation may be permitted by Declarant in its sole discretion. Notwithstanding the

foregoing, Declarant shall have the right to subdivide and/or recombine one or more Lots which have not been conveyed by Declarant to a builder or Owner. Notwithstanding any approval of Declarant or the Association, if any Owner (other than Declarant) shall recombine two or more Lots which are shown on any original recorded plat of SUNSET GROVE, such recombination of Lots shall not operate to extinguish the assessment obligation which shall run with each original platted Lot in the subdivision.

Section 17. Utilities. All water, gas, sewer, electrical, telephone, television, and other utility lines, and all connections between the main utility line and the Lot or other structures on the Lot, shall be located underground and concealed so as not to be visible.

Section 18. Outdoor Structures. No outside clotheslines, tree houses, playhouses, swing sets and other play equipment, gazebos and other yard decorations, refuse/recyclables receptacles, transformers, or air conditioning and other mechanical equipment shall be erected or allowed to remain on any Lot unless concealed behind approved screening or integrated into the building design so as to be inconspicuous, or as otherwise approved by the Architectural Review Board as compatible and harmonious with the surroundings. For example, any permitted solar equipment shall be roof-mounted on the rear of the structure, flush with the roof surface, with all appurtenances recessed into the structure's attic. The provisions of this section shall not be construed to prohibit Declarant from establishing certain Common Areas or Limited Areas as neighborhood parks or playgrounds with appropriate equipment, structures, and other improvements installed thereon. All accessory buildings shall be constructed of materials that are compatible and harmonious with the materials used in construction of the main dwelling unit on the Lot, as specifically approved by the ARB.

Section 19. Recreational Facilities. No pool, tennis court, or other recreational facility shall be constructed on any Lot without the prior written approval of the ARB.

Section 20. Fences. All fences shall be submitted for approval to the ARB as with other structures, and the Declarant, ARB or Board may promulgate guidelines for permitted fence types within the written Design Guidelines. No perimeter fencing surrounding the Lot shall be allowed, and the location and design of all fences must be approved in writing by the ARB.

Section 21. Wetlands; Stream Buffers. Any wetlands and/or stream buffer areas located on any Lot shall be subject to regulations promulgated by the NC Division of Water Quality and/or other jurisdictional authorities. If any portion of any Lot has been determined to meet the requirements for designation as regulatory wetlands, any subsequent fill or alteration of such wetlands shall conform to the requirements of the wetlands rules adopted by the State of North Carolina in force at the time of the proposed alteration. Because the intent of such provision is to prevent additional wetland fill, no owner should assume that any future application for fill would be approved. This covenant is intended to ensure continued compliance with wetlands rules adopted and enforceable by the State of North Carolina, and shall run with the land and be binding on Owner, his heirs, successors and assigns.

Section 22. Governmental Approval. Nothing contained herein shall be deemed to be a waiver of any applicable governmental requirements or restrictions relative to the constructions of improvements on and/or the use of any Lot.

ARTICLE IV
ARCHITECTURAL REVIEW

Section 1. Architectural Review Board. An Architectural Review Board ("ARB") consisting of at least three (3) persons, who are not except as provided hereinbelow required to be members of the Association, shall be appointed by Declarant at or prior to the conveyance of the first Lot. At such time as Declarant conveys its last remaining Lot, the ARB shall be appointed by the Board of Directors of the Association. Declarant or Board of Directors of the Association, as appropriate, may elect at its option to increase the number of members of the ARB from time to time. Members of the ARB may be removed or replaced at any time, with or without cause and without prior notice, by the controlling authority (meaning the Declarant or Board of Directors of the Association, as appropriate). No member of the ARB shall be liable for claims, causes of action, or damages, except where occasioned by such member's negligence or willful misconduct, arising out of services performed pursuant to this Declaration. Declarant may expressly assign all or part of its rights and responsibilities regarding Architectural Review to the Association prior to the conveyance of its last remaining Lot.

Section 2. Plan or Design Approval. No site preparation or initial construction, erection, or installation of any improvements, or any changes thereto, including but not limited to, dwelling or other housing units, outbuildings, garages, fences, walls, signs, excavation, or changes in grades shall be undertaken on any Lot unless the plans and specifications therefor, showing the nature, kind, shape, height, color, materials and location of the proposed improvements shall have been submitted to the ARB and expressly approved in writing. 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 Lot without the review and express written approval of the ARB as to the same specifications delineated for initial ARB review. The ARB may refuse approval of any plans, in whole or in part, for any reason, including purely aesthetic reasons, which shall in the sole and uncontrolled discretion of the ARB be deemed sufficient. The ARB shall establish minimum requirements for submission for approval, but shall have the authority to request such additional information as it may determine is necessary in order to make its decision.

PLANS AND SPECIFICATIONS ARE NOT APPROVED FOR ENGINEERING OR STRUCTURAL DESIGN OR QUALITY OF MATERIALS, AND BY APPROVING SUCH PLANS AND SPECIFICATIONS NEITHER THE ARB, THE MEMBERS THEREOF, NOR THE ASSOCIATION ASSUMES LIABILITY OR RESPONSIBILITY THEREFOR, NOR FOR ANY DEFECT IN ANY STRUCTURE CONSTRUCTED FROM SUCH PLANS AND SPECIFICATIONS. NEITHER DECLARANT, THE ASSOCIATION, THE ARB, THE BOARD, NOR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM SHALL BE LIABLE IN DAMAGES TO ANYONE SUBMITTING PLANS AND

SPECIFICATIONS TO ANY OF THEM FOR APPROVAL, OR TO ANY OWNER OF PROPERTY AFFECTED BY THESE RESTRICTIONS BY REASON OF MISTAKE IN JUDGMENT, NEGLIGENCE, OR NONFEASANCE ARISING OUT OF OR IN CONNECTION WITH THE APPROVAL OR DISAPPROVAL OR FAILURE TO APPROVE OR DISAPPROVE ANY SUCH PLANS OR SPECIFICATIONS. EVERY PERSON WHO SUBMITS PLANS OR SPECIFICATIONS AND EVERY OWNER AGREES THAT SUCH PERSON OR OWNER WILL NOT BRING ANY ACTION OR SUIT AGAINST DECLARANT, THE ASSOCIATION, THE ARB, THE BOARD, OR THE OFFICERS, DIRECTORS, MEMBERS, EMPLOYEES, AND AGENTS OF ANY OF THEM TO RECOVER ANY DAMAGES AND HEREBY RELEASES, REMISES, QUITCLAIMS, AND COVENANTS NOT TO SUE FOR ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION ARISING OUT OF OR IN CONNECTION WITH ANY JUDGMENT, NEGLIGENCE, OR NONFEASANCE AND HEREBY WAIVES THE PROVISIONS OF ANY LAW WHICH PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS, DEMANDS, AND CAUSES OF ACTION NOT KNOWN AT THE TIME THE RELEASE IS GIVEN.

Section 3. Design Guidelines and Appearance Standards. Written design guidelines and procedures may be promulgated for the exercise of this architectural review authority, which guidelines may provide for an administrative fee to accompany the submission of plans and specifications. Such Design Guidelines and Appearance Standards shall be promulgated and amended by the ARB, subject to final approval of same by the Declarant or the Board of Directors for the Association after the Declarant has ceded architectural review authority to the Association. Such Design Guidelines and Appearance Standards shall have the force and authority of a rule or regulation of the Association and shall be subject to all means of enforcement of same which are available to the Association under North Carolina law.

All rules, regulations, procedures, restrictions, and standards promulgated by the ARB shall supplement this Declaration and any Supplemental Declaration, and are incorporated herein by reference. The ARB shall at all times endeavor to be fair, reasonable, and uniform in its application of such rules, regulations, procedures, restrictions, and standards, and shall be responsive to technological advances and general changes in architecture, construction, and related conditions, and shall use its best efforts to balance the equities between matters of taste and design and the use of private property.

Section 4. Effect of Failure to Approve or Disapprove. In the event that the ARB fails to approve or disapprove the design of any proposed improvements within **sixty (60)** days after plans and specifications for same have been submitted to and received by it, approval will not be required and the provisions of this Article will be deemed to have been complied with fully; provided, however, that the plans and specifications required to be submitted shall not be deemed to have been received by the ARB if they contain erroneous data or fail to present adequate information upon which the ARB can base its decision.

Section 5. Right of Inspection. The ARB shall have the right, at its election, to enter upon any of the Lots during preparation, construction, erection or installation of any improvements in order to determine that such work is in accordance with the approved plans

and specifications. The ARB is authorized and empowered to inspect and review any and all aspects of the construction of any improvements on any Lot which may, in its reasonable opinion, adversely affect the living enjoyment of other owners or the general value and appearance of SUNSET GROVE. If any improvement is found to be in violation of the provisions contained herein, the ARB may require that owner to restore such nonconforming or unapproved improvements to the condition existing prior to such construction, including without limitation, the demolition and removal thereof. The ARB may undertake such demolition, removal, and/or restoration itself and shall then levy the cost thereof as a special assessment against the subject Lot.

ARTICLE V
MAINTENANCE RESPONSIBILITIES

Section 1. Maintenance by Association. The Association shall maintain and keep in good repair all Common Area, except any portion of such property which is maintained on an ongoing basis by a local governmental entity. This maintenance shall include, without limitation, maintenance, repair, and replacement, subject to any insurance then in effect, of all landscaping and Improvements situated on the Common Area. The Association shall have no maintenance and repair responsibility related to any Lot or Limited Common Area, including any Improvements thereon, unless such responsibility is specifically assumed by the Association in a written instrument which has been duly recorded with the same formality as this Declaration.

The Association shall have the right, but not the obligation, to maintain other property not owned by the Association, whether within or without the Community, where the Board has determined that such maintenance would benefit all Owners.

In the event that the Association determines that the need for maintenance, repair, or replacement, which is the responsibility of the Association hereunder, is caused through the willful or negligent act of an Owner, or the Owner's family, guests, lessees, invitees or contractors, and is not covered and paid for by insurance, in whole or in part, then the Association may perform such maintenance, repair or replacement at such Owner's sole cost and expense, and all costs thereof shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot of such Owner.

Section 2. Maintenance by Owners. Each Owner at such Owner's sole cost and expense, shall maintain such Owner's Lot and/or any Limited Common Area which benefits said Lot, as the case may be, including all Improvements thereon, in a safe, clean and attractive condition and in a manner consistent with the Design Guidelines and Appearance Standards for Sunset Grove, including without limitation all of the following:

- (a) Prompt removal of all litter, trash, refuse and waste;
- (b) Seeding, fertilizing and watering of all lawns and mowing, edging, clipping, sweeping, pruning, raking and otherwise caring for all lawns on a regular basis, including, subject to any applicable Legal Requirements, any portions of a publicly dedicated

street right of way or private street right of way adjacent to any boundary of such portion of the Lot or Sub-Association Common Property and not maintained by any governmental entity;

- (c) Pruning and trimming of all trees, hedges and shrubbery not maintained by the Association so that the same are not obstructive of a view by motorists or pedestrians of street traffic, do not cause unsightly or unkempt conditions and do not trespass onto the property of others;
- (d) Removal of dead or diseased trees, shrubs and other plant material;
- (e) Maintenance of flower and plant gardens;
- (f) Maintenance of exterior lighting and mechanical facilities;
- (g) Maintenance of parking areas and driveways;
- (h) Complying with all Legal Requirements;
- (i) Ensuring proper drainage of the Lot so as to prevent soil erosion;
- (j) Maintenance of Storm Water Measures and storm water drainage easements to the extent not maintained by the Association or a governmental entity;
- (j) Repairing and painting (or other appropriate external care) and otherwise caring for the dwelling and all other structures located on the Lot; and
- (k) Maintenance, repair and painting of all fences, retaining walls, and other Improvements on the Lot.

If the Board of Directors determines that any Owner has failed or refused to discharge properly any of Owner's obligations with regard to the maintenance, repair, or replacement of items for which such Owner is responsible hereunder, the Association shall, except in an emergency situation, give the Owner written notice of the Association's intent to provide such necessary maintenance, repair, or replacement at the Owner's sole cost and expense. The notice shall set forth with reasonable particularity the maintenance, repairs, or replacement deemed necessary. The Owner shall have ten (10) days after receipt of such notice within which to complete such maintenance, repair, or replacement, or, if such maintenance, repair, or replacement is not capable of completion within a ten (10) day period, to commence such work which shall be completed within a reasonable time. If any Owner does not comply with the provisions hereof, the Association may provide any such maintenance, repair, or replacement at such Owner's sole cost and expense, and all costs shall be added to and become a part of the assessment to which such Owner is subject and shall become a lien against the Lot. The remedies provided in this Section shall be in addition to, and not in lieu of, other remedies provided in this Declaration for a violation of the Declaration.

It shall be the responsibility of each Owner to prevent and correct unclean, unsightly or unkempt conditions of Lots and all Improvements thereon. All Lots shall be kept clean and free of garbage, junk, trash, debris, non-operable vehicles and apparatus, and any substance or conditions that might contribute to an unsightly condition, health hazard or the breeding and habitation of snakes, rats, insects or other wildlife or pests. "Lot" as used in this section also includes that portion of the Lot between the right of way and the back of street pavement.

ARTICLE VI
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership in the Association. Each and every owner of a Lot, including contract sellers, shall be a member of the Association. The foregoing does not include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and shall not be separated from any Lot which is subject to assessment by the Association. The Board of Directors may make reasonable rules relating to the proof of ownership of a Lot in SUNSET GROVE. In addition, for so long as Declarant owns any part of SUNSET GROVE, Declarant shall also be a member of the Association.

Section 2. Right of Declarant to Representation on Board of Directors of the Association. During the Declarant Control Period, the Declarant shall have the right to appoint all members of the Board of Directors. Declarant, as a member of the Association, or any representative of Declarant serving on the Association's Board of Directors, shall not be required to disqualify himself from the vote upon or entrance into any contract or matter between Declarant and the Association in which Declarant may have a pecuniary or other interest. All such potential conflicts of interest shall be fully disclosed to the entire Board of Directors as required by Chapter 47F of the North Carolina General Statutes before a vote is taken on the matter, and nothing herein shall relieve any director from his or her fiduciary obligations to the Association as required by North Carolina law.

Section 3. Association Member Classes and Voting Rights. The Association shall have two (2) classes of voting members:

Class A. Class A members shall be each owner and shall not include Declarant. Class A members shall be entitled to one (1) vote for each Lot owned. The vote for each Class A member shall be exercised as that member's representatives among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Class A member and no fractional vote may be cast with respect to same.

Class B. The Class B member shall be the Declarant. The Class B member shall be entitled to three (3) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of the earlier of the following events:

- a. The total votes outstanding in Class A membership equals the total votes outstanding in Class B membership; provided, however, that the Class B membership shall be reinstated with all the rights, privileges, responsibilities and voting power if, after the conversion of Class B membership to Class A membership as hereinabove provided, additional land is annexed to the properties without the assent of the members on account of development of such additional land by Declarant, all in accordance with Article VII, Section 2, of this Declaration; or
- b. December 31, 2030.

Section 4. Voting, Quorum, and Notice Requirements for the Association. Except as may be otherwise specifically set forth in this Declaration or in the Articles of Incorporation and/or by-laws of the Association, the vote of the majority of the aggregate votes entitled to be cast by all classes of members of the Association, present or represented by legitimate proxy at a legally constituted meeting at which a quorum is present, shall be the act of the Association. The number of votes present at an Association meeting that is properly called and that will constitute a quorum shall be as set forth herein or in the Association by-laws.

Section 5. Voting Rights Suspension. The right of any Class A member to vote may be suspended by the Board of Directors of the Association for just cause pursuant to its rules and regulations and according to the provisions of Article II, Section 7, of this Declaration.

ARTICLE VII ANNUAL AND SPECIAL ASSESSMENTS

Section 1. Covenant for Assessments. Every owner of any Lot covered by this Declaration, by acceptance of a deed thereof, whether or not expressed in any such deed or other covenant, is deemed to covenant and agree to pay to the Association, each of which shall be fixed, established, and collected from time to time as hereinafter provided:

- (a) Annual assessments or charges;
- (b) Special assessments for capital improvements and/or other purposes; and,
- (c) individual special assessments levied against individual Lots to reimburse the Association for extra costs for maintenance, repairs or measures undertaken to bring an Owner and/or a Lot into compliance with the terms of this Declaration as may be specifically set out herein.

Each such assessment on a Lot, together with interest thereon and the costs of collection thereof, including attorney's fees, as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which the assessment is made. Each such assessment, together with interest, costs, and reasonable attorney's fees incurred by the Association in collecting delinquent assessments, shall also be the personal obligation of the person or entity who was the owner of such Lot at the time the assessment became due. No owner may escape liability for any assessment through nonuse of the Common Area or Limited Common Area or through abandonment of their property. The obligation of

an owner for delinquent assessments shall pass to successors or assigns in title unless expressly excused by the Association, except that such personal obligation shall not pass to mortgagees or trustees under Deed of Trust of such successor or assignee.

Section 2. Purpose of Association Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the beautification of SUNSET GROVE the recreation, health, safety and welfare of the owners in SUNSET GROVE, the performance by the Association of any obligations set forth herein and/or the enforcement of this Declaration, any Supplementary Declaration, and the rules of the Association, and, in particular, the improvement and maintenance of the services and facilities of the Common Area, Limited Common Area, Landscape Easements, and Maintenance Easements. Anything contained in this Declaration to the contrary notwithstanding, until such time as the Class B membership shall cease and be converted to Class A membership, any costs associated with the initial construction and installation of improvements not provided by Declarant which are located in the Common Area, Limited Common Area, Landscape Easements, or Maintenance Easements shall be incurred by the Association only after such initial improvement costs are approved by the majority of the votes of Class A members present or represented by proxy at a duly constituted meeting of Class A members at which a quorum is present.

Section 3. Annual Assessments. Each owner shall pay to the Association the annual assessment pursuant to this Declaration. On or before December 31 of each year, the Board of Directors of the Association shall set the amount of the annual assessment applicable to each Lot for the ensuing year, taking into consideration the then-current development and/or maintenance costs to be borne by the Association, estimated increases in development and/or maintenance costs, and the future needs of the Association, which may include a reasonable contingency fund and/or a reserve account for future capital needs relating to the Common Area. Written notice of the Association assessment shall be provided to each owner no later than January 15 of each year. The initial maximum annual assessment is Three Hundred Dollars (\$300.00) per Lot. Until such time as a certificate of occupancy is issued for a dwelling situated on the Lot, the Owner of such Lot shall be assessed at a rate of twenty-five percent (25%) of the appropriate and then current annual assessment. The payment of the annual assessment shall be the responsibility of the record owner of the Lot as of January 1 of each year with payment due by February 15. This payment shall not be subject to a pro-rata adjustment in the case of a change of ownership during the course of a calendar year.

Beginning with assessment year 2018 and thereafter, the maximum annual assessment shall be established by the Board of Directors and may be increased without approval of the members by an amount not to exceed fifteen percent (15%) of the maximum annual assessment allowable in the year immediately preceding. The maximum for each Assessment Class, or sub-class if appropriate, may be increased without limit by the affirmative vote of two-thirds (2/3) of the Owners who are voting in person or by proxy at a meeting duly called for that purpose, with notice of such meeting having been sent to all Owners at least thirty (30) days in advance. A quorum shall be established at any such meeting by the presence, in person or by proxy, of a least ten percent (10%) of the Owners.

The Board of Directors may at any time fix the annual assessment at an amount not exceeding the maximum.

Section 4. Special Assessment. In addition to the annual assessments as authorized hereinabove, the Association may levy one or more special assessments applicable to that year only for the purpose of defraying costs of construction, reconstruction, repair, or replacement of any improvements located upon the Common Areas, Limited Common Areas, Landscape Easements, or Maintenance Easements, including the necessary fixtures and personal property related thereto, provided that any such special assessment shall have the assent of two-thirds (2/3) of the votes of each class of the members who are voting in person or by proxy at a meeting duly called for this purpose, with notice of said meeting having been sent to all members at least thirty (30) days in advance. Any such special assessment shall be assessed against appropriate owners in the same manner and according to the same allocation formula as the regular special assessments.

Section 5. Special Individual Assessments. The Association may levy special assessments against individual owners for reimbursement to the Association for repairs to the Common Areas, Limited Common Areas, Landscape Easements, or Maintenance Easements or any improvements thereto which are occasioned by the willful or negligent acts of such owner(s) and not the result of ordinary wear and tear, or for payment of fines, penalties, or other charges imposed against an owner relative to such owner's failure to comply with the terms of this Declaration, any Supplementary Declaration, and/or the Association Articles of Incorporation and/or by-laws, including without limitation, reimbursement to the Association for expenses incurred in connection with the enforcement of the provisions of Articles III, IV, V and VIII of this Declaration.

Section 6. Initial Capital Contributions. Each Owner shall contribute to the Association the sum of \$250.00 payable at the closing of the purchase of his Lot, which initial contribution shall be deposited into the Association's regular operating account. Further, such initial contributions shall not be due from Declarant or from builder-owners who purchase a Lot on which to construct a dwelling unit for sale. Initial contributions shall not be considered to be advance payment of annual assessments, special assessments, or special individual assessments.

Section 7. Date of Commencement of Annual Assessments; Due Dates. The annual assessments as herein provided shall commence as to all Lots with the year 2017 and shall continue thereafter from year to year. Annual assessments shall be due and payable on or before the 15th day of February of each and every year. Any special assessments or special individual assessments shall be payable in accordance with the Board of Director's resolution authorizing same. Each Owner, except for Declarant and builder-owners who purchase a Lot on which to construct a dwelling unit for sale, shall be liable for the payment of all assessments beginning upon the closing of the purchase of his Lot, with the amount due being the pro-rata amount of the applicable Assessment Class calculated from the date of closing until February 15 of that year. Declarant and builder-owners who purchase a Lot on which to construct a dwelling unit for sale shall be liable for payment of any accrued assessments only upon completion of a dwelling unit on the Lot, as evidenced by the

issuance of a certificate of occupancy for such dwelling unit and shall not be entitled to any reimbursement from any homebuyer for assessments paid hereunder.

The Association shall, upon demand, furnish a written certificate setting forth the status of assessments applicable to a specified Lot, and may make a reasonable charge for the issuance of such certificate. Such certificate shall be conclusive evidence of the status of the payment of assessments.

Section 8. Remedies for Non-Payment of Assessments. Any assessment which is not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days of the specified due date, the assessment shall bear interest from the date of delinquency at the rate of eighteen (18%) percent per annum. The Association may bring an action at law against the owner personally obligated to pay such assessment or may foreclose the lien created herein in the same manner prescribed by the laws of the State of North Carolina for foreclosure of Deeds of Trust under power of sale. Costs, interest, and reasonable attorney's fees as hereinabove provided shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for assessments by the nonuse of the Common Area or Limited Common Area or the abandonment of his Lot. In the event of such action at law or in the event of the entrance of judgment against the owner in favor of the Association, the Association shall be further empowered to execute on such judgment in such manner and to the extent permitted by the laws of the State of North Carolina.

Section 9. 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 first mortgage Deed of Trust and to ad valorem taxes. Sale or transfer of any Lot shall not affect the assessment lien; provided, however, that the sale or transfer of any Lot pursuant to an order of foreclosure of a mortgage thereon, or any procedure in lieu of foreclosure, shall extinguish the lien of assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve a Lot from liability or liens arising from assessments which become due thereafter.

Section 10. Annual Budget. By majority vote of the Directors, the Association Board of Directors shall adopt an annual budget for the subsequent operational year which shall provide for the allocation of expenses in such manner that the obligations imposed by this Declaration and by any and all Supplementary Declarations will be met, subject, however, to the limitations on amounts of assessments and provisions regarding the increase in same as contained in this Declaration, any Supplementary Declaration, and/or the by-laws of the Association.

ARTICLE VIII

EASEMENTS; MISCELLANEOUS MAINTENANCE RESPONSIBILITIES

Section 1. Walks, Drives, Parking Areas, Utilities, Etc. SUNSET GROVE, including all Lots, Common Areas, Limited Common Areas, Landscape Easements, and Maintenance Easements, shall be subject to such easements for driveways, walkways, parking areas, water lines, sanitary sewers, storm drainage, gas lines, telephone lines, electric power lines,

television antennae lines, any other utilities, ingress, egress, regress, and otherwise, as shall be established by the Declarant or by its predecessors in title prior to the conveyance of the Common Areas and Limited Common Areas to the Association. After such conveyance, the Association shall have the power and authority to grant and establish further easements upon, over, under, and across the Common Areas and Limited Common Areas.

Section 2. Landscape Easements; Maintenance Easements. As shown on the recorded or to be recorded plats of SUNSET GROVE, certain areas which are not Common Areas or Limited Common Areas may be designated as Landscape Easements or Maintenance Easements, including without limitation all trees, grass and other landscaping contained within the tree lawns behind the curbs, even though such tree lawns lie within the public rights-of-way of the adjacent streets. Declarant hereby reserves for itself, its successors and assigns, and then, without further assignment required, for the Association, an easement over, under, and across each of those areas so designated for the purposes of the installation, operation, maintenance, and repair of improvements located or to be located thereon, including all personal property which may be associated with such improvements, except for any such improvements or personal property for which a public utility or other public authority shall be responsible.

Section 3. Temporary Firetruck Turnaround Area. The Association shall maintain the temporary firetruck turnaround area as shown on the recorded plats of the subdivision, unless and until the adjoining property may be developed and the road extended as may be approved by Chatham County.

Section 4. Declarant's Easement to Correct Drainage. For a period of twenty-five (25) years from the date of the first conveyance of a Lot in any parcel, phase, or section of SUNSET GROVE, Declarant reserves a blanket easement on, over, and under the ground within that parcel, phase, or section for the maintenance and correction of drainage or surface water in order to maintain reasonable standards of health, safety, and appearance. Such easement expressly includes the right to cut any trees, bushes, or shrubbery, make any gradings of the soil, or take any other similar action as may be reasonably necessary. After such action has been completed, Declarant shall restore the affected area to its original condition to the extent practicable. Declarant shall give reasonable notice of its intent to take such action to the affected owner. These rights, easements and reservations are assignable by the Declarant.

Section 5. Private Alleys and Limited Common Areas. Private alleys and other Limited Common Areas may be created to serve the needs of the Lots served thereby. Such private alleys and other Limited Common Areas shall be subject to an easement in favor of every Lot to which they are adjacent or which they are designed to serve and shall be deemed appurtenant to each Lot whereby the owner of such Lot shall be entitled to use them as a means of ingress, egress, and regress and for such other uses as may have been designated.

Section 6. Easement to the Governmental Authority. An easement is hereby established for municipal, state or other public utilities serving the area, and for their agents

and employees, over all Common Areas and Limited Common Areas hereby or hereafter established for setting, removing and reading utility meters, maintaining or replacing utility or drainage connections, collection of trash and recyclables, and acting with other purposes consistent with the public safety and welfare, including without limitation, police, fire, and rescue protection.

Section 7. Street Trees in Public Right-Of-Way. Maintenance and replacement of street trees located within the public right-of-way will be the responsibility of the adjacent Lot owner. The Association has the option and authority to provide some routine maintenance of the street trees, including but not limited to pruning and re-mulching, on a subdivision-wide basis to allow for consistent appearance and safety. The cost of such maintenance shall be covered as part of the annual assessment paid by owners.

Section 8. Stormwater Facilities. Upon certification of completion by Chatham County, the Association shall be responsible for the maintenance and replacement of required stormwater facilities, including but not limited to, wet and dry bottom ponds, drainage swales and level spreaders, located in Common Areas, Limited Common Areas, Landscape Easements and Maintenance Easements. As shown on the recorded or to be recorded plats of SUNSET GROVE, or as designated in any recorded Stormwater Operations and Maintenance Manual executed as required by Chatham County, the Lot Owner shall be responsible for the ordinary maintenance (mowing, weeding, etc.) of any drainage easement areas in terms of the exterior ground surface within the drainage easement area; however the Association shall be responsible for the maintenance, repair or replacement of any structures within such easement area, such as drainage pipes, inlets, grates or other devices installed for the purpose of insuring the proper flow of stormwater drainage throughout SUNSET GROVE.

ARTICLE VII
ANNEXATION OF ADDITIONAL PROPERTIES

Section 1. Annexation by Association. Except as provided in Section 2 of this Article VII, additional lands may be annexed to SUNSET GROVE by the Association only if two-thirds (2/3) of the aggregate votes in each class of members are cast in favor of such annexation. In this particular case, the Class B member shall be entitled to only one vote for each Lot owned. Written notice of the meeting duly called for this purpose shall be given to all members at least thirty (30) days in advance of the meeting date. The presence at such meeting of the members or authorized proxies entitled to cast, in the aggregate, sixty (60%) percent of the votes shall constitute a quorum. If the required quorum is not met, another meeting shall be called within sixty (60) days thereafter, subject to the same rules of notice as herein-above set forth, with the required quorum at that meeting being one-half (1/2) of that required for the first meeting. If a quorum is present and a majority of votes is cast in favor of annexation, but the majority is less than the two-thirds (2/3) majority required for approval and it appears that the required two-thirds (2/3) majority would be met if the members not present or voting by proxy would assent to the annexation, the members not present or voting by proxy may assent to or dissent from the proposed annexation in writing

within one hundred twenty (120) days following the meeting date. At that time, if the number of votes actually cast at the meeting in favor of annexation together with the votes deemed to have been cast by members assenting to same shall constitute the required two-thirds (2/3) majority, the annexation shall stand approved.

Section 2. Annexation by Declarant. Declarant may annex additional land to SUNSET GROVE in the following manner:

- a. If within twenty (20) years of the date of incorporation of the Association Declarant should develop additional land within the boundaries as shown on the Land Use Plan for SUNSET GROVE as approved by Chatham County as of the date hereof, or submitted to VA or HUD, such additional land may be annexed to SUNSET GROVE without the assent of the members.
- b. If within twenty (20) years of the date of incorporation of the Association Declarant should develop from time to time an additional tract or tracts other than as described in sub-section 2(a) above but contiguous to such boundaries, such additional land may be annexed to SUNSET GROVE without the assent of the members; provided, however, that such annexation shall be approved by Chatham County if so required.
- c. Declarant may annex to SUNSET GROVE additional land as described in subsections 2(a) and 2(b) above by the recordation in Chatham County Registry of a Supplementary Declaration describing the land to be annexed and incorporating the provisions of this Declaration. The additional land will be deemed annexed to SUNSET GROVE as of the date of such recordation and no other action or consent by the members shall be required.
- d. Subsequent to recordation of such Supplementary Declaration, Declarant shall deliver to the Association a deed conveying any Common Area or Limited Common Area on the annexed land to the Association, as appropriate.

ARTICLE VIII
GENERAL PROVISIONS

Section 1. Enforcement. The Association or any owner shall have the right to enforce, by any proceeding at law or in equity, including without limitation the right to impose a fine or fines against the offending owner, all restrictions, conditions, covenants, reservations, liens, and charges now or hereafter imposed by this Declaration. Failure by the Association or any owner to enforce any covenant or restriction herein contained shall in no way be deemed a waiver of the right to do so thereafter.

Section 2. Rights of Lenders and Insurers of First Mortgages. Lenders and insurers of first mortgages shall have the following rights:

- (a) In the event that any owner is in default in any obligation hereunder which remains uncured for a period of sixty (60) days, every lender who is a first mortgagee as to the Lot of the defaulting owner, and every insurer of any such first mortgage, shall be notified immediately of such default, provided that such lender and/or insurer shall have given written certified notice to the Association that it is a mortgagee or insurer as to the Lot of such owner and shall have requested the notice of default as herein set forth.
- (b) Every first mortgagee and/or insurer of the first mortgage of a Lot shall have the right to examine the books of the Association during regular business hours.

Section 3. Duration of Covenants; Amendment by Owners. The covenants, conditions 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 or the owner of any Lot subject hereto, their respective legal representatives, heirs, successors and assigns, for a term of forty (40) years from the date of recordation of this Declaration, after which time said covenants shall be automatically extended for successive periods of ten (10) years. This Declaration may be amended at any time consistent with the procedures set forth in the North Carolina Planned Community Act, Chapter 47F of the North Carolina General Statutes; provided, however, that the Declarant may amend this Declaration to correct any obvious error or inconsistency in drafting, typing or reproduction, or to make any amendment requested by VA, HUD or Federal National Mortgage Association, without action or consent of the members. Chatham

Section 4. Declarant's Consent to Amendment. Notwithstanding anything contained hereinabove, the written consent of Declarant to any amendment or modification to this Declaration or to any Supplementary Declaration must be obtained for any such amendment or modification made prior to December 31, 2030, or until Declarant no longer owns any Property which is subject to this Declaration, whichever shall first occur.

Section 5. Amendment to Achieve Tax-Exempt Status. The Declarant may amend this Declaration as shall be necessary in its opinion, without the consent of any owner and with the consent of VA or HUD, to qualify the Association, or SUNSET GROVE, or any portion thereof, for tax-exempt status. Such amendment shall become effective at the time of its recordation in the Chatham County Registry.

Section 6. Certification and Recordation of Amendment. Any instrument amending this Declaration, other than an amendment to correct an obvious error or inconsistency in drafting, typing or reproduction, shall be delivered, following approval by the members, to the Association Board of Directors. Thereupon, the Association Board of Directors shall, within thirty (30) days of delivery, do the following:

- (a) reasonably assure itself that the amendment has been duly approved by the members as provided in Section 3 of this Article. For this purpose, the Board may rely on its roster of members without causing any title to be searched;

- (b) attach to the amendment a certification as to its validity which shall be executed by the Association; and,
- (c) cause the instrument to be recorded in the Chatham County Registry.

Section 7. Effect and Validity of Amendments. All amendments shall be effective from the date of recordation in the Chatham County Registry. Upon such recordation and certification by the Association Board of Directors, it shall be conclusively presumed that such instrument constitutes a valid amendment as to the owners of all Lots in SUNSET GROVE.

Section 8. Exchange of Common Area or Limited Common Area. Notwithstanding any provision contained herein to the contrary and in accordance with NCGS 47F-3-112, the Association may convey to Declarant, as well as to any other member, any portion of the Common Area or Limited Common Area previously conveyed to the Association as provided in the Articles of Incorporation of the Association. If required, any such conveyance shall be subject to the prior approval of VA or HUD. Upon such conveyance, the area conveyed shall cease to be subject to the provisions of this Declaration as it relates to Common Area and Limited Common Area. Further, Declarant may convey to the Association any property not previously designated as Common Area or Limited Common Area, and any area so conveyed to the Association pursuant to these terms shall become Common Area or Limited Common Area and shall be subject to the provisions of this Declaration as it relates to Common Area and Limited Common Area. The following hypothetical situation is by way of illustration only and not of limitation: Due to a surveying error, an area of undesirable drainage is designated as a dwelling unit Lot. Pursuant to these terms, Declarant may convey to the Association said Lot which will then become Common Area.

Section 9. Insurance Proceeds. The Association shall use the proceeds realized from any casualty insurance recovery to replace and/or repair the damage or destruction of any property, real or personal, which is covered by such insurance. Any balance remaining from those proceeds after satisfactory restoration of the affected property shall be retained by the Association as a part of its general operating funds to be used for the purposes as delineated in this Declaration and any Supplementary Declaration. If such insurance proceeds should be insufficient to repair or replace any casualty loss or damage to covered property, the Association may levy a special assessment as hereinabove provided to cover the deficiency.

Section 10. Protective Covenants for Multi-Unit Dwellings and Other Permitted Uses. Nothing contained herein shall affect Declarant's right to establish, from time to time, appropriate specific additional covenants for the development and use of Lots for attached or detached units or for any other permitted use within SUNSET GROVE.

Section 11. Conflicts. In the event of any irreconcilable conflict between this Declaration and the by-laws of the Association, the provisions of this Declaration shall control. In the event of an irreconcilable conflict between this Declaration or the by-laws of the Association and the Articles of Incorporation of same, the provisions of the Articles of Incorporation shall control.

Section 12. Severability. Invalidation of any one of the provisions of this Declaration by judgment or court order shall in no way affect any other provisions of this Declaration, which shall remain in full force and effect.

Section 13. Variances. The Declarant, or the Board of Directors following the termination of the Declarant Control Period, may grant reasonable variances of the terms and conditions contained herein upon application by the Lot Owner, and provided such variance shall be reasonably justified in the discretion of the Declarant or Board. A variance so granted by Declarant or Board shall only be valid if approved in writing and recorded in the land records for Chatham County so that such variance is noted in the chain of title for the applicable Lot.

ARTICLE IX
DISSOLUTION OR INSOLVENCY OF THE ASSOCIATION

The Association may be dissolved with the assent given in writing and executed by not less than two-thirds (2/3) of each class of its members. Upon dissolution other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those intended by the Association. If such dedication is refused, the assets shall be granted, conveyed and assigned to any non-profit corporation, association, or trust or any other organization devoted to similar purposes.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed and its seal affixed hereto, the day and year first above written.

CHATHAM CAPITAL, LLC

By: *Sarah K. O'Brien*, manager
Manager

NORTH CAROLINA, CHATHAM COUNTY

I, *Wayne R Hadler*, Notary Public, do hereby certify that *Sarah K. O'Brien*, MANAGER OF CHATHAM CAPITAL, LLC, personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official seal, this the *11* day of *July*, 20*17*.

WAYNE R. HADLER
NOTARY PUBLIC
Orange County
North Carolina
My Commission Expires 05/22/2020

Wayne R Hadler
Notary Public
My commission expires: *5/22/2020*