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COPY

DECLARATION OF

COVENANTS AND RESTRICTIONS

FOR ARBOR HILLS

MECKLENBURG COUNTY, NORTH CAROLINA

TABLE OF CONTENTS

	Page
ARTICLE I. DEFINITIONS	2
ARTICLE II. LOTS	3
SECTION 1. LOTS HEREBY SUBJECTED TO THIS DECLARATION.....	3
SECTION 2. ADDITIONAL LOTS HEREAFTER SUBJECTED TO THIS DECLARATION.....	4
SECTION 3. NO EFFECT ON BALANCE OF THE ARBOR HILLS PROPERTY.....	4
SECTION 4. ALL LOTS BEAR THE BURDENS AND ENJOY THE BENEFITS OF THIS DECLARATION.....	5
SECTION 5. RESTRICTIONS AND EASEMENTS OVER THE LOTS.....	5
ARTICLE III. COMMON ELEMENTS	5
SECTION 1. COMMON ELEMENTS.....	5
SECTION 2. MEMBERS' RIGHTS IN COMMON ELEMENTS.....	6
SECTION 3. EASEMENTS OVER COMMON ELEMENTS.....	6
SECTION 4. INSURANCE.....	7
SECTION 5. DAMAGE OR DESTRUCTION.....	7
SECTION 6. TRANSFER OR ENCUMBRANCE.....	7
ARTICLE IV. THE ASSOCIATION	7
SECTION 1. THE ASSOCIATION.....	7
SECTION 2. MEMBERSHIP.....	8
SECTION 3. CLASSES OF MEMBERSHIP; VOTING RIGHTS.....	8
SECTION 4. SUSPENSION OF MEMBERSHIP RIGHTS.....	8
SECTION 5. MEETINGS OF THE MEMBERSHIP.....	9
SECTION 6. ASSOCIATION ACTS THROUGH ITS BOARD OF DIRECTORS.....	9
SECTION 7. PROFESSIONAL MANAGEMENT.....	9
ARTICLE V. ASSESSMENTS	9
SECTION 1. ASSESSMENTS; LIEN THEREFOR.....	9
SECTION 2. PERSONAL OBLIGATION OF MEMBERS.....	10
SECTION 3. PURPOSES OF ASSESSMENTS.....	11
SECTION 4. DETERMINATION OF ANNUAL ASSESSMENT.....	11
SECTION 5. SPECIAL ASSESSMENTS.....	12
SECTION 6. LOTS OWNED BY DECLARANT.....	12
SECTION 7. EFFECT OF NON-PAYMENT OF ASSESSMENTS; REMEDIES OF THE ASSOCIATION.....	12
ARTICLE VI. ARCHITECTURAL CONTROL	13
SECTION 1. ARCHITECTURAL RESTRICTIONS.....	13
SECTION 2. COMBINATION OF LOTS.....	13
SECTION 3. ARCHITECTURAL CONTROL.....	13
SECTION 4. DECLARANT EXEMPTION.....	15
SECTION 5. ARCHITECTURAL ADVISORY COMMITTEE.....	15
ARTICLE VII. RESTRICTIONS	15
SECTION 1. SINGLE-FAMILY USE.....	15
SECTION 2. PROHIBITED ACTIVITIES.....	15
SECTION 3. NUISANCES.....	15
SECTION 4. TRASH; ANIMALS.....	15
SECTION 5. SIGNS.....	16

SECTION 6.	ANTENNAS; AERIALS; SATELLITE DISHES.....	16
SECTION 7.	CLOTHESLINES	16
SECTION 8.	WINDOW AIR-CONDITIONERS	16
SECTION 9.	TEMPORARY STRUCTURES.....	16
SECTION 10.	VEHICLES; TRAILERS; BOATS; AUTOMOBILES	16
SECTION 11.	SUBDIVISION OF LOTS	17
SECTION 12.	ENFORCEMENT BY MEMBERS.....	17
ARTICLE VIII.	MAINTENANCE OF LOTS AND LANDSCAPING	17
ARTICLE IX.	AMENDMENT	18
ARTICLE X.	MISCELLANEOUS	18
SECTION 1.	FAILURE OF ENFORCEMENT.....	18
SECTION 2.	WAIVERS.....	19
SECTION 3.	DURATION.....	19
SECTION 4.	NOTICES	19
SECTION 5.	SEVERABILITY	19
SECTION 6.	ENFORCEMENT	19
SECTION 7.	SUCCESSORS TO DECLARANT	19

DECLARATION OF
COVENANTS AND RESTRICTIONS
FOR ARBOR HILLS

MECKLENBURG COUNTY, NORTH CAROLINA

THIS DECLARATION OF COVENANTS AND RESTRICTIONS is made on this _____ day of _____, in the year Two Thousand Three by PULTE HOME CORPORATION, a Michigan corporation (hereinafter referred to as the "Declarant").

WITNESSETH:

WHEREAS, the Declarant is the owner of that certain real property located in Mecklenburg County, North Carolina which real property is hereinafter identified as "The Arbor Hills Property"; and

WHEREAS, the Declarant intends to develop a single family detached residential subdivision with the possibility of also developing a single family townhome residential subdivision on The Arbor Hills Property to be known as "Arbor Hills"; and

WHEREAS, the Declarant desires to provide open spaces, parks, green belts, swimming pool, pool house, tennis courts, playground and other facilities for the benefit of the persons who shall reside on the "Lots" (as that term is hereinafter defined); and

WHEREAS, in order to insure the enjoyment of such open spaces, parks, green belts, swimming pool, pool house, tennis courts, playground and other facilities by the residents of the said Lots, and in order to protect and enhance the value of the said Lots, it is desirable to create an association to own, maintain and administer such open spaces, parks, green belts, swimming pool, pool house, tennis courts, playground and other facilities, and to administer and enforce the covenants and restrictions imposed by this Declaration on the individually owned properties, and to collect, hold and disburse the charges and assessments provided for in this Declaration; and

WHEREAS, it is intended that every owner of any of the said Lots automatically, and by reason of such ownership and this Declaration, become a member of the aforesaid association and be subject to its valid rules and regulations and the assessments and charges made by such association;

NOW, THEREFORE, the Declarant does hereby submit the "Lots" and the Common Elements (as those terms are hereinafter defined) to the provisions of this Declaration.

ARTICLE I.

DEFINITIONS

As used in this Declaration, the following terms shall have the meanings ascribed to them in this Article I, such definitions being cumulative of those set forth elsewhere in this Declaration. In addition, all terms used in this Declaration which are defined in the Act shall have the meanings ascribed to them in the Act, unless other definitions are ascribed to them in this Declaration.

"Act" shall mean the North Carolina Planned Community Act, General Statutes of North Carolina Sections 47F-1-101 through 47F-3-120.

"Annual Assessment" shall have the meaning specified in Section 4 of Article V hereof, and shall constitute the assessments which, pursuant to the provisions of Article V hereof, shall be levied by the Association against the Lots each year for the purpose of raising the funds necessary to pay the "Annual Expenses" (as that term is defined in Section 3 of Article V hereof).

"Articles of Incorporation" shall mean the Articles of Incorporation of the Association, as the same may be amended from time to time.

"Association" shall mean Arbor Hills Homeowners Association, Inc., a North Carolina non-profit membership corporation.

"Bylaws" shall mean the Bylaws of the Association, as the same may be amended from time to time.

"Common Elements" shall mean all portions of the Arbor Hills Property which shall be conveyed and transferred to the Association pursuant to Section 1 of Article III of this Declaration and which does not include any Lot or real property dedicated to a governmental authority. Common Elements shall not include any Lot which shall be acquired by the Association through foreclosure of the lien in favor of the Association, as provided for in Article V of this Declaration.

"Declarant" shall mean Pulte Home Corporation, a Michigan corporation, and shall include any successor or assign of Pulte Home Corporation (other than a person acquiring fewer than five (5) Lots) who shall acquire the entire interest in The Arbor Hills Property which was owned by the immediate predecessor-in-title of such successor or assign.

"Declaration" shall mean this Declaration of Covenants and Restrictions, as the same may be hereinafter amended in accordance with the terms and provisions of Article IX hereof.

"Executive Board" shall mean the Board of Directors of the Association.

"First Mortgage" shall mean a Mortgage conveying a first priority lien upon or security title to any Lot.

"Lot" shall mean each portion of The Arbor Hills Property which has been subdivided for use as an individual building lot and which is subjected to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration applicable to Lots either by the recording of this Declaration or by the recording of a supplemental declaration pursuant to the provisions of Section II of Article II hereof. In addition, as used in this Declaration, the term "Lot" shall also mean a "Lot" within the meaning of the Act, such that all provisions of the Act relative to "Lots" shall apply to the "Lots" within the meaning of this Declaration.

"Mortgage" shall mean a mortgage, deed to secure debt, deed of trust, or other instrument conveying a lien upon or security title to the property.

"Arbor Hills Property" shall mean the entirety of the real property described on Exhibit A, hereto attached and made a part hereof.

"Person" shall mean a natural person, corporation, trust, partnership or any other legal entity.

"Subdivision Plat" shall mean collectively that certain Final Plat of Arbor Hills-Map 1 dated August 6, 2003, prepared by ESP Associates, P.A. and recorded in Map Book 40, Pages 523 in Mecklenburg County Public Registry, Final Plat of Arbor Hills-Map 2 dated August 11, 2003, prepared by ESP Associates, P.A. and recorded in Map Book 40, Pages 521 in Mecklenburg County Public Registry and shall include any and all other plats of survey which shall be recorded pursuant to the provisions of Article II, Section 2 of this Declaration for the purpose of subjecting additional portions of The Arbor Hills Property to this Declaration as Lots.

ARTICLE II.

LOTS

Section 1. Lots Hereby Subjected to this Declaration. The Declarant, for itself and its successors and assigns, does hereby covenant that the following described property be, and the same hereby is, subjected to this Declaration as Lots: 1 through 6, inclusive, 29 through 39, inclusive, 80 through 102, inclusive, 119 through 196, inclusive, 278 through 316, inclusive, 324 through 367, inclusive, and 377 through 383, inclusive, as shown and depicted on the Subdivision Plat.

The Declarant, for itself, its successors and assigns, hereby further covenants that the above-described property shall hereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in the Act and this Declaration as applicable to the Lots, including, but not limited to, the lien provisions set forth in Article V

hereof. All of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to the Lots shall be a permanent charge thereon, and shall run with the Lots.

Section 2. Additional Lots Hereafter Subjected to this Declaration. The Declarant may, at any time, and from time to time, prior to April 1, 2011, subject additional portions of (a) The Arbor Hills Property and (b) any real property that is contiguous with the Arbor Hills Property (the "Contiguous Property") to the Act and to the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration applicable to Lots by:

(a) executing and recording in the Mecklenburg County Public Registry, a supplemental declaration to this Declaration describing such additional Lots and stating that this Declaration is thereby extended to, and shall thereafter apply to, such additional Lots; and

(b) recording in the Plat Book Records of Mecklenburg County Public Registry, a plat of survey showing and depicting the additional Lots being thereby subjected to this Declaration.

From and after the subjecting of such additional Lots to the Act and this Declaration, such additional Lots shall thereafter be held, transferred, sold, conveyed, used, leased, occupied, mortgaged or otherwise encumbered subject to all of the terms, provisions, liens, charges, easements, covenants and restrictions of this Declaration applicable to Lots, including, without limitation, all lien and assessment provisions set forth in this Declaration; from and after the subjecting of such additional Lots to this Declaration, all of the terms, provisions, liens, charges, easements, covenants and restrictions set forth in this Declaration as applicable to Lots shall be a permanent charge thereon, and shall run with, such additional Lots.

Any supplemental declaration which may be executed and recorded pursuant to the provisions of this Article II for the purpose of subjecting additional Lots to the terms and provisions of this Declaration may set forth certain easement and restrictions which will apply only to the Lots being subjected to this Declaration by such supplemental declaration. Any such easements and restrictions which shall be set forth in any supplemental declaration shall thereafter be as binding on the Lots which are the subject of such supplemental declaration as if such easements and restrictions were set forth in their entirety in this Declaration.

Except as otherwise provided in the Act, no approval from any member of the Association, or from anyone else whomsoever, shall be required for the Declarant to subject any portion of The Arbor Hills Property or any Contiguous Property to this Declaration as additional Lots.

Section 3. No Effect on Balance of The Arbor Hills Property. Notwithstanding anything contained in this Declaration which may be constructed to the contrary, this Declaration does not create any charge, lien, encumbrance, restriction, or limitation on any portion of The Arbor Hills Property other than the Lots described in Section 1 of this Article II, unless and until any additional portion of The Arbor Hills Property or the Contiguous Property is subjected to

this Declaration as Lots or Common Elements in the manner set forth, respectively, in Section 2 of this Article II or in Section 1 of Article III, and then, only from that time forward.

Section 4. All Lots Bear the Burdens and Enjoy the Benefits of this Declaration. Every person who is a record owner of a fee or undivided fee interest in any Lot does, by acceptance of a deed or other conveyance thereto, and by acceptance of such ownership, and by taking record title to such Lot, agree to all of the terms and provisions of this Declaration. Each of the Lots is subject to all the burdens, and enjoys all the benefits, made applicable hereunder.

Section 5. Easements Over the Lots. The Lots shall be subjected to, and the Declarant does hereby grant to the appropriate grantees thereof, the following easements:

(a) Each Lot shall be subject to all easements which are shown and depicted on the Subdivision Plat as affecting and burdening such Lot including but not limited to any and all blanket easements reserved for electric, cable, telephone and gas utilities.

(b) Each Lot shall be subject to an easement for slope control purposes, including the right to grade and plant slopes and prevent the doing of any activity that might interfere with slopes or which might create erosion or sliding problems or which might change, obstruct or retard drainage flow;

(c) Each Lot shall be subject to an easement for the entry by the authorized agents and representatives of the Association to go upon such Lot under the circumstances, and for the purposes described in Article VIII of this Declaration, and

(d) Those Lots ("Landscape Easement Lots") shown and depicted on the Subdivision Plat as having "LANDSCAPE EASEMENT" shall be subject to an easement for the entry by the authorized agents and representatives of the Association to go upon such Landscape Easement Lot under the circumstances, and for the purposes of maintaining the area ("Landscape Area") noted on the Subdivision Plat as "Landscape Easement".

ARTICLE III.

COMMON ELEMENTS

Section 1. Common Elements. The Declarant shall have the right to transfer and convey to the Association any portion of The Arbor Hills Property. All portions of The Arbor Hills Property which the Declarant shall so transfer or convey to the Association shall thereafter constitute Common Elements. Said right may be exercised by the Declarant any time, and from time to time, prior to April 1, 2011.

All portions of The Arbor Hills Property which shall be transferred to the Association by the Declarant (a) shall be conveyed to the Association by limited warranty deed free of debt encumbrance, and (b) shall be conveyed to the Association subject to the rights and easements

set forth in Sections 2 and 3 of this Article III, irrespective of whether the deed of conveyance shall make a specific reference to such rights and easements.

By joining in the execution of this Declaration, the Association does hereby covenant and agree to accept all conveyances of the Common Elements which may be made to it pursuant to, and in accordance with, the terms and provisions of this Section 1.

Section 2. Members' Rights in Common Elements. Every owner of any Lot shall have a non-exclusive right and easement of enjoyment and use in and to the Common Elements and such right and easement shall be appurtenant to, and shall pass with, the title to the Lot(s) owned by such owner. Such right and easement of enjoyment and use are and shall be subject to the easements which are described in Section 3 of this Article III and to the right of the Association to promulgate reasonable rules and regulations regarding the use of Common Elements, and the right of the Association, as provided in the Bylaws, to suspend the enjoyment rights of the owner of any Lot during any period in which any assessment which is due to the Association from such owner remains unpaid, and such period as the Executive Board may consider appropriate for any infraction of its published rules and regulations. In addition, the Executive Board may permit other persons who are not residents of any Lots to use the Common Elements upon such terms and conditions, and for the payment of such fees, as shall be determined by the Executive Board.

Section 3. Easements Over Common Elements. All Common Elements shall be subject to, and Declarant and the Association do hereby grant, the following easements:

(a) An easement across, in, under, over and through the Common Elements for the purposes of the construction, installation, repair, maintenance and use of all utility and drainage lines, wires, pipes and similar facilities as exist on the date of this Declaration; and

(b) An easement in favor of Declarant for the exclusive use of such portions of the Common Elements as may be reasonably desirable, convenient or incidental to the construction and installation of improvements on, and the sale of, any Lots, including, but not limited to, sales and business offices, storage areas, construction yards and signs. Such easements shall be exercisable by any and all persons whom the Declarant shall authorize to exercise the same, including, without limitation, real estate sales agents and brokers and builders of residences upon the Lots, irrespective of whether such persons are affiliated with the Declarant. Such easements shall exist notwithstanding any provision of this Declaration which might be construed to the contrary, but shall terminate at such time as the construction on the Lots of residential buildings has been completed and all of the Lots shall have been conveyed to owners thereof who shall not have acquired the Lots for the purpose of immediate resale of the same. Such easements shall and do exist without affecting the obligation of the owner of any Lot to pay assessments or charges coming due during such period of time as portions of the Common Elements shall be used by authorized persons pursuant to the exercise of the easements herein stated.

Section 4. Insurance. As provided in Section 47F-3-113 of the Act, it shall be the duty of the Association to obtain and maintain in effect at all times a policy of casualty insurance on all improvements located on the Common Elements. The amount of such policy shall be in amount that is no less than eighty percent (80%) of the replacement cost of the improvements to be insured with deductibles in amount to be determined by the Executive Board. It shall also be the duty of the Association to obtain and maintain in effect at all times a comprehensive policy of public liability insurance. The comprehensive policy of public liability insurance shall have a reasonable amount of coverage, as shall be determined by the Executive Board, and shall provide for such deductibles, as shall be determined by the Executive Board. During the existence of the Class B membership of the Association, both insurances may be provided by a self-insurance program maintained by the Declarant.

Section 5. Damage or Destruction. All damage that shall occur to any improvements on any Common Elements on account of the occurrence of any casualty shall be repaired in all events. Such repairs shall be undertaken and completed as soon after the occurrence of any casualty as is reasonably practicable. All repairs to any improvements located on the Common Elements shall be made in accordance with plans and specifications that shall be approved for the same by the Executive Board of the Association.

Section 6. Transfer or Encumbrance. In no event shall the Association abandon, encumber, sell or transfer, directly or indirectly, any portion of the Common Elements unless such abandonment, encumbrance, sale or transfer shall be first approved in writing by the owners of no fewer than eighty percent (80%) of the Lots.

Section 7. Maintenance of the Common Elements. The Association shall be responsible for the maintenance and repair of all Common Elements.

ARTICLE IV.

THE ASSOCIATION

Section 1. The Association. Prior to the date this Declaration has been filed for record with the Mecklenburg County Public Registry, the Declarant has caused the Association to be formed, and the Association does now exist, under its Articles of Incorporation and Bylaws.

The Association is and shall be responsible for the ownership, management and operation of the Common Elements, the enforcement of the covenants and restrictions set forth in this Declaration, and the performance of such other duties and services as the Executive Board shall deem to be in the best interests of the members of the Association. The Association shall be responsible for the maintenance and upkeep of the Landscape Area located on any Landscape Easement Lot in a manner which is satisfactory to the Executive Board solely. The Association shall have all the powers and authority provided in the Association by the provisions of Section 47F-3-102 of the Act.

Section 2. Membership. Every person who is, or who becomes, a record owner of a fee or undivided fee interest in any Lot is and shall be a member of the Association; provided, however, that any such person who holds such interest merely as security for the performance of an obligation shall not be a member of the Association. The transfer of ownership of a fee or undivided fee interest in any Lot shall automatically transfer membership in the Association, and in no event shall such membership be severed from the ownership of such Lot.

Section 3. Classes of Membership; Voting Rights. The Association shall have two classes of voting membership: Class A and Class B.

(a) **Class A.** The Class A members shall be all those persons holding an interest required for membership in the Association, as specified in Section 2 of this Article IV, except for those persons who are Class B members. Until such time as the Class A members shall be entitled to full voting privileges, as hereinafter specified, the Class A membership shall be entitled to vote only in regard to the following matters: (a) any proposal of merger, consolidation or dissolution of the Association; (b) any proposal to transfer or encumber any portion of the Common Elements; (c) any proposal pursuant to Article IX of this Declaration to amend this Declaration; (d) any proposal to modify or amend the Articles of Incorporation or by the Bylaws; and (e) any other matter for which it is herein specifically provided, or for which it is provided by the Act, the North Carolina Non-profit Corporation Act or any other law, that approval of each and every class of membership of the Association is required. Except in regard to the foregoing matters, the Class A membership shall be a non-voting membership until such time as the Class B membership shall terminate, at which time the Class A membership shall be the sole class of membership and shall be entitled to full voting privileges.

When entitled to vote, Class A members shall be entitled to cast one (1) vote for each Lot in which they hold an interest required for membership by Section 2 of this Article IV.

(b) **Class B.** The Declarant shall be the sole Class B member. Class B membership shall be a full voting membership and, during its existence, the Class B member shall be entitled to vote on all matters and in all events. The Class B membership shall terminate and cease to exist, and the Class B member shall be and become a Class A member insofar as it may then hold any interest required for membership by Section 2 of this Article IV, upon the earliest to occur of: (i) the date on which the Declarant shall have conveyed to individual owners thereof seventy-five percent (75%) of the Lots permitted by applicable zoning to be developed within The Arbor Hills Property, or (ii) April 1, 2011, or (iii) on such earlier date as the Declarant shall designate in a written notice delivered to the Association.

From and after the date at which the Class B membership automatically terminates and ceases to exist, such membership shall not be renewed or reinstated.

Section 4. Suspension of Membership Rights. The membership rights of any member of the Association, including the right to vote and to use the Common Elements (except for the right to use the Common Elements for access to and from the Lot owned by such member), may be suspended by the Executive Board pursuant to the authority granted in the Bylaws. Any such suspension shall not affect such member's obligation to pay assessments

coming due during the period of such suspension and shall not affect the permanent charge and lien on the member's property in favor of the Association.

Section 5. Meetings of the Membership. All matters concerning the meetings of members of the Association, including the time at which and the manner in which notice of any said meeting shall be given to members, the quorum required for the transaction of business at any meeting, and the vote required on any matter, shall be as specified in the Act, the North Carolina Nonprofit Corporation Act, this Declaration, or in the Articles of Incorporation or the Bylaws, or by law.

Section 6. Association Acts Through Its Executive Board. Whenever approval of, or action or inaction by, the Association is referred to or called for in this Declaration, such action, inaction or approval shall be by the Executive Board of the Association, unless it is specifically stated in this Declaration, the Articles of Incorporation or the Bylaws with respect to such action, inaction or approval that the members of the Association must vote. No member of the Executive Board of the Association or any officer of the Association (including, without limitation, any such individual who shall have been elected by a vote of the Class B member) shall be personally liable to any owner of any Lot for any mistake of judgment or for any other act or omission of any nature whatsoever, except for any acts or omissions found by a court of competent jurisdiction to constitute gross negligence or fraud.

The Executive Board of the Association shall have the broad authority to adopt, publish and enforce rules and regulations governing the Arbor Hills Property. Such rules and regulations shall be in addition to any restrictions imposed by this Declaration.

Section 7. Professional Management. The Association may, but shall not be obligated to, obtain and pay for the services of any person or other entity to manage the affairs of the Association, or any part thereof, and may enter into such agreements for the management of the Common Elements as the Executive Board deems to be in the best interests of the Association.

Section 8. Safety of owners of Lots. The Association shall not be responsible for the safety of the owner of a Lot or their lessor, guests or invitees. The Association may, but shall not be obligated, to provide security services within Arbor Hills.

ARTICLE V.

ASSESSMENTS

Section 1. Assessments; Lien Therefor. Each person other than the Declarant who shall own any Lot, by acceptance of a deed or other conveyance thereto, and by acceptance of such ownership, and by taking record title thereto, shall be deemed to covenant and agree to pay to the Association all assessments and charges which are levied by the Association against the

Lot(s) owned by such person in accordance with the terms and provisions of the Act and this Declaration.

As more fully provided in Section 47F-3-116 of the Act, all sums lawfully assessed by the Association against any Lot and the owner thereof, which shall remain unpaid for a period of thirty (30) days from the date of such assessment, shall constitute a lien in favor of the Association on such Lot when a claim of lien is filed of record in the office of the clerk of superior court of the county in which the Lot is located. Such lien shall be prior and superior to all other liens whatsoever, except:

- (a) liens for ad valorem taxes and other governmental assessments on the Lot;
- (b) any lien that was properly recorded prior to the docketing of the claim of lien in the office of the clerk of superior court;
- (c) the lien of any First Mortgage or the lien of any prior Mortgage recorded in the Mecklenburg County Public Registry; or
- (d) the lien of any secondary purchase money Mortgage covering the Lot, provided that neither the grantee nor any successor grantee on the Mortgage is the seller of the Lot.

Section 2. Personal Obligation of Members. Each member of the Association other than the Declarant, by acceptance of a deed or other conveyance to the Lot(s) owned by such member, irrespective of whether it shall be so expressed in any such deed or other conveyance, and by acceptance of ownership of such Lot (s), and by taking record title to such Lot(s), shall be deemed to covenant and agree to pay to the Association:

- (a) His share of the Annual Assessments which shall be levied by the Association in accordance with Section 4 hereof; and
- (b) When properly authorized in accordance with Section 5 hereof, special assessments, such annual and special assessments to be fixed, established and collected from time to time as hereinafter provided.

All such assessments, together with interest thereon and costs of collection thereof, as hereinafter provided, shall be the personal obligation of the person who is the owner of the Lot against which such assessments are levied at the time such assessments become due and payable. The covenant to pay assessments herein stated is and shall be a covenant running with the land.

Upon acquisition of record title to a Lot from Declarant, each Owner shall contribute to the Association an amount as determined by the Executive Board, as a contribution to the Association's working capital fund. The working capital fund can be used for all expenses of the Association.

Section 3. Purposes of Assessments. The assessments levied by the Association pursuant to this Article V shall be used to pay the costs and expenses which the Association shall incur in connection with the performance of its duties and responsibilities pursuant to the Act, this Declaration, the Articles of Incorporation and the Bylaws (such costs and expenses being herein referred to as the "Annual Expenses"). Without limiting the generality of the foregoing, the Annual Expenses shall include the costs of: maintenance of the Landscape Area located on any Landscape Easement Area Lot; repair and maintenance of all Common Elements, including but not limited to payment of all governmental charges, taxes and assessments which shall be levied against all Common Elements; payment of all costs and expenses incurred by the Association in connection with its operations, including, without limitation, the payment of electricity charges for all lighting located on The Arbor Hills Property which does not serve a particular Lot; payment of the premiums for all policies of property and liability insurance maintained by the Association with respect to Common Elements; payment of the premiums for all fidelity bonds which shall be obtained by the Association; the maintenance of reserves for the repair and replacement of improvements located on the Common Elements and for such other purposes as the Executive Board shall determine, in all cases in such amounts as the Executive Board shall determine; the payment of the fees of such management firms as the Executive Board shall employ; and payment of the fees for the provision of such professional services as the Executive Board shall determine to be required by the Association, including legal, accounting and architectural services.

Section 4. Determination of Annual Assessment. Prior to the commencement of each fiscal year of the Association (said fiscal year being specified in the Bylaws), the Executive Board shall estimate the total amount of the Annual Expenses which are anticipated to be incurred by the Association during such fiscal year and shall determine the amount which will be deposited during such fiscal year into reserve funds maintained by the Association. The Executive Board shall thereupon adopt a budget for the Association's expenditures and reserve fundings based upon such estimate and providing for the total annual assessment to be levied against the members of the Association for such fiscal year (the total assessment which shall be so determined and levied against all of the members of the Association for any fiscal year is herein referred to as the "Annual Assessment"). The amounts so determined by the Executive Board shall be levied against all of the members of the Association other than the Declarant and all Lots not owned by the Declarant. The amount of the Annual Assessment levied against each Lot shall be the same as the amount levied against every other Lot. Each Lot not owned by the Declarant shall be liable for that share of every Annual Assessment which is so determined by the Executive Board. The Executive Board shall send a copy of the budget so adopted by it, together with a written notice of the amount of the Annual Assessment so determined for such fiscal year and the amount of such Annual Assessment which shall be levied against each Lot, to the owner of every Lot prior to the commencement of the fiscal year during which such Annual Assessment is to be paid. The amount of such Annual Assessment which shall be levied against each Lot shall be due and payable to the Association in such installments the Executive Board shall determine, and after notice of the same shall have been given to all of the members of the Association by the Executive Board, and shall be paid to the Association when due without further notice.

Section 5. Special Assessments. If for any reason, including non-payment of any assessments to the Association by the persons liable therefor, the budget adopted by the Executive Board for any fiscal year shall prove to be inadequate to defray the Annual Expenses for such fiscal year, or if the Executive Board shall determine that it is in the best interests of the Association to levy a special assessment to pay the costs of any capital improvements or capital repairs, the Executive Board shall have the authority to levy a special assessment against the Lots and the owners thereof (other than the Declarant) to raise such needed funds. Any special assessment levied by the Executive Board pursuant to the provisions of this Section 5 shall be payable at such times and such installments as the Executive Board shall determine. Each Lot not owned by the Declarant shall be liable for the payment of an equal share of every special assessment which shall be levied by the Association pursuant to the provisions of this Section 5.

Section 6. Lots Owned by Declarant. Notwithstanding any term or provision of this Declaration which may be construed to the contrary, no Lot owned by the Declarant shall be subject to any assessment provided for in this Article V. Rather, all Lots owned by the Declarant shall be exempt from the payment of all assessments for so long as such Lots are owned by the Declarant. However, in the event, the Declarant shall pay any amount(s) necessary to cover in shortfalls or deficits in the budget or to pay any expenses that should have been paid from the Annual Assessments, such amount(s) so paid by the Declarant shall be credited against the Declarant's obligations to pay any future assessments, if such obligation to pay assessments were imposed upon the Declarant by law. At such time as any Lot which is owned by the Declarant shall be conveyed or transferred away by the Declarant, all liens and assessments provided for in this Article V shall become immediately levied against such Lot and the owner of such Lot shall immediately become liable for the payment of all such assessments. The amount of each Annual Assessment which shall become so payable with respect to any Lot shall be prorated according to the respective portions of the fiscal year that such Lot was owned by the Declarant and by such successor owner.

Section 7. Effect of Non-Payment of Assessments; Remedies of the Association.

(a) In the event that any member of the Association shall fail to pay, within ten (10) days after the date the same is due and payable, any annual or special assessment, or any installment of any annual or special assessment which is payable by him to the Association, the entire amount of such assessment, including the portion thereof which would otherwise be payable in installments, may be declared by the Executive Board to be immediately due and payable in full to the Association. As more fully provided in the Act, all such amounts so declared by the Executive Board to be due and payable in full to the Association shall be secured by the lien of the Association on every Lot owned by the delinquent member, which lien shall bind such Lot or Lots in the hands of the then owner, and his heirs, devisees, successors and assigns.

(b) All amounts which the Executive Board shall declare to be due and payable pursuant to this Section 7 shall bear interest from the date of delinquency at the lower of the rate of eighteen (18%) percent per annum or the highest rate permitted by law, and the Association may bring legal action against the member of the Association personally obligated to pay the same, or foreclose its lien upon the Lot or Lots of such member, in either of which events

such member shall also be liable to the Association for all costs and attorneys' fees which the Association shall incur in connection with the collection of such delinquent amounts.

ARTICLE VI.

ARCHITECTURAL CONTROL

Section 1. Architectural Restrictions.

(a) No building shall be constructed on any Lot unless such building contains at least Nine Hundred (900) square feet of interior, heated space.

(b) No fence shall be constructed or erected upon any Lot in any location other than entirely in the rear of the building which is located on such Lot.

Section 2. Combination of Lots. The owner of any two or more contiguous Lots shall have the right to cause such Lots to be combined together by furnishing the Executive Board with a notice of his intent to do so. Upon the receipt by the Executive Board of any such notice, the Lot created by such combination shall thereafter be deemed to be a single Lot for all purposes of this Declaration, except as hereinafter provided. Notwithstanding the foregoing, the amount of assessments for which such single Lot shall be thereafter liable pursuant to the provisions of Article V of this Declaration shall be equal to the total assessments for which all of the Lots which were so combined would have been liable had such combination not taken place.

Section 3. Architectural Control.

(a) No building, fence, wall, garage, patio, carport, playhouse, swimming pool, mail-box or other structure shall be commenced, erected or maintained upon any Lot, nor shall any exterior addition to, change in (including, without limitation, any change in the type of roofing material or in the color of the paint, stain or varnish), or alteration of, any of such structures be made until complete and final plans and specifications, setting forth the information hereinafter described, shall have been submitted to, and approved in writing by, the Executive Board as to the harmony of the exterior design and general quality with the existing standards of the improvements located on the other Lots, and as to location in relation to surrounding structures and topography.

(b) The plans and specifications which must be submitted to the Executive Board prior to the commencement of any structure upon any Lot, as hereinabove provided, shall contain at least the following information:

(i) A site plan showing the shape and size of the proposed structure and its location on the Lot on which the same is proposed to be constructed; and

(ii) Building plans of the proposed structure which shall include an exterior elevation drawing of the proposed structure; and

(iii) In the case of any fence proposed to be erected on any Lot, a site plan showing the location of the proposed fence and a statement of which of the "Approved Fence Details" (as that term is defined in paragraph (c) hereinbelow) said proposed fence shall conform to.

(c) It shall be the duty of the Executive Board to maintain in effect a series of standardized designs of fences that may be erected upon any Lot. Said standardized fence designs which shall be so maintained by the Executive Board are hereinafter referred to as the "Approved Fence Details". The Executive Board may modify and change the Approved Fence Details, and adopt additional Approved Fence Details, at any time, and from time to time, as the Executive Board believes to be in the best interests of the owners of the Lots. The Executive Board shall furnish the owner of any Lot with a copy of the then existing Approved Fence Details upon such Lot owner's request.

In no event shall any fence be erected on any Lot unless the design of such fence shall conform to the then existing Approved Fence Details.

(d) The Association shall upon demand at any time, furnish to any member of the Association a certificate in writing signed by an officer of the Association, stating that any building, fence, wall, garage, patio, carport, playhouse, swimming pool, mail-box or other structure erected upon such owner's Lot, or any exterior addition to, change in, or alteration of any structure owned by such member on a Lot, is in compliance with the provisions of this Section 3 of Article VI, if such improvement(s) are in fact in compliance, and such certificate shall be conclusive as to whether the same is in such compliance.

(e) In the event that any construction or alteration work is undertaken or performed upon any Lot without application having been first made and approval obtained as provided in paragraph (a) of this Section 3, said construction or alteration work shall be deemed to be in violation of this covenant, and the person upon whose Lot said construction or alteration work was undertaken or performed may be required to restore to its original condition, at his sole expense, the property upon which said construction or alteration was undertaken or performed. Upon the failure or refusal of any person to perform the restoration required herein, the Executive Board, or their authorized agents or employees, may, after fourteen (14) days' notice to such person, enter upon the property upon which such unauthorized construction or alteration work has been performed, and make such restoration as the Executive Board, in the exercise of its discretion, may deem necessary or advisable. The person upon whose Lot such restoration work shall have been so performed shall be personally liable to the Association for all direct and indirect costs which the Association shall incur in the performance of such restoration work, and the liability for such cost shall be secured by all the liens, and shall be subject to the same means of collection, as the assessments provided for in Article V of this Declaration. Such costs shall be paid to the Association by the person liable for the same at the same time as the next due Annual Assessment payment, as provided in Section 4 of Article V of this Declaration, or at such earlier time, and in such installments, as the Executive Board shall determine.

Section 4. Declarant Exemption. Notwithstanding anything stated to the contrary herein, nothing contained in this Article VI shall be construed as prohibiting any construction by the Declarant upon any Lot while such Lot is owned by the Declarant, provided, however, that such construction is in compliance with the requirements specified in Article VI, Section 1 of this Declaration. Any new construction performed by the Declarant upon any Lot while such Lot is owned by the Declarant shall be exempt from the provisions of Section 3 of this Article VI.

Section 5. Architectural Advisory Committee. The Executive Board shall be authorized to appoint an architectural advisory committee to advise it and assist it in connection with its performance of its responsibilities under Section 3 of this Article VI. The functions which may be performed by any such architectural advisory committee shall include reviewing plans and specifications which are submitted to the Executive Board in connection with proposals to construct or alter improvements upon the Lots and to make recommendations to the Executive Board with respect to such plans and specifications.

ARTICLE VII.

RESTRICTIONS

In order to provide for the maximum enjoyment of the Lots by all of the residents thereof and to provide protection for the value of the same, the use of the Lots shall be restricted to, and shall be only in accordance with, the following provisions:

Section 1. Single-Family Use. All of the Lots shall be restricted exclusively to single-family residential use. The term "single-family" shall include one or more related or unrelated adults, as well as the children of any such adults. No Lot shall at any time be used for any commercial, business or professional purpose. Notwithstanding the foregoing, however, nothing set forth in this Section 1 shall prohibit: (a) the Declarant from conducting such sales, leasing and promotional activities on any Lot as said Declarant shall determine; or (b) the owner of any Lot from using a portion of a building located on such Lot as an office, provided that such use does not create regular customer or client traffic to and from such Lot and no sign, logo, symbol or nameplate identifying such business is displayed anywhere on such Lot.

Section 2. Prohibited Activities. No noxious or offensive activity shall be conducted on any Lot. Each owner of any Lot, his family, tenants, guests and invitees, shall refrain from any act or use of his property which could reasonably cause embarrassment, discomfort, annoyance or nuisance to any other resident or residents of any other Lot.

Section 3. Nuisances. No nuisance shall be permitted to exist upon any Lot. Without limiting the generality of the foregoing, no exterior speakers, horns, whistles, bells, or other sound devices, except security devices used exclusively for security purposes, shall be located, used or placed on any Lot, or any portion thereof.

Section 4. Trash; Animals. No portion of any Lot shall be used as a dumping ground for rubbish, trash or garbage, nor shall any trash or garbage be permitted to accumulate upon any

Lot. Except for trash or garbage pick-up mandated by the applicable governmental authorities, garbage containers shall be placed in a garage or screened on each Lot so that the same shall not be visible from the street or from any part of any other Lot.

No Lot shall be used for the keeping or breeding of livestock animals or poultry of any kind, except that a reasonable number of household pets may be kept, provided that they are neither kept for breeding nor maintained for any commercial purpose, and provided that none of such pets are permitted to be a source of annoyance to any other resident or residents of any other Lot.

Section 5. Signs. No sign of any kind or character shall be erected on any portion of any Lot, or displayed to the public on any portion of any Lot, without the prior written consent of the Executive Board, except for customary name and address signs and one "for sale" sign advertising a Lot for sale. The restriction herein stated shall include the prohibition of placement of any sign within a building located on any Lot in a location from which the same shall be visible from the outside and the placement of any sign in or upon any motor vehicle.

Section 6. Antennas; Aerials; Satellite Dishes. No antennas, aerials, satellite dishes or other reception devices having a diameter or diagonal measurement greater than one meter shall be installed on any Lot. So long as reception of an acceptable quality is not precluded, the antenna, aerial, satellite dish or other reception device of appropriate size shall be located only on that portion of the Lot which is least visible from public view and shielded so as to minimize any risk and to ensure a nuisance is not created.

Section 7. Clotheslines. No clothesline shall be erected on any portion of any Lot.

Section 8. Window Air-Conditioners. No air-conditioner shall be installed in any window of any building located on any Lot, nor shall any air-conditioner be installed on any building located on any Lot so that the same protrudes through any exterior wall of such building.

Section 9. Temporary Structures. Subject to the right of the Declarant to promote the sale of Lots, no structure of a temporary character, including, without limitation, any trailer, tent, shack, garage or other building, shall be permitted on any Lot at any time, whether temporarily or permanently, except with the prior written consent of the Executive Board; provided, however, that temporary structures may be erected or placed upon a Lot for use in connection with the repair or construction of structures upon such Lot.

Section 10. Vehicles; Trailers; Boats; Automobiles. No boat, trailer, boat trailer, camper, truck or utility trailer shall be permitted to be stored or repaired upon any Lot unless the same is entirely confined within a garage located on such Lot and the door of such garage is kept in a closed position. No automobile may be parked upon any Lot unless the same is parked on a pavement area located on such Lot for such purpose, and the same is in operating condition and has affixed thereto a then current license tag and, if applicable, operating sticker.

Section 11. Subdivision of Lots. No Lot may be further subdivided into any smaller Lot.

Section 12. Enforcement by Members. In the event that the owner of any Lot, or any person who is entitled to occupy any Lot, shall fail to comply with or abide by any restriction set forth in this Article VII, then the owner of any other Lot who is aggrieved by such failure of compliance or abidance shall have the right to proceed at law or in equity to compel such owner or such occupant to comply therewith and abide thereby. Additionally, any owner of any Lot who, or whose lessee, shall fail to comply with or abide by any such restriction shall be liable for any damages as may be suffered by any other owner of any Lot as a consequence of such failure.

Section 13. Other Restrictions. In addition to the aforementioned restrictions, the Executive Board shall have the authority to adopt, publish, and enforce rules and regulations governing all Common Elements and all Lots, except those Lots owned by the Declarant, and which are hereby subjected to this Declaration. The Declarant shall have the right in its sole discretion to agree to be bound by any additional rules and regulations promulgated by the Executive Board pursuant to this Section 12.

ARTICLE VIII.

MAINTENANCE OF LOTS AND LANDSCAPING

The owner of each Lot shall be obligated to keep and maintain all portions of his Lot (except for Landscape Area located on any Landscape Easement Lot) and the portion of the right-of-way on which his Lot is located lying between his Lot and the pavement of the road within such right-of-way in a neat, sanitary and attractive condition which is satisfactory to the Executive Board. In the event that the owner of any Lot shall fail to maintain all portions of such Lot, including any structure located thereon, and the aforesaid portion of the right-of-way in a condition which is satisfactory to the Executive Board, the Executive Board shall have the right, exercisable by it or through its agents or employees, and after giving to the owner of such Lot at least fourteen (14) days' notice and an opportunity to correct the unsatisfactory condition, to enter upon such Lot, including any structure located thereon, and such portion of such right-of-way and correct the unsatisfactory condition, including, without limitation, cutting the grass, weeds, and other vegetation, and removing dead trees, shrubs and other plants. The owner of the Lot upon which, or upon the right-of-way adjoining which, such maintenance work is performed by the Association (or its agents or employees) shall be personally liable to the Association for all direct and indirect costs as may be incurred by the Association in connection with the performance of such maintenance work, and the liability for such costs shall be secured by all the liens, and shall be subject to the same means of collection, as are the assessments and charges provided in Article V of this Declaration. In addition, all such costs shall be paid to the Association by such owner at the same time as the next due Annual Assessment payment, as provided in Section 4 of Article V of this Declaration, or at such earlier time, and in such installments, as the Executive Board shall determine.

ARTICLE IX.

AMENDMENT

The terms, provisions, covenants and restrictions of this Declaration may be amended upon the approval or written agreement of such amendment by (a) those members of the Association who own in the aggregate, no-fewer than sixty-seven percent (67%) of the Lots (including any Lots owned by the Declarant) and (b) the Declarant, if the Declarant shall then own any Lot or any other portion of The Arbor Hills Property. The approval of any such amendment by the members of the Association shall be given by each such member either casting a vote in favor of such amendment at a meeting of the members of the Association duly called for such purpose, or by such member signing a written agreement for such amendment. If any such amendment is required to be approved by the Declarant, such approval shall be given only by such Person executing a written approval of the same.

Any amendment to the terms, provisions, covenants or restrictions of this Declaration shall become effective only upon the recording in the Mecklenburg County Public Registry, of an instrument certified by the incumbent President of the Association setting forth such amendment and stating that the approval of the members of the Association which, under the provisions of this Article IX, is required for such amendment to be effective, has been given and obtained; and containing the written approval of the Declarant, if the same is required (as hereinafter provided).

The matters set forth in such instrument shall be presumed to be true and accurate and the amendment which is set forth in such instrument shall be effective, unless it shall be determined by a court of competent jurisdiction that the matters certified to in such instrument are not true and accurate.

Each person who shall own any Lot, by acceptance of a deed or other conveyance thereto, and by acceptance of such ownership, and by taking record title thereto, and each holder of a Mortgage upon any portion of any Lot, by acceptance of such Mortgage, thereby agrees that the terms, provisions, covenants and restrictions of this Declaration may be amended as provided in this Article IX.

ARTICLE X.

MISCELLANEOUS

Section 1. Failure of Enforcement. In the event that the Association shall fail to enforce the compliance with any of the provisions of this Declaration by the owner of any Lot, then the owner of any other Lot shall have the right to file an action in the Superior Court of Mecklenburg County Public Registry for an order from such Court requiring that the Association enforce such compliance; provided, however, in no event shall the Executive Board, or any officer of the Association, or any of their agents, be personally liable to anyone on account of their failure to enforce any of the terms, provisions or restrictions set forth in this Declaration.

Section 2. Waivers. In no event shall the failure by the Association to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, provisions or agreements set forth in this Declaration be construed as a waiver or relinquishment of the future enforcement of any such term, covenant, condition, provision, or agreement. The acceptance of performance of anything required to be performed with knowledge of the breach of a term, covenant, condition, provision or agreement shall not be deemed a waiver of such breach, and no waiver by the Association of any term, covenant, condition, provision or agreement shall be deemed to have been made unless expressed in writing and signed by a duly authorized officer of the Association.

Section 3. Duration. This Declaration, and all of the terms, easements, provisions, liens, charges, restrictions and covenants set forth herein, shall run with and bind the land (the Lots), shall be and shall remain in effect, and shall inure to the benefit of, and be enforceable by, the Association, and by any owner of any Lot, their respective legal representatives, heirs, successors and assigns, perpetually.

Section 4. Notices. Any notice required to be sent to any member of the Association pursuant to any provision of this Declaration may be served by depositing such notice in the mails, postage prepaid, addressed to the member to whom it is intended, at the address which such member shall have furnished to the Secretary of the Association in accordance with the Bylaws, or, in the absence of any such address having been so furnished to the Secretary of the Association, at the address of any Lot owned by such member. The date of service shall be the date of mailing.

Section 5. Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if any provision of this Declaration or the application thereof to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

Section 6. Enforcement. Enforcement of these covenants and restrictions shall be by any proceeding at law or in equity against any person or persons or other entities violating or attempting to violate any covenant or restriction, either to restrain violation or to recover damages, and against the Lots, to enforce any liens created by this Declaration.

Section 7. Successors to Declarant. In no event shall any person or other entity succeeding to the interest of the Declarant by operation of law or through purchase of the Declarant's interest in all or any portion of The Arbor Hills Property at foreclosure, sale under power or by deed in lieu of foreclosure, be liable for any act, omission or matter occurring, or arising from any act, omission or matter occurring, prior to the date such successor succeeded to the interest of the Declarant.

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IN WITNESS WHEREOF, Pulte Home Corporation and Arbor Hills Homeowners Association, Inc. have caused this Declaration to be executed by their duly authorized officers on the day and year first above written.

PULTE HOME CORPORATION, a Michigan corporation

By: [Signature]
Thomas W. Bruce, Attorney-in-Fact

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Pamela O. McAuley, a Notary Public for said County and State, do hereby certify that Thomas W. Bruce, Attorney-in-Fact for Pulte Home Corporation, a Michigan corporation, personally appeared before me this day and being by me duly sworn, says that he executed the foregoing instrument for and in behalf of Pulte Home Corporation, a Michigan corporation, and that his authority to execute and acknowledge said instrument is contained in an instrument duly executed, acknowledged and recorded in the Office of the Register of Deeds for Mecklenburg County Public Registry, in Book 13074, at Page 900, and that this instrument was executed under and by virtue of the authority given by said instrument granting him power of attorney; that the said Thomas W. Bruce acknowledge the due execution of the foregoing instrument for the purposes therein expressed for and in behalf of the said Pulte Home Corporation, a Michigan corporation.

WITNESS my hand and official seal this 11 day of December, 2003.

[Signature]
Notary Public

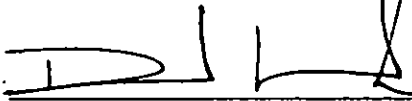
My Commission Expires: 11-6-2007

(OFFICIAL SEAL/STAMP)

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ARBOR HILLS
HOMEOWNERS ASSOCIATION, INC.

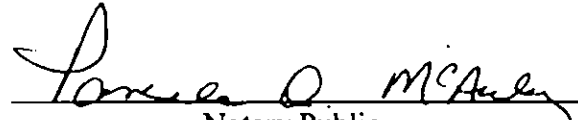
By: 
David Vitek, President

STATE OF NORTH CAROLINA

COUNTY OF MECKLENBURG

I, Pamela O. McAuley, a Notary Public for the above state and county certify that David Vitek, personally came before me this day and acknowledged that he is the President of ARBOR HILLS HOMEOWNERS ASSOCIATION, INC., a North Carolina non-profit corporation, and that he as President being authorized to do so, executed the foregoing on behalf of the corporation.

WITNESS my hand and official seal, this the 11th day of December, 2003.


Notary Public

My Commission Expires: 11-6-2007

(OFFICIAL SEAL/STAMP)

EXHIBIT A

TRACT 1:

To locate the point and place of beginning of this description, begin at a #6 rebar located at the southwesterly corner of that certain tract of land conveyed to Charles E. Moon by deed recorded in Book 4111 at page 135 in the Mecklenburg Public Registry, said #6 rebar also being located N 09-08-37 W 1317.37 feet (ground distance) 1317.16 feet (grid distance) combined grid factor 0.9998408 from NCGS "RANSON" N - 581033.211 E - 1477954.232 elev. - 785.89, said #6 rebar also being located at grid coordinate N - 582333.63 E - 1477744.92, and running thence from said #6 rebar S 04-57-37 W 49.69 feet to a #5 rebar set in a stream, the point and place of beginning of this description; and running thence from said beginning point S 72-52-06 W 88.31 feet to a point; thence S 66-07-06 W 122.80 feet to a point; thence S 51-17-03 W 20.74 feet to a point; thence S 77-55-08 W 79.08 feet to a point; thence S 84-27-19 W 34.64 feet to a point; thence S 86-37-46 W 34.73 feet to a point; thence S 88-32-12 W 49.01 feet to a point; thence N 82-13-41 W 62.53 feet to a point; thence S 88-34-11 W 33.65 feet to a point; thence N 13-53-53 W 44.38 feet to a point; thence N 80-07-00 W 57.84 feet to a point; thence N 73-47-28 W 42.92 feet to a point; thence N 65-10-21 W 49.40 feet to a point; thence S 20-30-20 W 42.55 feet to a point; thence N 64-40-38 W 50.51 feet to a point; thence N 68-44-45 W 72.50 feet to a point; thence N 62-33-43 W 70.76 feet to a point; thence N 62-42-17 W 58.89 feet to a point; thence N 76-26-54 W 85.17 feet to a point; thence N 65-07-58 W 76.69 feet to a point; thence N 81-04-24 W 34.92 feet to a point; thence S 79-50-26 W 19.30 feet to a point; thence N 44-14-38 W 43.73 feet to a point; thence N 81-53-31 W 44.64 feet to a point; thence N 63-33-02 W 71.83 feet to a point; thence S 26-26-58 W 3.06 feet to a point; thence N 74-38-30 W 50.13 feet to a point; thence S 85-31-00 W 60.03 feet to a point; thence N 59-57-47 W 130.67 feet to a point; thence N 81-13-38 W 4.90 feet to a point; thence N 65-29-25 W 52.45 feet to a point; thence N 62-01-37 W 31.72 feet to a point; thence N 67-29-57 W 80.34 feet to a point; thence N 54-51-44 W 45.84 feet to a point; thence N 56-41-33 W 59.94 feet to a point; thence N 64-41-49 W 135.41 feet to a #5 rebar; thence S 24-48-04 W 405.09 feet to a point located in the northerly margin of the right-of-way of W. Mallard Creek Church Road; thence with said margin of W. Mallard Creek Church Road N 65-40-09 W 98 feet to a point; thence N 24-48-04 E 407.75 feet to a #5 rebar; thence N 74-21-28 W 45.77 feet to a point; thence N 39-44-42 W 50.83 feet to a point; thence N 50-06-23 W 58.16 feet to a point; thence N 37-52-14 W 36.66 feet to a point; thence N 48-15-49 W 22.25 feet to a point; thence S 84-44-44 W 51.26 feet to a point; thence N 60-11-16 W 18.55 feet to a point; thence S 67-38-58 W 13.23 feet to a point; thence N 77-55-42 W 18.85 feet to a point; thence N 47-40-37 W 34.08 feet to a point; thence N 28-44-55 W 19.73 feet to a point; thence N 61-18-30 W 24.58 feet to a point; thence S 48-36-35 W 14.03 feet to a point; thence N 72-38-36 W 4.15 feet to a point; thence N 86-03-47 W 70.12 feet to a point; thence N 71-42-18 W 17.85 feet to a point; thence S 81-47-43 W 22.78 feet to a point; thence N 56-00-09 W 26.83 feet to a point; thence N 67-06-55 W 57.17 feet to a point; thence N 60-41-45 W 38.18 feet to a point; thence N 85-50-03 W 31.24 feet to a point; thence N 82-00-15 W 32.17 feet to a point; thence S 81-58-53 W 39.36 feet to a point; thence N 57-11-12 W 58.60 feet to a point; thence N 81-01-12 W 29.80 feet to a point; thence N 74-51-41 W 25.30 feet to a point; thence N 50-03-57 W 41.33 feet to a point; thence N 85-44-56 W 57.86 feet to a point; thence N 83-50-19 W 92.11 feet to a point; thence S 87-45-56 W 43.50 feet to a point; thence S 82-34-51 W 46.27 feet to a point; thence S 89-58-42 W 55.70 feet to a point; thence N 16-39-10 W 25.02 feet to a point; thence N 00-47-19 E 69.46 feet to a point; thence N 61-12-26 W 22.88 feet to a point; thence N 75-46-55 W 69.44 feet to a #5 rebar located in a line of the property of High Family Partnership (I),

(now or formerly); thence with a line of High Family Partnership I, LP (now or formerly) N 08-59-49 W 485.84 feet to an axle, a corner of the property of Dallas M. King (now or formerly); thence with a line of Dallas M. King (now or formerly) N 07-16-46 W 548.02 feet to a #5 rebar; thence with another line of Dallas M. King (now or formerly) N 34-16-27 E 237.88 feet to a corner of the property of Jerry Jordan (now or formerly); thence with a line of Jerry Jordan (now or formerly) S 59-28-40 E 256.45 feet to a 1 inch pipe, a corner of the property of Charles M. Robinson (now or formerly); thence with a line of Charles M. Robinson (now or formerly) S 59-22-53 E 135.02 feet to a 3/4 inch pipe, a corner of the property of Jo Ann T. Snider (now or formerly); thence with the line of Jo Ann T. Snider (now or formerly) S 59-21-56 E 235.13 feet to a 1 inch pipe; thence with another line of Jo Ann T. Snider (now or formerly) N 34-05-11 E 392.97 feet to a point located in the centerline of Galloway Road (S.R. #2470); thence with the centerline of Galloway Road in 3 calls as follows: (1) S 71-20-11 E 431.50 feet, (2) S 68-54-45 E 2035.01 feet, and (3) with the arc of a circular curve to the left having a radius of 534.94 feet, an arc distance of 157.84 feet, said arc being subtended by a chord having a chord bearing of S 77-21-55 E and a chord distance of 157.27 feet to a point; thence with a line of Donald C. Henderson (now or formerly) S 03-59-39 W 329.21 feet to a pinch pipe, a corner of Charles E. Moon (now or formerly); thence with a line of Charles E. Moon (now or formerly) S 05-33-15 W 863.03 feet to a #6 rebar located at a corner of the Mallard Creek Presbyterian Church, Inc. ("MCPC") (now or formerly); thence with a line of MCPC S 04-57-37 W 49.69 feet to the point and place of beginning of this description and containing 107.2630 acres, more or less, as shown on a survey of David A. Weirich, Registered Surveyor, dated November 1, 2002, last revised June 17, 2003.

TRACT 2:

COMMENCING at NCGS Monument "RANSOM" having North Carolina Grid Coordinates as follows: N-581,033.211 and E-1,477,954.232 (elev. of 785.89); thence running from said NCGS Monument "RANSOM" N 09-41-25 W 1,269.24 feet (ground distance) [1,269.04 feet (grid distance)] (combined grid factor of 0.9998408) to a set #5 rebar, said rebar having North Carolina Grid Coordinates of N-582,284.144 and E- 1,477,740.624, the TRUE POINT AND PLACE OF BEGINNING; thence from said TRUE POINT AND PLACE OF BEGINNING, S 04-57-37 W 865.18 feet to a found existing iron pipe; thence S 04-57-37 W 30.90 feet to a set #5 rebar located in the northerly right-of-way margin of West Mallard Creek Church Road (currently a 120-foot public right-of-way); thence running with the northerly right-of-way margin of West Mallard Creek Church Road the following four (4) courses and distances: (1) with the arc of a circular curve to the left having a radius of 498.22 feet, an arc distance of 18.79 feet and having a Chord Bearing and distance of N 86-09-54 W 18.78 feet to a set #5 rebar, (2) with the arc of a circular curve to the left having a radius of 1,969.86 feet, an arc distance of 215.25 feet and having a Chord Bearing and distance of N 70-10-16 W 215.15 feet) to a point (3) with the arc of a spiral curve having a chord bearing and distance of N 75-17-38 W 203.12 feet to a point; and (4) N 76-18-06 W 6.63 feet to a point; thence leaving the northerly right-of-way margin of Mallard Creek Church Road, N 00-00-03 W 59.92 feet to a point; thence N 32-45-54 W 118.47 feet to a point; thence N 07-43-52 W 105.92 feet to a point; thence N 18-27-11 E 101.27 feet to a point; thence N 00-00-03 W 21.35 feet to a point; thence N 18-27-11 E 106.90 feet to a point; thence N 13-45-00 E 173.88 feet to a point; thence N 13-45-00 E 10.00 feet to a point; thence S 82-13-41 E 62.53 feet to a point; thence N 88-32-12 E 49.01 feet to a point; thence N 86-37-46 E 34.73 feet to a point; thence N 84-27-19 E 34.64 feet to a point; thence N 77-55-08 E 79.08 feet to a point; thence N 51-17-03 E 20.74 feet to a point; thence N 66-07-06 E 122.80 feet to a point; thence N 72-52-06 E 88.31 feet to a set #5 rebar, the TRUE POINT AND PLACE OF BEGINNING, containing 8.3808 acres more or less, as shown on "Revised Final Plat of Arbor Hills, Tract 2" drawn by David A. Weirich, PLS, L-3846, dated May 16, 2003, last revised June 17, 2003.